



Larry Hogan GOVERNOR

Boyd K. Rutherford LT. GOVERNOR

Charles Glass, Ph.D. ACTING DIRECTOR

**Maryland Environmental Service
Fiscal Year 2022 Capital Budget
Response to Department of Legislative Services Budget Analysis**

**Senate Budget and Taxation Committee
Capital Budget Subcommittee
The Honorable Douglas J.J. Peters, Chairman**

**House Appropriations Committee
Capital Budget Subcommittee
The Honorable Ben Barnes, Chairman**

March 2, 2021

STATEMENT OF DR. CHARLES GLASS, ACTING DIRECTOR, MARYLAND ENVIRONMENTAL SERVICE, CAPITAL BUDGET OVERSIGHT HEARING

Good afternoon, Chairmen Peters and Barnes, and members of the Senate and House Capital Budget Subcommittees. For the record, I am Dr. Charles Glass, Acting Director of the Maryland Environmental Service (MES). I would like to take a moment and introduce my colleague with me virtually today: Ellen Frketic, MES Division Chief of Engineering. Also joining us today in the room are a few other key members of our staff.

We also would like to thank our Department of Legislative Services budget analyst, Mr. Andrew Gray, for his hard work and collaboration. MES has reviewed and concurs with the DLS recommendations.

2020 brought great successes and challenges to the Maryland Environmental Service. The agency celebrated its 50th Anniversary, realized a very strong financial performance, faced unprecedented challenges due to the COVID-19 pandemic, and underwent a leadership change.

With the changes in leadership came my promise to operate in an open and transparent manner. I will continue to work closely with the MES Board of Directors and will make every effort to operate in a manner consistent with our standing as an agency of the State of Maryland. MES takes that responsibility seriously and recognizes the important financial and operational responsibility we hold to our clients, the citizens of Maryland, and the regions in which we operate.

MES continues to be a leader in the environmental solutions space. With more than 1,000 projects ranging from dredging and shoreline restoration, to water and wastewater management, to solid waste and recycling programs, our essential employees work every day to ensure that the counties and communities they work in stay environmentally sound. The agency's work, guided by partner organizations, is the driving force behind MES' ability to be a leading innovator with cutting-edge

solutions to the toughest environmental challenges. We look forward to continuing our leadership role in the coming year in exciting areas like renewable energy production and carbon sequestration technologies that are sustainable.

We began this year as we did any other, serving our clients' needs as thoroughly and efficiently as possible. However, as we know all too well, COVID-19 turned the world upside down and presented unprecedented challenges to the MES. When Governor Hogan presented his COVID-19 planning initiatives and mandates, MES developed a robust teleworking plan that led the agency to transition to full-time telework. Headquarters personnel were hard at work testing the system and protocols, and thus were well prepared and adapted quickly. Emergency essential teams in the field embraced new, more stringent safety standards to keep everyone safe and healthy. During the uncertainty of the pandemic, the MES team continued to work safely and effectively, never losing sight of their important environmental mission.

As we turn the page to 2021, MES looks forward to the upcoming year and the many opportunities presented to our team and partners. We will continue to operate emergency essential facilities and services and will serve the citizens of Maryland with dignity, honor, and integrity.

Our organization effectively combines the highest level of commitment to the environment while maintaining the structural flexibility to quickly and comprehensively respond to urgent environmental challenges when they arise.

I would also like to point out our significant and historic economic impact on the state. In FY20, we generated \$182 million in revenue from state, county, municipal, and private sector client projects and services. Two-thirds of our revenue flowed directly back into the private sector, including nearly 29% to Minority Business Enterprise partners.

MES offers the following response to the comment from DLS in the analysis:

The Department of Legislative Services (DLS) recommends that MES comment on what additional changes could be made to streamline the Natural Resources Development Fund allocation process for water and wastewater projects in State parks, including whether the process would be improved by a modification to the BPW approval requirement and a modification to the transfer tax allocation formula to dedicate funding to MES projects so as not to compete with other State park projects.

The question references the original process, which was improved in Fiscal Year 2021. We will continue to work together with the Department of Natural Resources (DNR), Department of General Services (DGS) and Department of Budget and Management (DBM) on a more efficient allocation of funding for these critical projects.

We understand that DNR now has in place a blanket Memorandum of Agreement (MOA) that covers all transfers. The only requirement going forward will be for DNR to submit a request to the DGS to transfer the funds to MES. The MOA is not final yet; it will need approval by the Board of Public Works, which

DNR anticipates will occur this spring and be completed prior to the end of FY 21, so that the process is in place at the beginning of FY 22.

These funds are allocated on a project-by-project basis, using the same budget review principles DBM uses for GO Bond projects. MES projects tend to get high priority because they often involve health issues, they often are necessary to comply with permit requirements, and they are often necessary to accommodate the additional visitor improvements planned by DNR.

Creating a statutory allocation for MES projects is likely not feasible because the amount needed is governed by the needs of the various utility systems and the project schedules. They can change, sometimes significantly, from year to year.

Additional comments on uses of these funds would best be answered by DNR.

Thank you and we welcome any questions you may have.