



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300
Fax: (401) 222-6410

State Fiscal Note for Bill Number:

2024-H 8148

Date of State Budget Office Approval: Tuesday, May 28, 2024

Date Requested: Friday, April 5, 2024

Date Due: Friday, May 17, 2024

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2024	N/A	FY 2024	N/A
FY 2025	\$1.2 million (min)/\$2.9 million (max)	FY 2025	N/A
FY 2026	\$1.0 million (min)/\$2.1 million (max)	FY 2026	N/A

Explanation by State Budget Office:

This bill amends Title 46, Chapter 23 of the Rhode Island General Laws (R.I.G.L.) to replace the Coastal Resources Management Council (CRMC) with the Department of Coastal Resources (DCR), establishing a new state agency and transferring the authorities, duties, and powers of the Council to this new agency and its Director.

R.I.G.L. § 46-23-1(f)(2) is the primary language transferring powers and duties vested in CRMC to DCR, and R.I.G.L. § 46-23-1(f)(3) adds definitions to the current language associated with the change. Language throughout the bill (affecting all of Title 46, Chapter 23) changes references in statute from CRMC to DCR.

R.I.G.L. § 46-23-2 is repealed as written and replaced with new statutory language that formally establishes DCR and defines the Director, who shall be appointed by the Governor. R.I.G.L. § 46-23-2(b) establishes a community advisory committee, which shall be a ten-member committee that provides input on policies and programming. Nine of these committee members will be appointed by the governor, with the tenth slot occupied by the Director serving ex officio. R.I.G.L. § 46-23-2(c) permits the Director to establish other committees related to coastal programs.

R.I.G.L. § 46-23-4 is repealed as written and replaced with language mandating a staff attorney be hired by DCR, who shall be responsible for representing DCR in all matters. The staff attorney may not practice law otherwise.

R.I.G.L. § 46-23-4.1 is heavily modified to accommodate the new structure, directing the Director to coordinate with other agencies.

R.I.G.L. § 46-23-6 is amended to ensure that policies, plans, and regulations promulgated by CRMC are enforceable by DCR, and includes language to empower DCR to exercise powers vested in CRMC. R.I.G.L. § 46-23-6(2)(i) is amended specifically to clarify powers of DCR in relation to the Department of Environmental Management (DEM) with new language.



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R.I.G.L. § 46-23-20.1 is amended to reduce the number of required hearing officers from two to one, but allows the Governor to appoint additional hearing officers as they see fit. Should a hearing officer not be appointed within sixty days of the effective date, the Director is empowered to hire one or more, depending on availability. Other parts of existing statute are changed to reflect the changes to the hearing officer section.

R.I.G.L. § 46-23-27 is a severability provision, and R.I.G.L. § 46-23-28 sets the effective dates. Per the new language, within 30 business days of passage, DCR shall put out for notice and public comment revisions of the programs to implement the conversion (also known as the “red book”). Within seven days of promulgation of the revised program, DCR shall submit program change requests to the National Oceanic and Atmospheric Administration (NOAA) for approval.

R.I.G.L. §§ 46-23-2.1, 46-23-3, 46-23-5, 46-23-6.3, and 46-23-12 all reference the membership of the Council, and are fully repealed.

The conversion from CRMC to DCR would take effect upon passage of the bill.

Summary of Facts and Assumptions:

The Budget Office consulted with CRMC in preparing the range of estimates in this fiscal note. Conversion from the current Council structure to a Department structure implies some level of service enhancement, but there is significant policy discretion as to the appropriate extent of such enhancements. For this reason, this fiscal note provides the estimate of fiscal impacts as a range. At the low end, the range considers only those strictly necessary costs incurred as a result of the conversion of certain volunteer and pro bono functions of the Council to a staff-managed Departmental function. At the high end, this fiscal note includes certain enhancements identified by current CRMC management to more effectively fulfill the statutory mandates of proposed Department under its proposed new governance model. Certain costs, such as enhanced capital and facility needs, are discussed below, but remain outside the scope of this fiscal note. While the addition of staff to CRMC may necessitate capital investments, in the near term, the Budget Office recommends feasibility study or other review to gather requirements and develop more rigorous cost estimates.

This fiscal note considers numerous factors implicated in a departmental conversion. The largest consideration is staffing, with capital externalities following. In addition, such a conversion will necessarily have a major impact on agency operations, the greatest of which are included below.

Where applicable, “Council” will be used for the council itself, while “CRMC” will be used for the agency.

The Council provides CRMC with professional advice on policy and programs, resolves disputes, and is active in managing the legal implications of CRMC’s work. This bill would abolish the Council, thus requiring CRMC to insource those responsibilities to professional staff at the proposed DCR. The major areas in which the Council and CRMC function at this time follow:



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1. Rights of Way (ROW): This function is currently undertaken by a subcommittee of the Council. ROW concern land use and agreements between the State, municipalities, and private property owners. This subcommittee performs a great deal of legal work, and so in order to perform these functions DCR would need legal and policy staff as well as administrative staff.
2. Planning and Procedures (P&P): This function is also undertaken by a subcommittee of the Council. This subcommittee primarily works with policy and regulations, programs, federal compliance, and operating procedures. DCR would need legal and policy staff to perform this work as well.
3. Contested Case Management (CCM): In the case of substantive objections to an action by CRMC/the Council, the agency hearing officer handles the case. The hearing officer currently has no support staff and relies on the Council for some of these needs.
4. Enforcement: CRMC is responsible for overseeing enforcement of rules and regulations associated with the coastline. Typically, this is performed reactively, as CRMC only has 2.0 FTE as enforcement staff, and the agency struggles with caseload.
5. Fiscal and Administrative Duties: CRMC's professional staff are responsible for processing permits and other administrative tasks such as record keeping, as well as collecting fees/fines and bookkeeping.

Staffing Needs

CRMC estimates a need for the following new positions (15.0 FTE, total FTE authorization 47.0) to perform work currently undertaken by the Council and contracted legal staff, to be budgeted at the included amounts in salary and benefits estimated by the Budget Office:

- | | | |
|-------------------------|---|----------------|
| • 4.0 Staff Attorneys | (Job Class: SENIOR LEGAL COUNSEL, | S&B \$177,414) |
| • 1.0 Hearing Officer | (Job Class: CHIEF HEARING OFFICER, | S&B \$228,106) |
| • 3.0 Policy Analysts | (Job Class: COASTAL POLICY ANALYST, | S&B \$128,080) |
| • 2.0 Enforcement Staff | (Job Class: ENVIRONMENTAL SCIENTIST II, | S&B \$148,778) |
| • 3.0 Clerks/Admins | (Job Class: INFORMATION AIDE, | S&B \$84,091) |
| • 2.0 Fiscal Staff | (Job Class: FISCAL MANAGEMENT OFFICER, | S&B \$117,121) |

All inclusive, CRMC's request to convert the agency to DCR and meet current operational needs for staffing is \$2,106,073. For the purposes of this note, 25 percent turnover is assumed in FY 2025, as it will take several months for DCR to hire personnel. This results in a total of \$1,579,555.



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The Budget Office anticipates a minimum need for department conversion of the following 7.0 FTE, to result in a total FTE authorization of 39.0 FTE:

- 2.0 Staff Attorneys (Job Class: SENIOR LEGAL COUNSEL, S&B \$177,414)
- 1.0 Hearing Officer (Job Class: CHIEF HEARING OFFICER, S&B \$228,106)
- 2.0 Policy Analysts (Job Class: COASTAL POLICY ANALYST, S&B \$128,080)
- 2.0 Clerks/Admins (Job Class: INFORMATION AIDE, S&B \$84,091)

The total amount of this estimate is \$1,007,276. It should be noted that this amount reflects insourcing duties as they currently exist and does not reflect CRMC's projected operational need. Consulted on this bill, CRMC emphasized that current resources do not provide them the capacity to meet operational need as currently mandated, and that the department conversion may provide an opportunity to bolster existing resources to better perform duties as outlined in both existing statute and the proposed bill.

Assuming all legal duties are insourced, savings of \$0.2 million would be realized from cancellation of existing legal service contracts. This amount has proved to be insufficient as-is, and much legal work is completed pro-bono.

Staffing Externalities

CRMC currently occupies offices in the Stedman Building in South Kingstown. Additional staff above the current occupants would require additional space. The average commercial lease cost in the Providence, Rhode Island metropolitan area is \$30.88 per square foot, and the average purchase price is \$117.95 per square foot. The North American average of office space per employee is 150 square feet. This creates potential lease costs of approximately \$218,550 per year under the maximum proposal and \$181,350 at minimum. Purchase cost for office space (not to be construed as a purchase of an entire office building or complex) could be estimated at \$831,900 for a new office at the upper bound and \$690,300 at the lower end. It should be noted that, should purchase be chosen, the investment would be made up-front and would not recur.

Information technology and office supply costs would also increase at the margins, at a rate of \$2,345 per employee. Under CRMC's described need, this equates to a budgetary increase of \$35,174 relative to the FY 2024 Enacted Budget, and an increase of \$16,415 at minimum.

Capital Needs

While the addition of staff and enhancement of service may necessitate investments in facilities and equipment, a detailed estimate of such costs is outside the scope of this fiscal note. The Budget Office recommends feasibility study or other review to gather requirements and develop more rigorous cost estimates.

The agency expressed several needs for potential office space. Conference rooms are a necessity for hearings on ROW and conflicted cases, and sufficient parking will be required. Should a new office be



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occupied by DCR, additional garaging space will be required for vehicles currently utilized by the agency. The Budget Office estimates a need for \$150,000 to conduct a feasibility study for garaging space and office space under the potentiality that DCR moves offices.

Comments on Sources of Funds:

CRMC’s budget is currently primarily split between general revenue and federal funds. In the FY 2024 Enacted budget, CRMC received \$3.4 million in general revenue, \$2.3 million in federal funds, and \$0.3 million in restricted receipts. The FY 2025 Governor’s Recommended budget includes \$3.6 million in general revenue, \$2.3 million in federal funds, and \$0.3 million in restricted receipts. The agency has received some Rhode Island Capital Plan (RICAP) funding in the past, and also holds bond proceeds used for dredging projects.

Summary of Fiscal Impact:

Minimum fiscal impact in FY 2025 would be approximately \$1.2 million and 7.0 FTE, bringing their total FTE count to 39.0. This lower estimate is based on the assumption that the agency will maintain current service levels and hire the minimum number of staff required to sustain existing capacity while adapting to the new organizational structure. For example, functions currently satisfied by volunteer council members and pro-bono counsel are replaced with administrative and legal staff.

(\$1,007,276 [7.0 FTE Personnel] - \$200,000 [legal contracts] + \$181,350 [lease] + \$16,415 [IT] + \$150,000 [feasibility study])

Maximum fiscal impact in FY 2025 is approximately \$2.9 million and 15.0 FTE, bringing their total FTE count to 47.0. This upper-bound estimate takes into account that the proposed department will need certain capacity enhancements to meet new service requirements as well as current duties. The maximum estimate reflects the agency’s request for additional resources necessary to fulfill the legislative requirements in statute and associated with establishing the proposed department.

(\$1,579,555 [15.0 FTE Personnel, 25% turnover] - \$200,000 [legal contracts] + \$831,900 [office purchase] + \$35,174 [IT] + \$150,000 [feasibility study])

Fiscal impact in FY 2026 at the minimum end of the range is estimated to be approximately \$1.0 million, with all expenditures recurring except for the feasibility study. Expenditures in the maximum range would be approximately \$2.1 million per year in FY 2026, assuming all positions are staffed for the entirety of FY 2026.

Budget Office Signature: _____

Digitally signed by Joseph Codega Jr.
Date: 2024.05.28 17:13:45 -04'00'

Fiscal Advisor Signature: _____

