



STATE COASTAL ZONE MANAGEMENT PROGRAMS AT RISK: IMPACTS OF PROPOSED FY12 HOUSE APPROPRIATIONS BILL

Federal Coastal Zone Management (CZM) grants to the states and territories have been virtually level funded for ten years. Because of inflation and increased costs, cuts in grants and technical assistance to local governments and reduction of internal operating costs have already been made at the state level. While eliminating some programs, coastal states and territories have been able to maintain bare-bones planning and technical assistance grants to local governments to help them retain professional capacity to address growth and development in their community. There are special resources and conditions on the coast not found anywhere else that are important to the Nation. State and local governments are required to protect and manage estuaries, beaches, dunes, and coastal shorelands while managing extractive, economic, and recreational human uses of those areas. Local governments also must respond to the demands of a seasonal economy; the financial and technical support from state CZM programs has been essential in helping them address their unique and nationally-important conditions.

If the Federal budget should be adopted using the House FY12 Commerce, Justice and Science Appropriations bill amounts proposed and passed by the House Appropriations Committee, it would result in an approximately \$22 million decrease in the state funding provided to states under §§ 306 and 309 of the CZMA – a 30% reduction in a program already hampered by a decade of level funding. Such a large decrease in funding would inevitably devastate effective and efficient coastal management programs that have taken decades to establish and mature. The proposed cuts would seriously limit the states' ability to help local communities address the many issues that they face, which are even greater during challenging economic times. Major impacts include:

✦ **Loss of Jobs** ✦

At a time when jobs and economy are touted as major deciding factors for program retention, it is counterproductive to reduce funding for the CZM Program which would immediately equate to lost jobs and eventually to slowed or potentially shoddy economic development in fragile ecosystems.

✦ **Assistance to Local Governments** ✦

CZM programs provide grants to local governments to support community planning and technical assistance – two essential elements to sustainable coastal resources and economies. Level funding will help to keep pace with current issues and survive current decreases in state and local revenue.

✦ **Decreased Permit Review Capabilities** ✦

The proposed House cuts would cripple the capacity of CZM programs to provide responsible and timely permitting and consistency review authorizations and respond to incidents that could adversely affect coasts. This includes authorizations reviewed and issued by the CZM programs for marine transportation, energy production, residential and business development and a myriad of other commercial and industrial activities, which are key to sustainable coastal economies.

Significant reductions in state appropriated funding, coupled with steep declines in state revenues from regulatory programs, means that many states will not be able to compensate for reductions in federal funding. The Coastal States Organization asks for your assistance in protecting the CZM grants line by maintaining its FY10 level of \$67.5 million or, at the least, applying a reduction in funding that is proportionate to topline cuts in NOAA. Specific examples of these impacts in the states follow.

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✦ **Loss of Jobs**

At a time when jobs and economy are touted as major deciding factors for program retention, it is counterproductive to reduce funding for the CZM Program which would immediately equate to lost jobs and eventually to slowed or potentially shoddy economic development in fragile ecosystems. Specific examples of this include:

- A 30% cut in CZM funds to the state of **California**'s corresponds to approximately 6 staff positions; thus, lay-offs will likely be required due to this budget cut.
- In the face of increasing payroll costs, level CZM grant funding and, more recently, State budget constraints, **Connecticut**'s Coastal Program staff has been reduced from 31 positions in 2007 to 24 in 2011. A 30% cut in CZM grant funding would require a reduction of an additional 6-7 staff members with associated curtailment in services.
- In **Delaware**, the state would be forced to limit hiring seasonal employees. Traditionally, the state performs much of its fieldwork in the summer – such as measuring the subsidence of marshes to measure levels of subsidence and inundation due to sea level rise. Proposed cuts would also preclude hiring of interns to advance federal consistency through updating polices and keeping databases current. Additionally, there would be a direct loss of four part time jobs and indirect loss of three full time jobs for contractors (engineering/environmental firms). This would lead to increased pay out after federal disasters because communities are still only responding to storms rather than avoiding their impacts.
- In addition to the elimination of the Coastal Partnership Initiative in **Florida**, the state would likely eliminate 2 staff positions with the proposed cuts. With the relentless cuts at the state level and the potential drastic cuts at the federal level, implementing an effective state coastal management program going forward will be challenging at best.
- Funding obtained from the CZM program in **Minnesota** often supports salaries of the employees of eligible entities. Combined with other reductions in local budgets, local jobs will be affected either through available hours for primary staff or through the lack of outside contractors hired via grant funding.
- The proposed cut to the **New Hampshire** CZM Program would further reduce staffing beyond previous cuts. In 2004, the program had 14 positions. Due to cuts in Section 310 and level funding, the NHCP has been reduced to 8 positions as of 2011. A 30% cut would eliminate an additional 2 positions, including a permitting position and elimination of the grants program which provides funds for the regional planning commissions, organizations and municipalities in the coastal watershed, and also provides over 60% of the match required for the Section 306 funds. This loss of match would result in the elimination of a third position from the program. Bottom line, a 30% cut would eliminate 3 positions from the NHCP, resulting in a nearly 2/3 reduction in staff since 2004.
- The proposed reduction would cost **North Carolina** approximately eleven positions. The majority of these cuts would be in the regulatory program and/or the land use planning/access grant program. Land use plans are required for each of the 20 coastal counties in North Carolina; the assistance to local governments in the preparation of these land use plans is principally funded through the Section 306 CZM grant. If funding is reduced, counties would still be required to prepare the land use plans but would have little to no state support for their preparation.

✦ **Assistance to Local Governments**

Beyond state grants to local governments from CZM funds, there are few other funding sources available to communities that provide support and technical assistance and allow them to plan for or protect coastal natural resources, or provide access to resources - a huge part of the coastal economy. Keeping pace with current issues, much less progressing looms as impossible tasks when faced with these proposed cuts. A few state examples include:

- Communities as large as the city of Wilmington, **Delaware** to as small as Bower's Beach on Delaware Bay would have to stop the work in progress that includes an early warning system to notify community of pending storms and the related flooding; assistance with their selection of the most cost effective and culturally acceptable options for early implementation of sea level rise adaptation; and, restoration of a

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series of dikes along the Delaware River and Bay which protect these communities from sea level rise and storms.

- In **Florida**, a large part of the CZMA grant funds the Coastal Partnership Initiative Program (CPI). This program provides support for innovative local coastal management projects in four priority areas: Resilient Communities, Public Access, Working Waterfronts, and Coastal Stewardship. The Resilient Communities category helps Florida communities prepare for and respond to the effects of climate change and natural hazards events and disasters. These funds enable local governments to implement specific actions to reduce their vulnerability to hurricanes, rising sea levels, flooding, climate change and other natural disasters. The Access to Coastal Resources priority area encourages communities to accommodate public access needs while protecting coastal environments, an essential element to Florida localities' economic health. Projects funded under this category typically involve small-scale construction and capital improvement projects that enhance public access. The Working Waterfronts priority area is designed to assist communities with waterfront revitalization. This initiative aims to support projects that enhance and sustain traditional waterfront communities while addressing public access, resource protection and hazard mitigation issues. The Coastal Resource Stewardship priority area promotes stewardship and appreciation of coastal resources through community involvement. This category supports small-scale community-based projects that encompass a broad range of activities including volunteer monitoring, wetland restoration, invasive exotic plant removal, environmental education and waterfront cleanups. Over the last few years a steady increase in the number of CPI applications were received each year for this program. This is potentially a result of decreased funding at the local level for these types of projects because of the dramatic economic downturn. If the proposed 30% cuts were to become a reality, Florida would have to eliminate the Coastal Partnership Initiative Program.
- **Georgia** would drastically reduce state's coastal incentive grant (CIG) program through which approximately 50% of 306 funds are passed on to local governments and state research institutions in support of projects that serve to protect or understand coastal natural & cultural resources. Each year, the CIG program funds 25-30 projects at a cost of ~\$1M. Each project contributes back 100% in matching funds (in-kind or cash). Several multi-year CIG projects could be affected, leaving some research incomplete and of limited value. The total of 5 projects, in which nearly \$300,000 has been invested, would likely be left incomplete, including 3 projects dedicated to improving resiliency to coastal hazards. Additionally, funding cuts would severely impact the state's ability to fully implement the Section 309 strategies for post-disaster redevelopment planning for state agencies and coastal communities.
- **Louisiana** has established a strong and active Local Coastal Program and more than half of the 20 parishes comprising the coastal zone have either established federally approved local programs or are in the process of doing so. A portion of the state implementation funding is dedicated to directly supporting these programs and the staff of the state program also provides technical assistance and guidance to these local programs. Local programs are also active in the state's comprehensive effort to protect and restore the coast to a sustainable condition. Their capacity to participate at current levels would decrease significantly under the proposed cuts. In fact, the need to redirect those funds to statutorily required regulatory functions, local participation in regulatory, planning, and restoration activities in the coastal zone would all but disappear.
- **Maryland** has many grants to local communities through the CZM program that will be threatened, including the identification of coastal hazards in Queen Anne's County Maryland to prevent property damage and avoid loss of life; assisting the City of Cambridge in identifying opportunities to abate nonpoint source pollution and address coastal flooding; supporting the development of a shoreline development plan to assist Calvert County citizens in complying with federal, state and local regulations while protecting life and property from erosion and coastal hazards; working with local citizens and community leaders to preserve waterfront property for businesses – seafood harvesters and processors, freight and fuel companies, boat builders, kayak outfitters, and marinas – dependent upon access to Maryland's coast to flourish and continue to provide jobs; and assisting state and local government partners and willing landowners in the identification and conservation of critical coastal landscapes to support diverse natural resources, maintain water quality and provide important habitat for a number of iconic plant and animal species. The

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elimination of new services to assist Maryland's communities in identifying and developing strategies for financing stormwater management required in the Chesapeake Bay TMDL would likely occur.

- The **Minnesota** Lake Superior Coastal Program already has a very small staff which has multi-dimensional responsibilities including the administration of the program itself, but most importantly the support and technical assistance provided to sub-grantees and coastal communities at large. The complete lack of funding of the approved Coastal Nonpoint Pollution Program over the past two fiscal years has already required shifting the burden of addressing non-point source pollution issues through primary program funding; this level of reduction would not allow the state to continue this practice. As a networked program that implements the program directly based upon the needs and priorities of the local communities to address coastal issues via pass-through grants, a cut of 30% translates directly as a cut in ability to support coastal communities in the measures identified as critical in their efforts to protect and enhance the coastal area of Lake Superior and strips the state of the ability to provide much-needed technical assistance and inter-governmental coordination, resulting in decreased efficiencies and fewer successfully completed projects. Typical projects aimed at the basics such as local land use planning for low-impact development, improving public access, protecting sensitive natural and cultural resources, and increasing capacity of local environmental professionals would be cut. For example, in Minnesota, cuts would prevent the low-level investments often provided by state grants that serve as the catalyst for much larger projects and initiatives which protect the health of Lake Superior and bring economic opportunity to rural coastal communities. For example, an initial coastal program investment of \$10,000 in the concept investigation for an eco-park in the City of Silver Bay has contributed to further investments from other sources in excess of \$500,000. This project is slated to move forward and is creatively aimed at addressing both environmental responsibility and the need for rural jobs. In another example, a coastal program investment of \$40,000 led to the drafting of landmark legislation for the City of Duluth in the form of a unified development chapter giving the city the tools it needs to enhance and protect the city's attractions; create an attractive business environment, protect wetlands, shorelines and floodplains from poorly sited or incompatible development; and protect public investment in streets and highways. Finally, the tourism economy of the coastal area of Lake Superior cannot be underestimated, with a direct economic impact in excess of \$482 million in the four coastal counties. Many of the sub-recipient grant projects directly or indirectly contribute to this tourism economy through protecting the Lake Superior area resources on which it depends, providing educational opportunities and enhancing public access to the coast.
- The elimination of the grant program and the staff in **New Hampshire** would eliminate the technical support of the Regional Planning Commissions to NH's coastal communities, and a grant source that is specific to Coastal issues. For example, the city of Portsmouth, NH had a failing historic seawall that was in danger of failing. The NH Program pass through funds provided the additional funding to allow the historic seawall to be restored to protect the historic integrity and allow the public road it was protecting to remain open. Not only did the project assist the municipality, but the grant helped provide funding for the contractor to perform the work, providing an indirect economic and employment benefit. In addition, the reduction of staff would include the elimination of a permitting position. This would reduce the turnaround time on coastal permits thereby delaying sorely needed economic development.
- In **Oregon** the proposed cuts would likely mean eliminating all planning and technical assistance funding to coastal local governments which, in turn, would result in loss of capacity in local planning departments causing delays and "gridlock" in obtaining land use approvals for development, poor or uninformed decisions by local governments, regulatory appeals and lawsuits. Reductions in agency staff will mean the lack of the capacity to assist communities that need technical and planning assistance to plan for sustainable economic development such as in the City of Newport where a CZM planning grant of about \$70,000 yielded several million dollars of new development and a new NOAA fleet operations center, or the City of Astoria where a grant of about \$40,000 was matched locally and resulted in a waterfront plan that has attracted enormous interest and new development investments.
- **Pennsylvania** would likely reduce grants to both of coastal regions (Erie and Delaware) as well as consider suspending Coastal Non-Point Pollution Program (CNPP) assistance to the county conservation districts. Any reductions to the granting program could adversely affect the profile of the program in PA, and likely cause some consternation and concern among our regional advisory committees and

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partners. The grant program is popular and key to coastal improvements and the partnerships needed for making such improvements in public access, restoration, conservation and sustainable development.

- Due to **Texas** providing approximately 90% of its funding to local entities on the Texas Coast, fewer projects would be funded. This would eliminate funding for approximately 6 - 8 coastal projects ranging from seagrass and oyster bed mapping projects, education and outreach programs, shoreline access improvement projects, etc.

✦ **Increased Permitting Time**

The proposed House cuts would cripple the capacity of CZM programs to provide responsible and timely permitting and consistency review authorizations and respond to incidents that could adversely affect coasts. This includes authorizations reviewed and issued by the CZM programs for marine transportation, energy production, residential and business development and a myriad of other commercial and industrial activities, which are key to sustainable coastal economies. Some specific state impacts include:

- The **California** Coastal Commission's current staffing is at an historic low. Additional staffing reductions due to a 30% reduction in the CZM grant award will significantly impact the ability of the Commission to conduct its permitting and regulatory work. This will have consequences on the California economy in the form of slowed development and delays in evaluating permit applications and federal consistency submittals, some of which are projects of state and national significance such as desalination plants, oil and gas, and pilot-scale alternative energy (wind, wave). These types of projects are critical for addressing the state's dwindling drinking water supply and the nation's rising energy demands. Ripple effects will also occur in the recreation and tourism sector as well, slowing development of visitor serving facilities, recreational projects and public access. Permit processing times would also increase at the San Francisco Bay Conservation and Development Commission, thus translating into economic costs to local governments by slowing down development projects and proceeding with projects that will likely be at increased risk for damage by coastal storms. Overall, the loss would reduce the efficiency of regional government.
- Reductions of the proposed magnitude would affect **Connecticut**'s ability to process permits for coastal activities such as docks, dredging and important infrastructure projects in a timely manner. Permitting delays would adversely impact economic and job growth. Staff resources would likely have to be diverted from other coastal management activities to supplement depleted permitting staff. The Enforcement Program, which is already understaffed, would likely be further reduced. Coastal program review of upland development activities in the coastal boundary to ensure consistency with coastal policies and technical assistance to coastal municipalities would be reduced, potentially resulting in increased adverse impacts to coastal resources and water-dependent uses.
- Uses requiring **Hawaii**'s Special Management Area permits (from the County Planning Department) may incur delays in processing (due to a potential reduction in staff, in turn delaying proposed projects, which would have economic impacts to the County and State.
- A reduction in funding of the magnitude specified by the proposed appropriation level would cripple the capacity of the **Louisiana** state coastal program to provide responsible and timely permitting and consistency review authorizations and respond to any incident that could adversely affect coastal resources. This would also apply to the many authorizations reviewed and issued each year by the coastal program for marine transportation and a myriad of other commercial and industrial activities ongoing in our efforts to maintain a sustainable coastal economy. Each year the coastal program processes approximately 1,600 permit applications and 500 consistency determinations. The drastic funding reductions proposed would inevitably require staff reductions that no amount of increased processing efficiency could overcome. Louisiana has recently negotiated and permitted a multi-billion dollar steel plant in its coastal zone, which will add hundreds of high paying jobs to our economy. Secured in part due to the balanced regulatory approach, which supports sustainable industry with sustainable coastal resources, this could not have been achieved with the minimalist, skeleton crew of permit processing staff that would result from the funding cuts proposed. In the past two years, the coastal use permitting program has reduced the processing time by half, without sacrificing our important coastal resources. Compensatory mitigation for wetland losses through permitting now covers these losses by 102%. The state recognizes that it is more efficient to

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protect coastal resources before they are lost than to try and restore them. Thus, any cuts to the permitting program would be devastating.

- The **North Carolina** Coastal Area Management Act permitting program is mandated by state law. A significant portion of this program is conducted by local governments through implementation and enforcement program agreements with the Department. The ability of citizens to obtain state development permits and local building permits from the same entity has been a fundamental aspect of the NC Coastal Program since its beginning. The reduction in 306 funds would very likely eliminate our ability to fund these contracts with local governments. Overall the reduction in staff and operational expenses will greatly reduce efficiency and increase processing times for permits. Compliance review of permitted sites would likely be reduced to complaint driven only as the remaining permitting staff would have to focus on meeting statutory permitting requirements.
- **Oregon** would no longer have the staff necessary to collaborate and coordinate with federal agencies and private applicants to ensure that federal consistency reviews are smooth and completed in a timely way.
- Most of the **Rhode Island** program assets are devoted to permitting, thus any reduction will impact the permitting program bringing economic activity in the state to a devastating slow down. Like a pipeline that projects must flow through, any reduction in staff reduces the size of the pipe, slowing the flow of project getting out the other end. Rather than spur economic activity the reduction will have the opposite effect; with Rhode Island at 11.7% unemployment, this will not be good news. The state does not have the resources in its economy to make up the federal difference.
- Limited staff capacity to conduct core regulatory functions, including direct permitting in the designated critical areas of **South Carolina**'s coastal zone would be probable with decreased federal funding to state grants in the CZM program. This would impact both the efficiency and thoroughness with which South Carolina reviews and issues permits as well as state and federal consistency certifications.

✦ **Other Impacts: Monitoring, Enforcement and Backlogs**

While pass-through grants to local governments and communities, increased time in the permitting process and job loss are the most noted impacts on states by decreased federal funding of the CZM Program, further reductions effecting monitoring, enforcement and existing backlogs also are of concern to coastal states.

- Another significant impact in **California** would be further reduced staff capacity to enforce the Coastal Act, which would result in detrimental impacts to the coastal environment. The Commission receives and processes approximately 1,500 coastal development permit applications per year. The Commission tracks and reviews information on approximately 1,800 coastal permits issued each year by local governments with approved Local Coastal Programs (LCPs). Due to significant budget cuts that have already occurred at the state-level over the past five years, the Coastal Commission has practically eliminated staff training and travel and has accumulated a large backlog in its regulatory and Coastal Act mandated work. The existing backlog will be exacerbated by reduction in federal funding. More specifically:
 - There is already a current backlog of over 300 regular (non-routine) coastal permit applications that are waiting to be processed.
 - Under specific circumstances described in the Coastal Act, coastal permits issued by local governments can be appealed to the Coastal Commission. There is currently a backlog of over 240 appeals that the Commission has not processed.
 - The Commission receives approximately 50-80 LCP amendments (major and minor) each year. There is currently a backlog of at least 70 LCP amendments that the Commission has not processed.
 - There is currently a backlog of 1,627 pending enforcement cases awaiting processing.
- Impacts in **Puerto Rico** include: reduction or elimination of management and surveillance in 42 natural reserves as well as wetlands and coral reef areas, reduction of staff capacity to implement priority projects related to public access, loss of capacity to reduce risks from coastal hazards, and accelerate recovery from disaster events, proliferation of illegal docks, piers, ramps and reckless navigation episodes, and increase events of erosion and sedimentation as well as illicit discharges to coastal waters (land based sources of pollution) and associated impacts to coastal and marine habitats (wetlands, estuaries and coral reef systems).

A loss of funds of this magnitude to the states in the Coastal Management Program, coming on top of nearly a decade of increasing belt tightening, would result in a melt-down of the ability of states and territories to protect coastal resources, promote sustainable development in coastal communities, and ensure that state and federal programs follow the rules.

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