



Wes Moore, Governor
Aruna Miller, Lt. Governor
Josh Kurtz, Secretary
David Goshorn, Deputy Secretary

**Maryland Department of Natural Resources
Fiscal Year 2026 Capital Budget
Response to Department of Legislative Services Analysis**

**House Appropriations Committee
Capital Budget Subcommittee
Delegate Mark S. Chang
February 24, 2025**

**Senate Budget and Taxation Committee
Capital Budget Subcommittee
Senator Craig J. Zucker
February 25, 2025**

PAYGO Recommended Actions (p. 2)

1. *Concur with Governor's allowance for the Department of Natural Resources.*

Agency Response: DNR concurs with this recommendation.

GO Bond Recommended Actions (p. 3)

1. *Approve all authorizations and the proposed preauthorization for the Department of Natural Resources.*

Agency Response: DNR concurs with this recommendation.

Waterway Improvement Program

Projects Selected (p. 18)

Chapters 558 and 559 of 2024 established the Whole Watershed Fund to provide funding to accelerate restoration of the Chesapeake and Atlantic Coastal Bays and their watersheds. The Whole Watershed Fund is authorized to receive funding from a number of State agricultural and environmental special funds. The Administration noted in its CHESBAY – Chesapeake Bay Overview analysis hearing testimony that \$1.25 million of the WIP fiscal 2026 special fund appropriation is for a Whole Watershed Act project. However, there does not appear to be a project for that amount in the fiscal 2026 project list. There are two projects that fit the Whole Watershed Act description of either enhanced water quality monitoring or, in this case, beneficial use of dredged material: \$1.5 million for the Queenstown Creek Phase II Dredging and Beneficial Use Dredged Material Placement in Queen Anne's County and \$1.1 million for the Hart Miller and Pleasure Islands Channel Dredging and Beneficial Use Dredged Material Placement project.

DNR should comment on which project in the fiscal 2026 project list is funded as part of the Whole Watershed Act.

Agency Response: The Whole Watershed Fund is a separate, stand-alone fund where \$1.25 million of the Waterway Improvement Fund special fund will be placed. The State Management Team, the entity managing the Whole Watershed Fund, is currently reviewing the nine submitted proposals, with a deadline for identifying the five recipients in early March, 2025. As per the schedule, we will identify appropriate use of WIF within those projects following those selections and transfer that amount to the Whole Watershed Fund.

Oyster Restoration Program

Performance Measures (p. 21)

The NOAA National Marine Fisheries Service's 2021 Maryland Oyster Monitoring Report notes that four out of the six oyster metrics success criteria were monitored in fall 2021; reef height and reef footprint were not measured due to COVID-19-related restrictions. The vast majority of reefs monitored met the four criteria measured: oyster density; oyster biomass; multiple-year classes; and shell budget. This follows most reefs monitored meeting the criteria from fall 2015 through calendar 2021. Overall, 99% of six-year-old restored reefs met at least the minimum threshold oyster density and biomass, and 83% met the higher target density and biomass. No additional monitoring results appear to be available since NOAA's 2021 report, although St. Mary's River's first three-year monitoring was scheduled for fall 2024.

DNR should comment on the outcome of the St. Mary's River Sanctuaries first three-year monitoring that was scheduled for fall 2024.

Agency Response: The 2024 monitoring data has been collected and is being processed by the partners who lead that effort. A final report is not yet published but preliminary data on the St. Mary's are available. Sampling of the three-year sites shows of the 12 sites sampled, 11 met both the threshold (> 15 oysters per sqm) and target (>50 oysters per sqm) density criteria. Natural spat set was observed at all sites indicating that natural reproduction is providing additional oysters to the restoration project.

The 2022-2023 monitoring report is published and available at the link below. It doesn't include St. Mary's data since that was first sampled Fall of 2024, but this report shows progress in the other large scale oyster sanctuaries. <https://dnr.maryland.gov/fisheries/Documents/2022-2023-MD-oyster-monitoring-report-final-Sept-2024.pdf>

Concerns (p. 21)

The expansion of the five original sanctuaries to include the Nanticoke River, Herring Bay, and Hoopers Strait add an out-year burden to the State's capital budget. The Nanticoke River Sanctuary appears to be manageable given that the 240 acres of restorable bottom only require spat-on-shell restoration. However, the Hooper Strait Sanctuary has approximately 350 acres available for restoration, and the Herring Bay Sanctuary has approximately 1,000 acres.

DNR should comment on the long-term plan for oyster spat production and oyster substrate production to support the planned restoration work in the Hooper Strait Sanctuary and Herring Bay Sanctuary:

Agency Response: The Nanticoke project is manageable due to it only requiring spat on shell plantings.

The Hooper Strait and Herring Bay project acreages show the potential scale based on the bottom characteristics as currently known. The actual scale is always driven by the budget and

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confirmatory field surveys which are conducted before final plans are developed. It is likely that the final acres will be less than 1,000 for the two areas combined. This is still a large number of acres and it will take years to complete, as did prior large scale sanctuaries.

DNR's long-term plan for this multi-year project is to conduct it step-wise given available funds and spat supplies. For example, the NOAA grant will provide for 40-50 acres as an initial phase. State funding in the CIP will allow for further restoration, with a significant increase planned in FY30.

For the NOAA grant funds, DNR has started the procurement process and the RFP to secure a contractor for reef base construction is anticipated to be posted on eMMA on February 26. This should provide a contractor by June. Upon approval of State capital funds, additional reef base construction can occur, supplementing the work under the NOAA grant.

For spat production, DNR will continue working with the Horn Point Hatchery and can also contract with other regional hatcheries, if needed.

Slow Implementation of the Great Maryland Outdoors Act (p. 23)

DNR should comment on the status of and next steps for completing the capital components of the Great Maryland Outdoors Act and on what deadlines the General Assembly may hold DNR to account.

Agency Response: DNR has an internal capital budget workgroup that meets twice a month to discuss the status of all capital projects under design and construction that are funded with Park System funds that became available through the Great Maryland Outdoors Act. DNR's internal Procurement Review Group meets every two weeks and is prioritizing critical maintenance capital projects, including design and construction. DNR has project lists and is working hard to ensure all capital funding awarded through the GMOA is expended as intended by the deadline of July 1, 2029.