1999

JOINT APPROPRIATIONS – NATURAL & ECONOMIC RESOURCES

MINUTES

MEMBERSHIP LIST

SENATE APPROPRIATIONS SUBCOMMITTEE ON

NATURAL AND ECONOMIC RESOURCES

MEMBERSHIP	OFFICE	PHONE
Senator R.L. "Bob" Martin, Chairman	410	5-3040
Senator David Weinstein	2108	3-5651
Senator Betsy Cochrane	1119	3-5745
Senator Ham Horton	1117	3-7850
Sen. Steve Metcalf	520	3-5748
Sen. Eric Reeves	1028	5-6400
Sen. Dan Robinson	2113	3-5880
Sen. Larry Shaw	625	3-4809

APPROPRIATIONS

Subcommittee on Natural and Economic Resources

1999 – 2000 Session

Representative Stan Fox, Chair
Representative Bill Owens, Chair

Representative Edith Warren, Vice-Chair

Staff

Jennifer Herrera
Jennifer Hoffman
Mona Moon

Committee Assistants

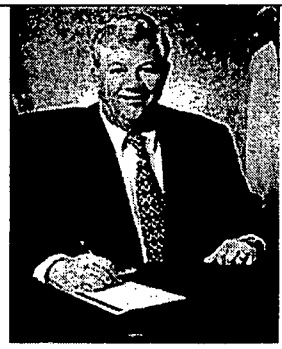
Mary Capps
Judy Veorse

HOUSE COMMITTEE on APPROPRIATIONS
Subcommittee on Natural and Economic Resources

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Fox, Stan	Mary Capps	3-5757	1217	46
Owens, Bill	Judy Veorse	3-0010	632	9
Warren, Edith	Nancy Willis	5-3019	417-A	93
Baker, Rex	Dawn Ellis	3-5787	608	86
Carpenter, Jim	Ann Jordan	3-5859	1004	109
Culp, Arlie	Waneta Lord	3-5865	1010	50
Hunter, Howard	Barbara Phillips	3-2962	613	68
Mitchell, Frank	Susan West	3-5931	513	77
Russell, Carolyn	Susan Brothers	5-0873	1213	62
Tolson, Joe	Gayle Christian	5-3024	402	59
Warwick, Nurham	Carolyn Honeycutt	5-3003	419-C	14
Ex officio members:				
Baddour, Phil	Elizabeth Kirkland Carolyn Coordes	5-0850	2301	31
Cunningham, Pete	Valerie Rustin	3-5778	541	7
Dedmon, Andy	Donna Abu Harb	3-5732	2213	12
Earle, Beverly	Ann Raeford	3-5747	535	95
Hackney, Joe	Emily Reynolds	3-5752	2207	69

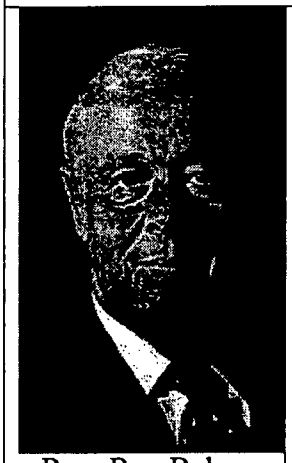
APPROPRIATIONS / Subcommittee on Natural and Economic Resources

Rep. Stan Fox
Co-Chairman



Rep. Bill Owens
Co-Chairman

Rep. Edith Warren
Vice-Chair



Rep. Rex Baker

Rep. Jim Carpenter

Rep. Arlie Culp

Rep. Howard Hunter

Rep. Frank Mitchell

Rep. Carolyn Russell

Rep. Joe Tolson

Rep. Nurham Warwick

ATTENDANCE

Appropriations/Natural & Economic Resources

(Name of Committee)

DATES	02/25/99	03/03/99	03/09/99	03/11/99	03/17/99	03/23/99	03/25/99	03/30/99	04/06/99	04/13/99	04/15/99	04/21/99	05/11/99	05/11/99	05/12/99	05/12/99	05/27/99	05/27/99
Fox, Stan, Chair	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Owens, Bill, Chair	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Warren, Edith, Vice-Chair	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Baker, Rex	√	√	√	√	√	√	√		√	√	√	√	√	√	√	√	√	√
Carpenter, Jim	√	√		√	√	√	√		√		√	√	√	√	√	√	√	√
Culp, Arlie	√	√	√	√	√	√	√	√	√	√	√	√	√	√		√	√	
Hunter, Howard		√			√	√			√	√	√	√		√	√	√	√	√
Mitchell, Frank	√	√		√	√	√	√	√	√	√	√	√	√	√	√		√	
Russell, Carolyn	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√		√	√
[illegible]on, Joe	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
[illegible]wick, Nurham		√	√						√		√	√	√	√	√	√	√	√
Ex Officio Members:																		
Baddour, Phil																	√	
Cunningham, Pete																		√
Dedmon, Andy																		
Earle, Beverly																		
Hackney, Joe																	√	√

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, February 24, 1999
Sen. Bob Martin, Presiding

1. Chairman's Comments

2. Member Introductions

3. Staff Introductions

4. Staff Presentation

5. Closing Remarks

Joint Appropriations Subcommittee
On
Natural and Economic Resources

Wednesday, February 24, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, February 24, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Mitchell, Baker, Carpenter, Culp, Hunter, Russell, Tolson, and Warwick were present.

Senator Martin called the meeting to order. He welcomed the members and had each member introduce himself or herself. Chairman Martin then introduced the Fiscal Staff, Sergeant-at-Arms, Pages, and Committee Staff.

Jennifer Herrera, Fiscal Staff, presented the members with a list of the department/agencies covered in the Committee. This is Attachment A of these minutes. She gave a brief overview of what each agency will present to the Committee

The meeting adjourned at 9:10 a.m.

Carolyn M. Gooden, Committee Clerk

R. L. Martin
Senator R.L. Martin, Chairman

Attachment A

Natural and Economic Resources (NER)

Department/Agencies Covered

Department of Agriculture and Consumer Services

Department of Commerce

- Includes State Information Processing Services (SIPS)
- Includes Employment Security Commission, as well as a number of receipt supported regulatory boards and commissions.
- Includes Non-State Entities
  - NC Biotechnology Center
  - Rural Economic Development Center
  - Other Non-Profits

Department of Environment and Natural Resources

- Includes Wildlife Resources Commission
- Includes Clean Water Management Trust Fund

Department of Labor

Housing Finance Agency

NER Staff Contacts
Suite 641 – Legislative Office Building
733-4910

Jennifer Herrera	Office #16	jenniferh@ms.ncga.state.nc.us
Jennifer Hoffmann	Office #18	jenniferho@ms.ncga.state.nc.us
Mona Moon	Office #21	monam@ms.ncga.state.nc.us

Natural and Economic Resources
Agency Contacts

Department of Agriculture and Consumer Services

- Jim Graham - Commissioner – 733-7125
- Maurice Weaver – Deputy Commissioner – 733-7314
- Weldon Denny - Deputy Commissioner – 733-7125

Department of Commerce

- Rick Carlisle – Secretary – 733-3449
- Leza Aycock – Assistant Secretary for Administration – 733-3309
- Kathy Sawyer – Legislative Liaison – 733-3431

Department of Environment and Natural Resources

- Wayne McDevitt – Secretary – 715-4101
- Michael Williamson – Deputy Secretary – Operations – 715-4105
- Sherri Evans-Stanton – Deputy Secretary – Policy – 715-4103
- Richard Rogers – Legislative Affairs – 715-4152
- Laura DeVivo – Legislative Affairs – 715-3060
- Jane Smith – Budget Planning and Analysis – 733-8801

Department of Labor

- Harry Payne – Commissioner – 733-0359
- Becky Brown – Budget Director – 733-7426
- Dana Cope – Legislative Liaison – 733-0365

Housing Finance Agency

- Bob Kucab – Executive Director – 781-6115
- Margaret Matrone – Legislative Affairs – 571-4804

Office of State Budget and Management

- J.W. Reel – Budget Supervisor for NER Area
- Johnny Gray – Analyst
- Shelle Altieri - Analyst

NATURAL AND ECONOMIC RESOURCES

DEPARTMENTS/ASSIGNMENTS	ANALYSTS
Department of Agriculture	Jennifer Herrera
Administration	
Agricultural Finance Authority	
Agricultural Statistics Division	
Agronomic Services Division	
Aquaculture	
Food and Drug Division	
Food Distribution Division	
Marketing (Includes Farmers' Markets and Cooperative Grading)	
Plant Industry Division	
Research Stations/State Farms Division	
Standards Division	
Structural Pest Division	
Veterinary Division	
Department of Commerce	
Alcohol Beverage Control Commission	Jennifer Hoffmann
Administrative Services	Jennifer Herrera
Aircraft	Jennifer Herrera
Banking Commission	Jennifer Hoffmann
Business/Industry Development	Mona Moon/Jennifer Herrera
Cemetery Commission	Jennifer Hoffmann
Community Assistance	Jennifer Herrera
Credit Union Commission	Jennifer Hoffmann
Employment Security Commission	Jennifer Hoffmann
Employment and Training	Jennifer Hoffmann
Energy Division	Jennifer Hoffmann
Housing Trust Fund	Jennifer Herrera
Industrial Building Renovation Fund	Jennifer Herrera/Mona Moon
Industrial Commission	Jennifer Hoffmann/Mona Moon
Industrial Finance Center	Jennifer Herrera/Mona Moon
International Trade	Jennifer Hoffmann
IRMC	Jennifer Herrera/Jennifer Hoffmann

DEPARTMENTS/ASSIGNMENTS	ANALYSTS
Department of Commerce (cont.)	
Mutual Burial Association	Jennifer Hoffmann
NCACTS	Jennifer Hoffmann
NC Government Competition Commission	Jennifer Herrera
Petroleum Overcharge	Jennifer Hoffmann
Ports	Jennifer Herrera/Mona Moon
Regional Economic Development Partnerships	Mona Moon/Jennifer Herrera
Rural Electrification	Jennifer Hoffmann
Savings Institutions	Jennifer Hoffmann
SIPS	Jennifer Herrera/Jennifer Hoffmann
Travel, Film, and Sports Development	Jennifer Hoffmann
Utilities Commission	Jennifer Herrera
Wanchese Seafood Industrial Park	Mona Moon/Jennifer Herrera
Worker Training Trust Fund	Jennifer Hoffmann
Workforce Preparedness Division	Jennifer Hoffmann
Nonprofit Organizations	
Biotechnology Center	Jennifer Hoffmann/Jennifer Herrera
Center for Community Self-Help	Jennifer Herrera
Coalition of Farm & Rural Families	Jennifer Herrera
Institute for Minority Economic Development	Jennifer Herrera
Land Loss Prevention Project	Jennifer Herrera
NC Association of Community Development Corporations (CDCs)	Jennifer Herrera
NC Community Development Initiative	Jennifer Herrera
NC Minority Support Center	Jennifer Herrera
Partnership for the Sounds	Mona Moon
Rural Economic Development Center	Jennifer Herrera
Technological Development Authority	Jennifer Hoffmann
World Trade Center	Jennifer Herrera
Department of Environment and Natural Resources	
Administrative Services	Mona Moon/Jennifer Herrera
Air Quality	Mona Moon
Aquariums	Jennifer Herrera
Clean Water Management Trust Fund	Mona Moon
Coastal Management	Jennifer Herrera
Environmental Education	Mona Moon
Environmental Health	Mona Moon/Jennifer Hoffmann
Forest Resources	Jennifer Herrera/Jennifer Hoffmann
Land Resources	Mona Moon

DEPARTMENTS/ASSIGNMENTS	ANALYSTS
Department of Environment and Natural Resources (cont.)	
Marine Fisheries	Mona Moon/Jennifer Herrera
Museum of Natural Sciences	Jennifer Herrera
Parks and Recreation	Jennifer Herrera
Pollution Prevention & Environmental Assistance	Mona Moon
Radiation Protection	Mona Moon
Regional Offices	Mona Moon/Jennifer Herrera
Soil and Water Conservation	Mona Moon/Jennifer Herrera
Waste Management	Mona Moon
Water Quality	Mona Moon/Jennifer Hoffmann
Water Resources	Jennifer Herrera
Wildlife Resources Commission	Jennifer Herrera
Zoo	Jennifer Herrera
Department of Labor	
Administration	Jennifer Hoffmann
Agricultural Safety and Health	
Apprenticeship Division	
Arbitration, Conciliation, and Mediation Services	
Boiler & Pressure Vessel Inspection Bureau	
Elevator Inspection Bureau	
Mine & Quarry Division	
Occupational Safety and Health Division	
Private Personnel Services	
Research and Statistics Division	
Wage and Hour Division	
Workplace Retaliatory Discrimination	

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources 2-24, 1999

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID HERLONG	State Planning
Jeff Van Dyke	Bell South
[illegible]	NCFB
M. Coleman	NCFB
Bobby Sessions	NCFB
Hattie M Sessions	NC. FB.
Joseph Grant	PPAB
Linwood Glen	[illegible]
John Bowdish	Zeb Alley P.A.
Nuda Gunn	Rural Center
J.W Reel	OSBM
BUCK LATTIMORE	NC INDUSTRIAL COMMISSION -
Phil Wilson	Commerce
Shelle Altieri	OSBM
Johnny Gray	OSBM
Maurice Weaver	NCDA&CS
Wilder Denny	NCDA&CS
Doug Lassiter	NC Septic Tank Assoc. -
John Cianemure	TDA
Joe McClees	McClees Consulting
Kathy Sawyer	Commerce
Lisa [illegible]	Commerce
Lydia DeVito	DENR
R ROGERS	DENR
Jane Smith	DENR
PRESTON HOWARD	DENR / DWQ
BRENT LANE	Commerce

Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

February 25, 1999 – 8:30 a.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Thursday, February 25, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Nine House Members were present as follows: Representatives Stan Fox, Chair; Bill Owens, Chair; Edith Warren, Vice Chair; Rex Baker; Jim Carpenter; Arlie Culp; Frank Mitchell; Carolyn Russell and Joe Tolson.

Representative Stan Fox, House Chair, called the meeting to order. He recognized Mona Moon of the Fiscal Research Division who shared three documents prepared by the Fiscal Research Staff. They are the 1997 and 1998 Natural and Economic Resources Session Overviews (sometimes called Highlights by staff) and the NER Base Budget Summary. The Base Budget Summary is a presentation of the total requirements of the General Fund Appropriations, the total agency positions, the performance programs budget documents and the summary of budget changes in recent years. The Chair recognized Representative Baker who asked how much money was non-recurring in 1998-99. Ms. Moon stated this is an overview, and as we go through each Department we will be providing more and more detail as we go through the process, but we will get a breakdown of how much money was non-recurring. Representative Baker wants to get a breakdown in order to see a three-year trend on continuation budget. Representative Owens asked Ms. Moon to provide for 1997-98 how much Health moved out of NER to Human Resources. Ms. Moon will do an adjustment for Health so we can compare the right agencies. Representative Owens asked what is the recommendation in the current budget from the Administration on the Division of Environmental Health transfer. Ms. Moon stated she has heard there will be a recommendation coming forward, but she does not know if Environmental Review Commission has discussed this yet. There are a number of issues still outstanding. Whether or not the committee wants to address these issues this session will be up to this committee. Representative Owens asked if someone from DNER could share the recommendations on Environmental Health. Richard Rogers, legislative liaison from DNER, stated Environmental Health will be split, Onsite wastewater and Public Water Supply Section will stay in DNER, and the remainder of the Agency will go over to Department of Health and Human Services. DNER is in the process of talking with the local Health Directors in trying to work out these issues.

The Chair recognized Mr. J. W. Reel, Office of State Budget and Management. Mr. Reel introduced from his office Mr. Johnny Gray, who handles Environment and Natural Resources and Agriculture and Consumer Services, and Shelle Altieri who

handles Commerce and Labor. Mr. Reel shared with the members a Schedule for the 1999-2001 Budget Preparation Process and a Biennial Budget Cycle Sheet. The budget preparation for the budget before you started by the agencies in April of 1998. In recognition of the dynamics of government, we do not stay still, and we call it a continuation budget to continue the activities currently in place. Adjustments we make deal with inflation. We do not apply an inflation rate to everything in the budget such as travel and supplies. Areas that affect us primarily with inflation deal with utilities, food and drug costs, etc. We also recognize that during deliberations sometimes you start a program that does not start at the first of the year so we have to annualize that program in the Continuation Budget. Non-recurring funds come into play. We add in operational reserves for completed capital projects.

Mr. Reel stated instructions were sent to the Departments to return budget information by September 9, 1998, and the General Assembly was still in Session, so our budget process got a little off center. We had budgets submitted that did not have General Assembly actions in them. It was difficult to do much review, but the agencies cooperated to get the job done. It is a ten months process to produce the budget. Representative Owens stated it seems the non-recurring seems to get bigger and bigger, and a lot of items there are things we really cannot afford not to do. Mr. Reel agreed the figures are growing. Over time we have utilized those funds realizing a lot of things we are doing with non-recurring funds that you recommend and we recommend. It is open for discussion. Representative Mitchell asked about the low fuel prices being a windfall for state agencies and whether or not down the road when prices rise would that be an expansion item. Mr. Reel said in his department's view if there is an impact on utilities or fuel it would be looked at as a continuation item. He cited the impact of school buses and fuel costs. Senator Martin asked about recurring and non-recurring monies. Mr. Reel said recurring monies come from a source that will be available year after year after year. Non-recurring items are funded from money that we designate and say is non-recurring an example of which is reversions. As our state grows, the revenues have a normal growth rate, but taxes have the greatest impact. If recurring money is not spent, it becomes a surplus, and it is only used for non-recurring items because you have new tax money coming in the following year.

Mr. Reel introduced Mr. David Herlong, Office of State Planning, who will discuss DNER's Mission Statement, Budget, Funds and Codes and any fiscal data that relates to the Division. Mr. Herlong thanked the committee and he introduced from his agency Ms. Sheila Chavis who works with the Departments of Commerce and Agriculture and Ms. Gail Fitzgerald who works with the Department of Labor. He discussed the handout describing DNER's Mission Statement, Goals, Priorities, Operations, and Performance/Program Budget. On page three of the handout, Forest Resources Division is used as an example for the committee's information. Rep. Baker asked about the Gypsy Moth's program, which is in the Department of Agriculture, but which is related to Forest Resources in DNER. Mr. Herlong said this program is in the Department of Agriculture. Our efforts in this biennium have been to work with the Budget Office more closely to associate planning activities with budgeting activities. We want to make budget documents more meaningful through performance measures and

objectives. Representative Russell asked how do you determine under Goals on page one to "Assure clean air and improved visibility for all North Carolinians." Mr. Herlong said the pie chart on the last page includes efforts by the Division of Motor Vehicles to insure that emission testing is done effectively to promote cleaner air. There is some DOT money in the 9.5% on the pie chart. In some cases there is a mixing of departments to achieve these efforts. Senator Martin asked Mr. Herlong what are his department's goals, and he responded his department's goals are to provide planning information with state agencies and to tie activities together to support budget documents. His office is in the Administration Building. Representative Culp asked about boards and commissions that are funded.

The Chair asked for further questions or comments from the NER Joint Subcommittee and/or audience, and John Dorman, Deputy Director for State Planning, was recognized as he wanted to respond to Representative Russell's question about goals. He stated all the program areas did an intense search of the statutes to define what the legislative intent was of the General Assembly. It is our hope that the department's goals reflect legislative intent. Senator Martin asked about appropriations being made to a department and they go to higher salaried employees, and Mr. Reel stated there has been and continues to be some latitude in the classifications of positions through Office of State Personnel.

The Chair recognized Mona Moon who passed out 1999-2001 The North Carolina State Budget Summary of Recommendations and Volume 5 of the State Budget – Natural and Economic Resources to members. She recommended names be put on the documents so members could make notations in them.

The meeting adjourned at 9:40 a.m. to reconvene on March 2, 1999 at 8:30 a.m.

Respectfully submitted,

Stan Fox

Representative Stan Fox, Chair

Mary Capps

Mary Capps, Committee Assistant

Joint Appropriations Subcommittees on Natural and Economic Resources

Thursday, February 25, 1999
Rep. Stan Fox, Presiding

1. Chairman's comments

2. NER Base Budget Summary

   Mona Moon, Fiscal Research Division

3. Development of Governor's Recommended Continuation Budget and Performance/Program Budget

   J.W. Reel, Office of State Budget and Management

   David Herlong, Office of State Planning

4. Committee Discussion

5. Adjourn

OVERVIEW:

FISCAL AND BUDGETARY ACTIONS
NORTH CAROLINA GENERAL ASSEMBLY

1997 SESSION

PREPARED BY
THE FISCAL RESEARCH DIVISION
OF THE NORTH CAROLINA GENERAL ASSEMBLY

RALEIGH, NORTH CAROLINA

NATURAL & ECONOMIC RESOURCES

Housing Finance Agency

Statutory Authority: General Statutes, Chapter 122A

Created in 1973 by the General Assembly, the Housing Finance Agency operates a variety of programs to finance home ownership for first-time home buyers with low- or moderate-incomes, provide affordable rental housing for low- and moderate-income renters, and rehabilitate substandard owner-occupied and rental housing.

Funding for agency programs and operations comes from program fees, earnings from tax-exempted bond sales, federal funds, and the North Carolina Housing Trust Fund.

	GENERAL FUND		
	FY 97-98		FY 98-99
Recommended Budget	**$2,300,000**		**$2,300,000**
Legislative Changes			
Housing Finance Agency			
1 Housing Trust Fund			
Support for the Housing Trust Fund.	$5,000,000	NR	
Total Legislative Changes	**$5,000,000**	**NR**	
Total Position Changes			
Revised Budget	**$7,300,000**		**$2,300,000**

Special Provisions:

1997 Session: Senate Bill 352

Department: Housing Finance Agency

Section: 13

Title: **HOME Program Matching Funds**

Summary: Sets priority for allocating appropriated funds to match the HOME federal housing program. Also: 1) requires an annual report on the HOME program, 2) prohibits the use of state funds for a match if a match is not required by Congress, and 3) allows carry forward of match funds due to federal program years.

Agriculture and Consumer Services

Statutory Authority: General Statutes, Chapter 106

The head of this Department is the Commissioner of Agriculture and Consumer Services who is elected for a four-year term and who, as an elected official, serves on the Council of State.

The primary responsibility of the Department of Agriculture and Consumer Services is to enhance the production and quality of food marketed in North Carolina. In addition, the Department places a major emphasis on the protection of the consumer, the farmer, and the wholesaler from unfair and deceptive marketing practices. The Department's research and inspection activities are expected to contribute to healthier products, as well as promote more efficient and profitable farming methods. The Department has four major programs to carry out its responsibilities; Agriculture Services and Development, Consumer Protection, Natural and Agricultural Education, and Research. Included in these programs are the State Fair, agriculture research stations, and many inspection and regulatory activities.

	GENERAL FUND			
	FY 97-98		FY 98-99	
Recommended Budget	**$49,480,730**		**$49,688,983**	
Legislative Changes				
Agricultural Finance Authority				
2 Reduce General Fund Appropriation	($25,000)	R	($50,000)	R
Reduce the General Fund appropriation to the Authority by utilizing the interest income earned by the Farm Reserve Loan Fund for the Authority's operating expenses [SB 352, Section 14.5, p. 290].				
Agronomic Services				
3 Agronomic Advisory Services	$314,767	R	$445,117	R
Funds to increase waste disposal and water management services provided by the Agronomics Division to meet the demand for increased technical assistance from regional agronomists and section chiefs.	$217,151 7.00	NR	 8.00	
Commissioner's Office				
4 Small Farms Assistance				
Funds to provide assistance to small, family farms [SB 352, Section 14.8, p. 292].	$50,000	NR		
Food and Drug Protection				
5 Food Related Facilities Funds	$113,994	R	$113,994	R
Funds to continue support for inspection of food processing facilities, food storage warehouses, retail stores, and medicated livestock-feed manufacturing facilities.	4.00		4.00	
6 Environmental Protection in Pesticide Applications	$179,039	R	$179,039	R
Funds to increase compliance assistance to pesticide applicators and farmers.	$23,100 3.00	NR	 3.00	

Grants-in-Aid

7 Stanly County Agri-Center — $50,000 NR

Funds for the Stanly County Agri-Center.

8 Fair and Exhibition Center — $1,000,000 NR

Funds for a fair and exhibition center.

9 Haywood County Agri-Center — $200,000 NR

Funds for the Haywood County Agri-Center.

Maritime Museum

10 Transfer Maritime Museum to Cultural Resources — ($792,227) R — ($786,713) R

Transfer positions, operating support, equipment, property, and other assets of the North Carolina Maritime Museum to the Department of Cultural Resources. -17.25 -17.25

	FY 1997-98	FY 1998-99
Requirements	$ 792,527	$ 787,013
Receipts	($ 300)	($ 300)
Appropriation	$ 792,227	$ 786,713

[SB 352, Section 14.2, p. 288].

Marketing

11 Grant-in-Aid — $37,000 R — $37,000 R

Increase grant-in-aid to the Western North Carolina Development Association [SB 352, Section 14.3, pp. 288-289].

Plant Industry - Plant Protection

12 Bee Regulatory Support — $170,212 R — $170,212 R

Funds for expanded regulatory support to protect the North Carolina bee and honey industry from parasitic mites, bee disorders and the Africanized bee. $45,894 NR; 2.00 — 2.00

Reserves

13 Southern Dairy Compact — $25,000 R — $25,000 R

Funds to support the Southern Dairy Compact Commission. Funds are contingent upon the passage of HB 998, SB 977, or similar legislation [SB 352, Section 14.9, p. 292].

Total Legislative Changes	**$22,785**	**R**	**$133,649**	**R**
	$1,586,145	**NR**		
Total Position Changes	-1.25		-0.25	
Revised Budget	**$51,089,660**		**$49,822,632**	

Special Provisions:

1997 Session: Senate Bill 352

Department: Agriculture and Consumer Services

Section: 14

Title: **Mountain State Fair To Become Enterprise Fund**

Summary: Directs that the activities of the Western North Carolina Agricultural Center and the Mountain State Fair be combined and operated in an enterprise fund. It is anticipated that general fund support will be necessary until the combined operation develops sufficient revenue and operating reserves to become self-supporting.

Section: 14.1

Title: **Timber Sales For Maintenance of State Farms Forestland**

Summary: Authorizes the department to expend up to $100,000 each year of the biennium for forestry management purposes from the funds received from the sale of timber grown on state farms.

Section: 14.2

Title: **Transfer Maritime Museum to Cultural Resources**

Summary: Transfers funds, resources, and personnel provided for the North Carolina Maritime Museum by the Department of Agriculture and Consumer Services to the Department of Cultural Resources.

Section: 14.3

Title: **Western North Carolina Development Association**

Summary: Requires the Western North Carolina Development Association to report budgetary and program activities annually by January 15 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 14.4

Title: **Increase Grape Growers Funds**

Summary: Amends G.S. 105-113.81A to reflect the departmental name change to the Department of Agriculture and Consumer Services and increases the cap on the amount of funds credited to the department from the tax on unfortified and fortified wine from $90,000 to $150,000.

Section: 14.5

Title: **Authorize the Agricultural Finance Authority to use the Interest from the Reserve for Farm Loans for Administrative Expenses**

Summary: Codifies language which permits the North Carolina Agricultural Finance Authority to use interest earnings from its loan fund for operating support.

Section: 14.6

Title: **Departments of Agriculture and Consumer Services/Commerce/Labor/Environment, Health, and Natural Resources/Receipt Supported Positions**

Summary: Requires the Departments of Agriculture and Consumer Services, Commerce, Labor, and Environment, Health, and Natural Resources to report by October 15, 1997 and semiannually thereafter to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division regarding the creation of new receipt-supported positions created within each department. Directs departments to abolish, with approval of the Office of State Budget and Management, any receipt supported position if : 1) the position has been vacant for more than one calendar year, and 2) receipts are insufficient to adequately fund position.

Section: 14.7

Title: **Eastern North Carolina Livestock Arena Funds**

Summary: Reallocates funds appropriated in 1985 to the Rocky Mount Business Development Authority for the following purposes:

1) $225,000 to the Rocky Mount Business Development Authority
2) The remaining funds plus all accrued interest for the construction of a facility to replace the Eastern North Carolina Livestock Arena.

Section: 14.8

Title: **Assistance for Small, Family Farms**

Summary: Allocates $50,000 for assistance to farmers who operate small, family farms. Requires the department to report by March 1, 1998 to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division on the use of these funds.

Section: 14.9

Title: **Southern Dairy Compact Commission Funds**

Summary: Appropriates funds to support the Southern Dairy Compact Commission. Makes funds contingent upon the enactment of legislation that creates the Southern Dairy Compact Commission (enacted as Chapter 494 of the 1997 Session Laws).

Labor

Statutory Authority: General Statutes, Chapter 95

The head of the Department is the Commissioner of Labor who is elected to a four-year term and who, as an elected official, serves on the Council of State.

This Department's responsibilities include administering and enforcing State laws that affect people at work, including administering the OSHA program, enforcing safety and health conditions in mines and quarries, and enforcing safety regulations for elevators, amusement rides, and boilers. Other responsibilities include promoting and supervising apprenticeship and on-the-job training programs, and establishing license requirements for private employment agencies.

	GENERAL FUND	
	FY 97-98	FY 98-99
Recommended Budget	**$16,068,855**	**$15,986,184**

Legislative Changes

Boiler and Pressure Vessel Bureau

14 Expand Inspection Staff with Receipt Support

Adds four boiler and pressure vessel inspection staff to conduct safety inspections in accordance with inspection intervals set by the Commissioner. Funding support will be provided with increased receipts generated by inspections conducted with these additional positions.

	FY 1997-98	FY 1998-99
Requirements	$ 211,316	$ 196,316
Receipts	(211,316)	(196,316)
Appropriation	0	0

Elevator and Amusement Device Bureau

15 Expand Inspection Staff with Receipt Support

Adds four elevator inspection staff and one administrative support position to conduct safety inspections -- at six month intervals -- of all elevators in the state. Funding support will be provided with increased receipts generated by these positions assisting in the increased frequency of elevator inspections from an average of every 10 months to every 6 months.

	FY 1997-98	FY 1998-99
Requirements	$ 248,061	$ 228,361
Receipts	(248,061)	(228,361)
Appropriation	0	0

Information Office				
16 1-800-LABOR-NC Operating Support	$34,825	R	$34,825	R
Provides an additional position and operating support to answer incoming calls on the Department's toll-free telephone number.	$6,000	NR		
	1.00		1.00	
OSHNC Division				
17 Transfer Enforcement Positions to Federal Support	($192,546)	R	($192,546)	R
Shifts six OSH Enforcement positions (3 full-time equivalents) and operating support from 100% state funding to 50% federal and 50% state funded support.	-3.00		-3.00	
Total Legislative Changes	**($157,721)**	R	**($157,721)**	R
	$6,000	NR		
Total Position Changes	-2.00		-2.00	
Revised Budget	**$15,917,134**		**$15,828,463**	

Special Provisions:

1997 Session: Senate Bill 352

Department: Labor

Section: 17

Title: **OSHA Technical Assistance**

Summary: Requires, in statute, the Department of Labor to provide technical assistance to employers who have an experience rate modifier of 1.5 or greater for workers' compensation claims. Repeals an existing statutory section that mandates the department to conduct a compliance inspection, under the special emphasis inspection program, of employers who possess an experience rate modifier of 1.5 or greater. Also authorizes the department to use up to $450,000 in expected additional federal OSHA 23g grant funds to provide technical assistance to employers with an experience rate modifier of 1.5 or greater.

Environment, Health, and Natural Resources

Statutory Authority: General Statutes, Chapter 113

The head of the Department is the Secretary of Environment, Health, and Natural Resources (EHNR) who is appointed by the Governor. The Department's primary responsibilities include protection of the environment, improvement of the health of North Carolinians and conservation and development of the State's natural resources. The Department administers a wide variety of assistance, regulatory, promotion and education programs.

Part XIA of Senate Bill 352 (1997 Appropriations Act) authorized the creation of a Department of Health and Human Services. The new department will be established by renaming the Department of Human Resources and transferring virtually all of the public health divisions from the Department of Environment, Health, and Natural Resources to the Department of Health and Human Services. The functions and responsibilities of the Division of Environmental Health, will remain in the Department of Environment and Natural Resources (formerly the Department of Environment, Health, and Natural Resources) pending a study by the Environmental Review Commission.

	GENERAL FUND			
	FY 97-98		FY 98-99	
Recommended Budget	**$253,269,888**		**$252,502,338**	
Legislative Changes				
(2.00) Environmental Education				
18 Environmental Education Grant Fund	$200,000	NR		
Funds to provide grants to schools, community organizations and environmental education centers to develop environmental education libraries and to promote environmental education activities [SB 352, Section 15, p. 293].				
(2.00) Forest Resources				
19 Increase Receipts	($120,000)	R	($120,000)	R
Increase receipts collected from counties. Counties share in the cost of forestry operations with a match based on the tax base of the county.				
20 Assistant County Ranger	$19,028	R	$19,028	R
	$21,900	NR		
Funds for an Assistant County Ranger in District 10.	1.00		1.00	
21 Operation of Amphibious Water Scooping Tanker	$706,950	R	$706,950	R
	$81,750	NR		
	4.00		4.00	
Operating funds for personnel, equipment, maintenance, and parts associated with the purchase of an amphibious water scooping tanker aircraft for fire control statewide [SB 352, Section 15.37, p. 319].				

22 District 12 Helicopter Funds	$282,560	NR		
Funds to cover the costs associated with preparing a federal surplus helicopter for fire control in District 12.				
23 Equipment Funds	($500,000)	R	($500,000)	R
	$500,000	NR		
Reduce recurring appropriation for forestry field operations equipment and provide nonrecurring funds for FY 1997-98.				
24 Communications Equipment	($200,000)	R	($200,000)	R
	$150,000	NR		
Reduce recurring appropriation for communications equipment and provide nonrecurring funds for FY 1997-98.				
25 Rural Community Fire Protection Program	$100,000	R	$100,000	R
Funds to provide both fire training and assistance with the purchase/loan of fire equipment and supplies for rural fire departments.	1.00		1.00	
26 Museum of Forestry	$1,000,000	NR		
Grant-in-aid to Columbus County for planning and developing a Museum of Forestry.				
(2.00) Marine Fisheries				
27 Moratorium Steering Committee	($25,000)	R	($25,000)	R
Eliminate funding for the Fisheries Moratorium Steering Committee, which submitted its final report to the Joint Legislative Commission on Seafood and Aquaculture in October 1996.				
28 Reduce Marine Fisheries Patrol Equipment	($187,321)	R	($187,321)	R
Reduce equipment budget to reflect reduced equipment needs associated with the Marine Fisheries law enforcement expansion request funded in 1995, in accordance with the five year fiscal estimate submitted by the division.				
29 Operating Reserve for Patrol Vessel			$97,436	R
Fund vessel operating reserve for the 1998-99 fiscal year. The reserve is for a patrol vessel funded with a 1996-97 capital improvement appropriation and was omitted from the continuation budget by error.				
30 Marine Fisheries Commission	$230,475	R	$230,475	R
	$17,000	NR		
Funds to establish standing advisory committees and permanent staff for the Marine Fisheries Commission. The Department shall transfer $25,000 of these funds to the Office of the State Auditor for a performance audit of the Division. Funds contingent upon passage of HB 1097 [SB 352, Section 15.39, pp. 319-320].	2.00		2.00	

31 Information Technology and Data Management Funds	$155,000	R	$155,000	R
Funds to establish advanced computer based technologies to modernize and consolidate existing computerized information management, and expand computer based data management and analysis capabilities [SB 352, Section 15.40, p. 320].	$500,000 2.00	NR	 2.00	
(2.00) Museum of Natural Sciences				
32 Grassroots Science Museums	$100,000	R	$100,000	R
Additional funds for Grassroots Science Museums and to add two new museums to the program: Museum of Coastal Carolina Iredell County Children's Museum [SB 352, Section 15.1, pp. 293-294].	$2,650,000	NR		
(2.00) Parks and Recreation				
33 Environmental Education Learning Experience				
Funds to provide supplies and materials for Environmental Education Learning Experience (EELE) programs at state parks.	$30,000	NR		
34 Reduce Operating Reserve				
Reduce operating reserve for State Parks System.	($300,000)	NR		
35 Adopt-a-Trails Program				
Nonrecurring funds to expand the Adopt-a-Trails grant program.	$50,000	NR		
36 Law Enforcement Salary Adjustment	$677,599	R	$677,599	R
Funds to adjust the average salary of law enforcement officers in Parks and Recreation based on the average salary of law enforcement officers in the Division of Marine Fisheries and the Wildlife Resources Commission. [SB 352, Section 15.38, p. 319].				
(2.00) Soil and Water Conservation				
37 Area 3 Coordinator	$43,600	R	$43,600	R
Funds to support a new position and equipment needs of a regional coordinator for Area 3 of the State Soil and Water Conservation districts [SB 352, Section 15.45, p. 322].	$3,000 1.00	NR	 1.00	
38 Agriculture Cost Share for Animal Waste Management				
Additional funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to assist existing farming operations in obtaining approved animal waste management plans.	$2,000,000	NR		
39 Agriculture Cost Share County Technical Assistance	$300,000	R	$300,000	R
Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design and installation of agricultural BMPs to improve water quality.				

40 Soil and Water District Travel Funds

Funds for local Soil and Water Conservation Districts for travel and per diem expenses of district supervisors.

$50,000 NR

(3.00) Air Quality

41 Increase Receipts

Increase the budgeted amount of program receipts and reduce the General Fund appropriation by an equal amount.

($200,000) R ($200,000) R

(3.00) Land Resources

42 Dam Safety Inspection and Assistance

Funds to establish additional positions to increase the number of dam inspections and to provide technical assistance to owners in the areas of design and construction planning, maintenance, repairs, and emergency action plans.

$255,336 R $255,336 R
$19,000 NR
5.00 5.00

(3.00) Water Quality

43 Wastewater Treatment System Operator Training

Funds to provide training, certification and continuing education courses for wastewater treatment system operators for one year.

$474,795 NR
5.00

44 Regional Wastewater Management

Funds economic development along with a regional wastewater collection, treatment and disposal system that uses innovative technology to reduce nutrient and organic loadings to surface waters [SB 352, Section 15.15, p. 300].

$1,000,000 NR

45 Federal Wastewater Assistance Matching Funds

Funds to provide the 20% state match required to receive federal wastewater assistance through US EPA's Water Pollution Control Program. Funds will be used to provide low interest loans to local units of government for wastewater construction and improvement projects.

$4,001,775 NR

46 Basinwide Data Management System Development

Funds for a program delivery initiative to focus on consolidating all existing databases and facilitating access to environmental programs and data. Support staff and equipment needed to maintain the system will be phased in.

$260,846 R $375,153 R
1.00 3.00

(3.00) Water Resources

47 Regional Groundwater Management

Funds for monitoring in the Black Creek and Upper Cape Fear aquifers and for maintenance of monitoring wells in the area. The effective date for these positions is October 1, 1997.

$150,000 R $150,000 R
3.00 3.00

(4.00) Environmental Health

48 Childhood Lead Exposure Control	$210,879	R	$210,879 R
Funds to expand the state's Childhood Lead Poisoning Prevention Program to emphasize compliance with maintenance standards to minimize lead hazards. Funds contingent upon the passage of HB 1007, SB 806, or identical legislation [SB 352, Section 15.30, pp. 307-313].	$26,200	NR	
	3.00		3.00
49 Assistance to Local On-Site Wastewater Programs	$226,212	R	$226,212 R
	$23,800	NR	
Funds to provide additional training, technical assistance and regulatory oversight to local programs in the areas of plan review, septic tank design, manufacture, installation and performance. Funds also to provide additional staff to identify and eliminate straight pipe sewage and wastewater discharges and failing septic systems throughout the state.	4.00		4.00
50 Evaluation of Septic Problems			
Funds to evaluate the condition of septic tanks in the Neuse River Basin [SB 352, Section 15.16, pp. 300-301].	$150,000	NR	
51 Support for Local Environmental Health Programs	$355,402	R	$355,402 R
Funds to provide training, continuing education and technical assistance to local environmental health specialists performing food, lodging and institution inspections, and other regulatory activities to ensure the sanitation and safety of swimming pools, spas and tatoo artists [SB 352, Section 15.24, p. 304].	6.00		6.00
52 Food Sanitation Training Funds			
Funds to provide training and continuing education to persons who conduct food and lodging inspections for county health departments [SB 352, Section 15.24, p. 304].	$100,000	NR	
53 Federal Water Supply Assistance Matching Funds			
Funds to provide the 20% state match required to receive a federal capitalization grant through US EPA's Drinking Water State Revolving Fund Program. Funds will be used to provide low interest loans to public water systems for capital expenditures associated with drinking water regulations and compliance.	$9,222,820	NR	
54 Coastal Water Quality Monitoring	$337,566	R	$337,566 R
	$59,500	NR	
Funds to develop and implement a program to monitor coastal area waters, rivers and sounds for contaminants to protect the public health of swimmers and other recreational users of the state's coastal waters [SB 352, Section 15.17, p. 301].	6.00		6.00

(4.00) Epidemiology

55 Alcohol Chemical Testing Certification Program	($200,000)	R	($200,000) R
Reduce General Fund support for the alcohol chemical testing training and certification program to more accurately reflect actual expenditures.			

56 Rabies Detection and Prevention Program	$50,000	R	$50,000	R
Funds to provide additional professional consultation and education services to help prevent the spread of rabies.	1.00		1.00	
(4.00) Health Promotion				
57 Heart Disease & Stroke Prevention Awareness	$170,500	R	$170,500	R
	$29,500	NR		
Funds to develop and maintain a database of existing cardiovascular disease related services and to conduct a statewide media campaign to raise awareness about cardiovascular disease, as recommended by the Heart Disease and Stroke Prevention Task Force established in 1995 [SB 352, Section 15.25, pp. 304-305].				
58 Heart Disease Data Funds				
Funds to begin the identification, coordination and assessment of existing cardiovascular databases within the state.	$100,000	NR		
59 Cancer Control Plan Implementation Funds	$250,000	R	$250,000	R
Funds to begin implementation of the North Carolina Cancer Control Plan prepared by the Advisory Committee on Cancer Coordination and Control [SB 352, Section 15.31, p. 313].				
60 Osteoporosis Task Force				
Funds to establish and support the Osteoporosis Task Force [SB 352, Section 15.32, pp. 313-315].	$200,000	NR		
61 Arthritis Program				
Continue grant-in-aid for private local project providing services to arthritis patients in Mecklenburg County.	$15,000	NR		
62 State Games of North Carolina				
Funds for the Governor's Council on Physical Fitness to support the State Games.	$150,000	NR		
(4.00) Laboratory Services				
63 Rabies Laboratory Analysis Funds	$79,630	R	$79,630	R
	$29,150	NR		
Funds for additional personnel, supplies and equipment to enhance rabies testing performed by the State public health lab.	2.00		2.00	
(4.00) Maternal and Child Health				
64 Maternal Outreach Worker Program	$825,000	R	$825,000	R
Funds to expand the maternal outreach worker program by providing funding for 31 additional home visitors employed by local service providers.	1.00		1.00	
65 Children's Vision Screening Program				
Funds to support a statewide training and certification program for school-based vision screeners. The department will contract with Prevent Blindness, Inc. to implement the program [SB 352, Section 15.33, pp. 315-316].	$419,000	NR		

66 Cochlear Implants Funds for grant to UNC Board of Governors for the Carolina Communicative Disorders Program at the School of Medicine at UNC-Chapel Hill to provide cochlear implants and other communication devices for hearing impaired children.	$230,000	R	$230,000	R
67 UNC Craniofacial Center Funds for grant to UNC Board of Governors for the UNC Craniofacial Center at the School of Dentistry at UNC-Chapel Hill to provide diagnostic and treatment services for children with craniofacial anomalies.	$343,000	R	$343,000	R
68 Non-Medicaid Maternity Care Coordination Funds to provide case management services to women who do not meet Medicaid eligibility requirements. This item restores a reduction taken in 1996.	$170,900	R	$170,900	R
(5.00) Reserves and Special Funds				
69 Water Conservation and Infrastructure District Nonrecurring funds appropriated for the District by the 1995 General Assembly were not eliminated from the 1997-99 continuation budget in error.	($500,000)	R	($500,000)	R
70 Cape Fear River Assembly, Inc. Funds for programs to monitor and improve the water quality of the Cape Fear River [SB 352, Section 15.14, pp. 299-300].	$1,500,000	NR		
71 Roanoke-Pamlico Estuary System Water Quality Funds to establish a water quality monitoring program for the Roanoke-Pamlico Estuary System [SB 352, Section 15.13, p. 299].	$400,000	NR		
72 Maintenance of Existing Water Quality Programs Reserve to maintain the existing level of staff in the Water Quality Section to continue water quality programs and activities at the current level of service for one year [SB 352, Section 15.19, pp. 302-303 and Section 15.20, p. 303].	$1,000,000	NR		
73 Healthy Start Foundation Funds to provide statewide planning, promotion, and coordination for the First Step Campaign and to support other programs and activities aimed at reducing infant mortality [SB 352, Section 15.29, p. 307].	$650,000	NR		
74 Core Sound Use Mapping Funds to develop a human use map and user coordination plan for Core Sound.	$100,000	NR		

(6.00) Department Wide

75	**Salary/Span of Control/ Operating Reductions**		($2,396,112)	R	($2,396,112) R
	Represents the Department's allocated share of this overall reduction:		-36.85		-36.85
	Office of Controller				
	Salary and fringes for 1.00 FTE	($27,541)			
	General Services Office				
	Salary and fringes for 1.00 FTE	($25,561)			
	Dept.Purchasing Officer III	($45,371)			
	(#55009, 1.00 FTE, Vacant)				
	Information Technology Services				
	Salary and fringes for 1.00 FTE	($39,669)			
	Applications Analyst Prog. Specialist	($10,782)			
	(#56011, 1.00 FTE, Vacant)				
	Personnel/Human Resources				
	Salary and fringes for 1.00 FTE	($47,026)			
	Personnel Supervisor I	($61,857)			
	(#52014, 1.00 FTE, Vacant)				
	Public Health Communication				
	Salary and fringes for 1.00 FTE	($45,380)			
	Local Health Services				
	Salary and fringes for 1.00 FTE	($31,602)			
	Environmental Health				
	Salary and fringes for 1.00 FTE	($24,286)			
	Dental Health				
	Salary and fringes for 1.00 FTE	($97,175)			
	State Center for Health Statistics				
	Salary and fringes for 1.00 FTE	($26,682)			
	Maternal and Child Health				
	Salary and fringes for 7.00 FTEs	($364,633)			
	Cystic Fibrosis Purchase of Care funds	($148,699)			
	Nutrition Program Supervisor	($ 21,183)			
	(#21087, 0.30 FTE)				
	Health Promotion				
	Salary and fringes for 3.00 FTEs	($138,092)			
	Marine Fisheries				
	Salary Reserve	($13,861)			
	Oyster Rehabilitation operating funds	($133,655)			
	Soil and Water Conservation				
	Equipment, supplies & travel funds	($56,875)			
	Forest Resources				
	Communications Equipment	($140,000)			

Office of Environmental Education	
Project Tomorrow grants and contracts	($25,000)
Aquariums	
Supplies and materials	($41,777)
Museum of Natural Science	
Temporary Wages	($50,000)
Natural Science Education Curator (#28100, 1.00 FTE, Vacant)	($56,524)
Parks and Recreation	
Increase receipts	($140,000)
North Carolina Zoo	
Salary and fringes for 3.55 FTEs	($85,000)
Air Quality	
Salary and fringes for 1.00 FTE	($19,105)
Water Quality	
Salary and fringes for 3.00 FTEs	($105,995)
Salary Reserve	($69,625)
Wetlands Restoration operating funds	($14,449)
Coastal Management	
Salary and fringes for 1.00 FTE	($25,068)
Land Resources	
Salary and fringes for 1.00 FTE	($43,279)
Operating support	($12,124)
Water Resources	
Salary and fringes for 1.00 FTE	($29,971)
Pollution Prevention & Environmental Assistance	
Salary and fringes for 1.00 FTE	($19,800)
Operating support	($ 2,332)
Radiation Protection	
Environmental Supervisor I (#17009, 1.00 FTE)	($59,477)
Contracts	($25,094)
Waste Management	
Salary and fringes for 1.00 FTE	($58,566)
Operating support	($12,996)
TOTAL REDUCTIONS	($2,396,112)

(7.00) Wildlife Resources Commission

76 Beaver Control Program				
Continues Beaver Control program with nonrecurring funds. Expands coverage from 36 to 40 counties [SB 352, Section 15.44, pp. 321-322].	$450,000	NR		
77 South Mountains Gamelands Funds				
Funds to assist in the acquisition of gamelands for hunting, fishing, outdoor recreation, and conservation in the South Mountains. [SB 352, Section 15.5, p. 297].	$5,000,000	NR		
Total Legislative Changes	**$1,919,490**	**R**	**$2,131,233**	**R**
	$32,356,750	**NR**		
Total Position Changes	11.15		8.15	
Revised Budget	**$287,546,128**		**$254,633,571**	

Special Provisions:

1997 Session: Senate Bill 352

Department: Environment, Health, and Natural Resources

Section: 7.10

Title: **Clean Water Management Trust Fund Reports**

Summary: Codifies the annual November 1st reporting requirement on implementation of the trust fund. Adds the Joint Legislative Commission on Governmental Operations and the House and Senate Appropriations Subcommittees on Natural and Economic Resources to the entities designated to receive the report (previously the report was to the Environmental Review Commission and the Fiscal Research Division).

Adds a new quarterly reporting requirement beginning November 1, 1997 to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, the Environmental Review Commission and the Fiscal Research Division. Quarterly reports are to include a list of projects receiving grants, a description of the projects, and the grant amount and total cost of each project.

Section: 15

Title: **Environmental Education Grants**

Summary: Allocates $200,000 to provide grants to promote environmental education. Grants may be awarded to develop environmental education libraries and to fund field trips by school groups to environmental education centers. Requires the department to report on the allocation of grant funds by January 1 and July 1, 1998 to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commision and the Fiscal Research Division.

Section: 15.1

Title: **Grassroots Science Program**

Summary: Allocates $3,250,000 for FY 1997-98 and $600,000 for FY 1998-99 as grants-in-aid to 13 regional science museums (adds Museum of Coastal Carolina in Brunswick County and Iredell County Children's Museum). Allows Discovery Place to use up to $100,000 appropriated for FY 1997-98 to study the feasibility of an expansion of Discovery Place.

Section: 15.2

Title: **Animal Waste Compliance Program Report**

Summary: Specifies a quarterly reporting requirement on the department's animal waste operations permitting and compliance activities to the Environmental Review Commission and the Fiscal Research Division.

Section: 15.3/15.4

Title: **Animal Waste Management System General Permit Revisions/Pilot Program for Animal Operations Annual Inspections**

Summary: 15.3 -- Animal Waste Management System General Permit Revisions:

Directs the interagency workgroup established in Section 18 of Chapter 626, 1995 Session Laws (Senate Bill 1217, Animal Waste Recommendations) to revise both the general permits for animal waste management systems and the time schedule for issuance of the permits. The revisions are to make permit requirements more flexible and practical for farmers to implement. Allows the interagency group to refer to House Bill 357 (General Animal Waste Permits) of the 1997 Regular Session for guidance. Requires the group to report the revisions by October 1, 1997 to the Environmental Review Commission.

Extends the date by which dry litter animal waste management systems involving at least 30,000 birds must comply with waste management plan testing and record-keeping requirements until January 1, 2000 (previously January 1, 1998).

Provides that animal waste systems at dairy facilities in operation prior to January 1, 1998 will continue to operate on a "deemed" permitted basis, if the facility has a certified animal waste management plan or a special agreement with the Environmental Management Commission and remains compliant with the plan or special agreement. Directs DEHNR to phase in the permitting of these dairy facilities over a five year period, beginning January 1, 1999 (previously, the permitting of waste management systems at dairies was to be phased in along with other livestock facilities over a five year period begining January 1, 1997). Dairy facilities that are newly constructed or expanded on or after January 1, 1998 are required to obtain an animal waste management system permit in accordance with G.S. 143-215.10C, rather than operate as deemed permitted.

15.4 -- Pilot Program for Animal Operations Annual Inspections:

Requires DEHNR to establish a one year pilot program beginning November 1, 1997 in which annual compliance inspections of animal waste management operations are performed by the Division of Soil and Water Conservation, rather than the Division of Water Quality in accordance with G.S. 143-215.10F. Directs the department to select two counties with a high concentration of swine farms to participate in the pilot. Requires Division of Soil and Water Conservation employees performing the inspections to be located in the pilot counties. Directs the department to submit an interim report by April 15, 1998 and a final report by December 1, 1998 to the Environmental Review Commission and the Fiscal Research Division on the effectiveness of the pilot program.

Section: 15.5

Title: **South Mountains Gamelands Funds**

Summary: Allocates $5,000,000 to acquire gamelands in the South Mountains. Also allows the Wildlife Resources Commission to use and seek additional funds for this purpose. Requires the Commission to work with citizens and local governments to develop and execute both a wildlife management plan and a forest development plan for its gamelands in the South Mountains.

Section: 15.6

Title: **Odor Control Study Funds**

Summary: Authorizes $600,000 appropriated in 1996 to study odor control technologies and management alternatives at swine production operations to be carried forward for use during the 1997-98 fiscal year. Allows these funds to be used for capital expenditures associated with the research without a match requirement. (The appropriation originally required a dollar-for-dollar match from private sources).

Section: 15.7

Title: **Funds for Voluntary Remedial Actions**

Summary: Authorizes DEHNR to contribute funds from the Inactive Hazardous Sites Cleanup Fund each fiscal year to cleanup three high priority sites under the voluntary remedial action program. Contributions from the fund are limited to 10% of the cleanup costs, not to exceed $50,000 per site. Requires the department to report to the General Assembly by April 1st of each year on the sites selected and the use of funds.

Section: 15.8

Title: **Pollution Prevention and Environmental Assistance to Small Businesses with Need**

Summary: Directs the Division of Pollution Prevention and Environmental Assistance to give priority to small businesses with financial need when awarding grants and providing technical assistance.

Section: 15.9

Title: **Permit Information Center**

Summary: Allows DEHNR to use available funds to operate a permit information center.

Section: 15.10

Title: **Agriculture Waste Research Reports**

Summary: Requires semi-annual progress reports and a final report upon completion of the study from the primary researcher receiving funds from the UNC Board of Governors to conduct the following studies authorized by the General Assembly during the 1996 Second Extraordinary Session:

1) Odor Control Technology
2) Sources of Nitrogen through Isotope Markers
3) Groundwater Impacts of Lagoons
4) Atmospheric Deposition of Nitrogen in the Neuse Estuary
5) Alternative Animal Waste Technologies

Reports are to be submitted to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, and the Fiscal Research Division by January 1st and July 1st of each year.

Section: 15.11

Title: **Town Fork Creek Soil Conservation Project**

Summary: Extends reversion date for funds placed in a reserve account in DEHNR pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws until June 30, 1999. Reallocates those funds to the following projects:

1) $930,680 for the Madison Connection Project
2) $ 80,000 for the Dan River Project
3) $ 30,000 for the Limestone Creek small watershed project in Duplin County
4) $340,640 for the Deep Creek small watershed project in Yadkin County

Requires DEHNR and the Stokes County Water and Sewer Authority to report by October 1st and March 1st of each fiscal year to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management on the use of these funds.

Section: 15.12

Title: **Superfund Program/Inactive Hazardous Sites Funds**

Summary: Authorizes DEHNR, upon approval of the Office of State Budget and Management, to use available funds to: 1) provide the 10% cost share required for federal Superfund cleanups, 2) pay the operating and maintenance costs associated with these Superfund site cleanups, and 3) cleanup priority state inactive hazardous waste disposal sites. Requires a report to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations within 30 days of expenditure.

Section: 15.13

Title: **Roanoke/Pamlico Water Quality Funds**

Summary: Allocates $400,000 to establish a water quality monitoring program in the Roanoke-Pamlico estuary system. Allows DEHNR to contract for these monitoring services.

Section: 15.14

Title: **Reserve for Cape Fear River Funds**

Summary: Allocates $1,500,000 to the Cape Fear River Assembly, Inc. for water quality programs. Requires the Cape Fear River Assembly, Inc. to report by October 1, 1997 on the proposed use of funds prior to expenditure, and quarterly thereafter on actual expenditures. Reports are to be submitted to the Environmental Reveiw Commission and the Joint Legislative Commission on Governmental Operations.

Section: 15.15

Title: **Regional Wastewater Management**

Summary: Allocates $850,000 for the development of an innovative regional wastewater collection, treatment and disposal system and $150,000 for a wastewater infrastructure project in Union County. Requires DEHNR to report on the use of these funds by April 1, 1998 to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission and the Fiscal Research Division.

Section: 15.16

Title: **Evaluate Septic Tanks in the Neuse River Basin/Environmental Review Commission Study Best Management Practices for Septic Tank Systems**

Summary: Subsections (a) and (b) – Evaluate Septic Tanks in the Neuse River Basin:

Allocates $150,000 to evaluate the condition of septic tanks in the Neuse River Basin. Requires DEHNR to report their findings by October 1, 1998 to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. The evaluation should include information on the number and operational status of septic tanks in the basin, the environmental impacts of malfunctioning systems, an assessment of damages caused by hurricanes and floods, an estimate of repair costs and viable alternatives.

Subsection (c) – Environmental Review Commission Study Best Management Practices for Septic Tank Systems:

Directs the Environmental Review Commission to study the development of guidelines for best management practices related to the installation, operation, maintenance and repair of new and existing septic tank systems, and to consider the use of incentives to encourage implementation of septic tank best management practices. Requires the commission to report its findings and recommendations to the 1998 session of the General Assembly, including specific recommendations with respect to the use of filters, risers and other devices to improve system efficiency.

Section: 15.17

Title: **Monitor Coastal Water Quality**

Summary: Establishes a program to monitor coastal area waters, rivers and sounds for contaminants. The program is to protect the public health of swimmers, fishermen and other recreational users of the state's coastal waters. Allocates $397,066 for FY 1997-98 and $337,566 for 1998-99 to the Shellfish Sanitation Branch to implement the monitoring program.

Section: 15.18

Title: **Reissue Certain Wastewater Permits**

Summary: Requires expired wastewater improvement permits issued between July 1, 1982 and September 30, 1995 to be reissued by DEHNR or the local health department if certain conditions related to the site, soil condition, facility design, installation, intended use and system performance are met.

Section: 15.19

Title: **Water Quality Permit Programs/Reserve Funds**

Summary: Establishes a $1,000,000 reserve to maintain the existing level of staff in the Water Quality Section to continue water quality programs and activities at the current level of service for FY 1997-98. Provides that $150,000 shall be used to replace lost federal construction grant funds and $850,000 may be used throughout the year to offset a possible shortfall in water quality permit fee receipts. Requires all state, federal funds and other receipts budgeted for the Water Quality Section to be used only for programs and activities administered by that section.

Section: 15.20

Title: **Federal Funds for Water Quality Indirect Costs Used for Water Quality**

Summary: Allows DEHNR to use federal indirect cost receipts from a federal EPA water quality grant for the activities of the water quality permit program.

Section: 15.21

Title: **Partnership for the Sounds**

Summary: Requires the Partnership for the Sounds to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 15.22

Title: **Communicable Disease Control Aid to Counties Flexibility**

Summary: Allows DEHNR to allocate funds appropriated for tuberculosis, sexually transmitted and other communicable diseases to local health departments using a block grant approach. Funds are to be allocated based on a general communicable disease formula developed by the department. Requires the department to report annually by October 1st to the Joint Legislative Commission on Governmental Operations on the use of funds, including actual county expenditures by disease group, and the effectiveness of using the block grant approach.

Section: 15.23

Title: **DWI Test Changes**

Summary: Allows excess receipts collected from the drivers license revocation fee and designated for the chemical alcohol testing training and certification program of the Injury Control Section to be transferred to the Governor's Highway Safety Program to make grants to local law enforcement agencies.

Section: 15.24

Title: **State Training/Environmental Health Specialists**

Summary: Directs DEHNR to use modern technology and training techniques to improve training provided to environmental health specialists. Requires a progress report by July 1, 1998 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 15.25

Title: **Extend Heart Disease and Stroke Prevention Task Force**

Summary: Extends the date by which the Heart Disease and Stroke Prevention Task Force must make a final report until June 30, 1999 (previously October 1, 1997). Also requires second and third interim reports to the General Assembly, upon convening of the 1998 and 1999 Regular Sessions, respectively.

Section: 15.26

Title: **Immunization Program Funding**

Summary: Authorizes the use of up to $1,000,000 each fiscal year of the funds appropriated for the statewide childhood immunization program for related outreach and monitoring activities.

Section: 15.27

Title: **WIC Program Funds**

Summary: Authorizes the use of up to $1,280,000 each fiscal year of the funds appropriated for the Special Supplemental Food Program for Women, Infants and Children (WIC) to be used as follows:

1) up to $500,000 to establish new WIC Programs in Head Start or nonprofit agencies
2) up to $250,000 to renovate existing program facilities
3) up to $300,000 to purchase physician-prescribed special formulas
4) up to $60,000 to provide state matching funds for the WIC farmers' market project
5) up to $170,000 to establish a public health nutritionist internship program

State funds may be used for these activities only if federal food supplement funds are sufficient.

Section: 15.28

Title: **Adolescent Pregnancy Prevention Coalition of NC/Reporting**

Summary: Requires the Adolescent Pregnancy Prevention Coalition of North Carolina to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 15.29

Title: **North Carolina Healthy Start Foundation/Reporting**

Summary: Requires the North Carolina Healthy Start Foundation to report budgetary and program activities by January 15, 1998 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 15.30

Title: **Childhood Lead Exposure Control**

Summary: Codifies existing regulations (North Carolina Administrative Code, 15A NCAC 18A.3101-.3106) governing the state's childhood lead poisoning prevention program administered by the Division of Environmental Health. Establishes a voluntary preventive maintenance program to minimize and abate lead hazards in residential dwellings and provides limited liability relief for participating owners. Prohibits discrimination in financing by lending institutions if the owner of the unit is in compliance with the maintenance standards established or can demonstrate that the dwelling is lead-safe. Allocates $237,079 for FY 1997-98 and $210,879 for FY 1998-99 to expand the state's lead poisoning prevention program.

Section: 15.31

Title: **Cancer Control Funds**

Summary: Allocates $250,000 each fiscal year to promote prevention, early detection, data collection, coordination and optimal care in the control of cancer. Directs DEHNR to seek the advice of the Advisory Committee on Cancer Coordination and Control in allocating the funds. Requires a report on the use of funds by February 1, 1998 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 15.32

Title: **Osteoporosis Task Force**

Summary: Establishes a 25 member Osteoporosis Task Force. Duties of the task force include establishing a profile of North Carolina's osteoporosis burden; raising public awareness about the disease; identifying strategies for prevention, risk control and treatment; examining existing laws, programs, services and policies; improving coordination and communication among state and local agencies; and recommending a comprehensive statewide prevention plan. Requires the task force to submit a progress report by April 1, 1998 to the Joint Legislative Commission on Governmental Operations, the Governor and the Fiscal Research Division. Allocates $200,000 for the expenses of the task force and authorizes the creation of one time-limited position.

Section: 15.33

Title: **Prevent Blindness, Inc./Reporting**

Summary: Requires Prevent Blindness, Inc. to report budgetary and program activities by January 15, 1998 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 15.34

Title: **Federal Abstinence Education Funds**

Summary: Requires any federal abstinence education funds received under the federal Maternal and Child Health Block Grant to be transferred to the State Board of Education to be administered by the Department of Public Instruction. Directs the funds to be used to establish an Abstinence Until Marriage Education Program.

Section: 15.35/15.36

Title: **Study Desirability of Reorganizing Department of Environment, Health, and Natural Resources/Transfer of North Carolina National Park, Parkway and Forests Development Council**

Summary: 15.35 – Study Desirability of Reorganizing Department of Environment, Health, and Natural Resources:

Directs the Office of State Budget and Management to conduct a study to determine the desirability of reorganizing the department into two separate departments. Requires report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by March 18, 1998.

15.36 – Transfer of North Carolina National Park, Parkway and Forests Development Council:

Transfers the North Carolina Park, Parkway and Forests Development Council from the Department of Commerce to the Department of Environment, Health, and Natural Resources.

Section: 15.37

Title: **Forestry Aircraft Lease Receipts**

Summary: Requires the department to use receipts received from the leasing of an amphibious water-scooping tanker aircraft to offset the operating costs associated with the aircraft.

Section: 15.38

Title: **Department of Environment, Health, and Natural Resources Law Enforcement Salaries Equalized**

Summary: Requires the department to adjust the average salaries of law enforcement officers in Parks and Recreation to the average salary of law enforcement officers in Marine Fisheries and the Wildlife Resources Commission.

Section: 15.39

Title: **Marine Fisheries Commission Reform Funds**

Summary: Allocates $247,475 for FY 1997-98 and $230,475 for FY 1998-99 to establish standing advisory committees and permanent staff for the Marine Fisheries Commission. Directs DEHNR to transfer $25,000 of these funds to the Office of the State Auditor for a performance audit of the Division of Marine Fisheries. Funds are contingent upon the passage of House Bill 1097 (enacted as Chapter 400 of the 1997 Session Laws).

Section: 15.40

Title: **Marine Fisheries Information Technology Report**

Summary: Requires the Division of Marine Fisheries to provide a progress report on efforts to consolidate and modernize the division's information technology systems by March 15, 1998 to the Joint Legislative Commission on Seafood and Aquaculture, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 15.41

Title: **Marine Patrol Vessel**

Summary: Authorizes the department to use up to $200,000 of available funds to complete the purchase of a marine fisheries patrol vesssel (The 1995 General Assembly appropriated $300,000 for the 1996-97 fiscal year for this purpose; however, the department is currently seeking a more specialized vessel requiring additional funds). Directs the department to attempt to obtain the vessel from excess federal property prior to expending available funds.

Section: 15.42

Title: **Shellfish Rehabilitation Program**

Summary: Expands the scope and purpose of the Oyster Rehabilitation program to include activities to improve clam and scallop resources by renaming the program the Shellfish Rehabilitation program. Requires the Division of Marine Fisheries to report on the use of funds annually by January 1st to the Joint Legislative Commission on Seafood and Aquaculture.

Section: 15.43

Title: **Soil Survey Supervisor Assignment**

Summary: Directs the department to assign a soil survey supervisor position to complete soil surveys for Buncombe and Madison Counties.

Section: 15.44

Title: **Beaver Damage Control Funds**

Summary: Extends program to June 30, 1998, and expands program to the following counties: Bertie, Gates, Hoke, and Northampton. Requires a report by March 15, 1998 to the House and Senate Appropriations Subcommittes on Natural and Economic Resources, and the Fiscal Research Division on a plan to implement a program statewide. Requires participating counties to provide a $4,000 match and commit the local match to the Wildlife Resources Commission no later than September 30, 1997.

Section: 15.45

Title: **Area Three Soil and Water Regional Coordinator**

Summary: Allocates $46,600 for FY 1997-98 and $43,600 for FY 1998-99 to establish a position to serve as the regional coordinator for Area 3 of the state Soil and Water Conservation Districts.

Section: 15.46

Title: **Meadow Branch Water Project and Deep Creek Project Funds Do Not Revert**

Summary: Extends the reversion date for the Meadow Branch and Deep Creek small watershed projects until June 30, 1999.

Section: 15.47

Title: **Randleman Dam Funds and Lower Neuse River Basin Association Funds Do Not Revert**

Summary: Extends the reversion date for the $1,000,000 appropriated in Chapter 769 of the 1993 Session Laws for the Randleman Dam project. If construction has not begun by October 1, 1999 these funds shall revert. Also extends the reversion date for the funds appropriated in Chapter 18 of the 1995 Session Laws to the Lower Neuse River Basin Association until August 1, 1998. Funds are contingent upon the adoption of the Neuse River Nutrient Sensitive Waters Management Strategy by the Environmental Management Commission by that date.

Section: 15.48

Title: **Multi-County Water Conservation and Infrastructure District**

Summary: Amends G.S. 158-15.1(f) allowing all members of the Multi-County Water Conservation and Infrastructure District to be eligible to receive any monies derived from the sale of water under the Roanoke River Basin Compact, if enacted. Funds shall be distributed according to population and land area located in the Roanoke River Basin. Defines the term "river basin" in G.S. 143-215.22G to include any part of a river basin that extends into another state. Amends G.S. 143-215.22I to provide that North Carolina's interbasin transfer laws may be applied to transfers authorized by federal law.

Section: 15.49

Title: **Solid Waste Operator Course Exempt/DEHNR Position for Scrap Tire Program**

Summary: Subsections (a) and (c) – Solid Waste Operator Course Exempt:

Exempts operators of solid waste management facilities from the requirement to complete an operator training course, provided the person has five years of continuous experience as a facility operator immediately preceeding January 1, 1998 (the effective date of the operator training course requirement) and completes continuing education requirements approved by DEHNR.

Subsection (b) – DEHNR Position for Scrap Tire Program:

Authorizes the department to create a regulatory assistance position for local scrap tire managment programs with funds in the Scrap Tire Management Account designated for the cleanup of nuisance tire sites. Emphasis of the assistance program is to be on reducing the number of scrap tires illegally brought into the state for free disposal.

Section: 15.50

Title: **Aquarium Expansion**

Summary: Appropriates funds to expand one of the three North Carolina Aquariums. Allows the General Assembly to appropriate funds for the 1998-99 fiscal year to implement expansion plans at the aquariums not funded in the 1997-98 fiscal year.

Section: 34.7

Title: **Water Resources Development Projects**

Summary: Allocates $7,030,600 for FY 1997-98 and identifies water resources development projects as follows: (1) Wilmington Harbor Maintenance Dredging, $455,000; (2) Wilmington Harbor Channel Widening, $1,030,000; (3) Manteo Shallowbag Bay Maintenance Dredging, $150,000; (4) Aquatic Plant Control Statewide and Lake Gaston, $150,000; (5) Wilmington Harbor Long-Term Disposal, $545,000; (6) Carolina Beach Renourishment, $1,148,000; (7) Wrightsville Beach Renourishment, $500,000; (8) State-Local Projects, $828,600 (projects listed out in Senate Bill 352); (9) Wanchese Marsh Creation and Protection, $100,000; (10) Long Beach Sea Turtle Habitat Restoration, $500,000; (11) Clinton Wastewater Treatment Plant Flood Protection, $84,000; (12) North and Manteo Channel Maintenance Dredging, $500,000; (13) Dare County Beaches Feasibility Study, $40,000; (14) AIWW Easement Acquisition, $100,000; (15) Planning Assistance to Communities, $100,000; (16) Corps of Engineers Feasibility Studies, $200,000; (17) Emergency Flood Control Projects (Section 14), $100,000.

Allocates and identifies small watershed projects for FY 1997-98 as follows: (1) Deep Creek (Yadkin County), $500,000.

Project funds not expended or encumbered will revert at the end of FY 1998-99.

Commerce

Statutory Authority: General Statutes, Chapter 143B-429

The head of the Department is the Secretary of Commerce who is appointed by the Governor. The Department's primary responsibilities include promotion of economic development to enhance job creation by providing business assistance, and the development of the State's communities through employment and training, housing and other programs. In addition, the Department oversees many regulatory commissions.

	GENERAL FUND			
	FY 97-98		FY 98-99	
Recommended Budget	**$37,221,648**		**$37,240,885**	
Legislative Changes				
Administrative Services				
78 Budget Indirect Cost Receipts	($52,000)	R	($52,000)	R
Increase the budgeted amount of indirect costs receipts and reduce General Fund appropriation by an equal amount.				
Business and Industry Division				
79 Fund Industrial Recruitment Competitive Fund				
Provides nonrecurring funding support for the Industrial Recruitment Competitive Fund [SB 352, Section 16.4, pp.328-329].	$1,000,000	NR		
80 Regional Office Staff Support	$22,100	R	$26,000	R
Provides an administrative support position for the Piedmont Triad Regional Office. The effective date of the position is September 1, 1997.	$5,900 1.00	NR	1.00	
81 Marketing Missions and Trade Shows	$80,000	R	$100,000	R
Increases funding support for the Division's participation at industry trade shows and for conducting national marketing missions.				

Department Wide

82 Salary Reductions/Span of Control		($672,485)	R	($672,485)	R
Represents the Department's allocated share of this overall reduction:		-17.00		-17.00	
Administrative Services Salary and fringes for 1.00 FTE	($99,038)				
Economic Development Program Salary and fringes for 2.00 FTEs	($71,904)				
Business and Industry Division Salary and fringes for 1.00 FTE	($76,023)				
International Trade Division Salary and fringes for 2.00 FTEs	($77,862)				
Division of Energy Salary and fringes for 1.00 FTE	($42,029)				
Division of Community Assistance Salary and fringes for 1.00 FTE	($54,264)				
Division of Travel and Tourism Salary and fringes for 1.00 FTE	($24,065)				
Industrial Commission Salary and fringes for 8.00 FTEs	($227,300)				
TOTAL REDUCTIONS	($672,485)				

Economic Development Program

83 Reduce Support for Data Processing & Subscriptions Reduce funding support for data processing services, subscriptions, and membership dues.	($29,000)	R	($29,000)	R
84 Enhance EDIN System Funds to enhance the Economic Development Information Network System.	$50,000	NR		
85 New and Emerging Industry Planning Provides recurring funding for contracts and operating support to target high growth and emerging technology industries for recruitment to the state, promote technology transfer and entrepreneurship and to develop business support networks within the state.	$300,000	R	$300,000	R

Executive Aircraft

86 Reduce Repair Funds Reduce funding support for aircraft repair.	($188,000)	R	($188,000)	R
87 Additional Funds for Lease Additional funds for aircraft lease.	$350,000	R	$350,000	R

Film Office

88 Reduce Travel ($25,000) R ($25,000) R

Reduce budget for board and nonemployee transportation.

Global TransPark Marketing

89 Reduce Support for Global TransPark Marketing ($150,000) R ($150,000) R

Reduce General Fund transfer from the Department of Commerce to the Global TransPark Authority in the Department of Transportation for marketing the Global TransPark.

Industrial Commission

90 Increase Industrial Commissioners Salaries $113,730 R $113,730 R

Increases the salaries of the Industrial Commission's six Commissioners to the same amount as that for District Attorneys. Increases the salary of the Chairman of the Industrial Commission to the same amount as District Attorneys plus an additional $1,500 per annum.

91 Budget Hearing Cost Receipts ($202,000) R ($202,000) R

Increase the budgeted amount of the Commission's Hearing Cost receipts and reduce General Fund appropriations by an equal amount.

92 Case Management System $638,571 R $638,571

Provides funds for operating and maintenance costs, staff support to maintain hardware and software, and to develop system applications.

$17,700 NR
3.00 3.00

93 Temporary Positions

Provides nonrecurring funds to support temporary positions to assist with the Commission's backlog of claims, hearings, and appeals.

$100,000 NR

Industrial Finance Center

94 Increase Industrial Development Fund

Provides a $1 million nonrecurring expansion for the Industrial Development Fund [SB 352, Section 16.9, p.331].

$1,000,000 NR

95 Fund Utility Account (Industrial Development Fund)

Provides nonrecurring funding support for economic development related water and sewer infrastructure projects in tier one enterprise counties [SB 352, Section 16.9, p.331].

$2,000,000 NR

96 Increase Operating Support $50,000 R $50,000 R

Provides additional operating support for the Industrial Finance Center. $20,000 NR

International Trade

97 Foreign Trade Shows Increase recurring funding for trade shows and missions to expose small and medium sized companies to the international marketplace.	$200,000	R	$200,000	R
98 Global Offices Funds to contract with representatives to expand the division's foreign offices into 4 new and emerging markets in and around South Africa, the United Kingdom, South America, and the Middle East.	$300,000	R	$300,000	R
99 International Trade Specialists Increase the number of international trade specialists to enhance the state's marketability to potential customers in "Big Emerging Markets" (BEM). The effective date of these positions is September 1, 1997.	$180,736 $12,000 2.00	R NR	$196,044 2.00	R

NC Alliance for Competitive Technologies

100 Recurring Funding Support to Continue Operations Provides recurring state funding support to replace three-year federal grant and matching nonrecurring state funding support that will expire at the end of fiscal year 1996-97. Funding will allow the North Carolina Alliance for Competitive Technologies to continue operation as a state agency [SB 352, Section 16.14, p. 334].	$375,000 3.00	R	$375,000 3.00	R

Reserves and Transfers

101 Reduce Support for the Regional Commissions Reduces grant-in-aid support for the seven Regional Economic Development Commissions from $4.68 million to $4.275 million [SB 352, Section 16.10, p.331, and Section 16.11, p. 332-333].	($405,000)	R	($405,000)	R
102 Year of the Mountain Reserve for planning initiatives.	$300,000	NR		
103 Special Olympics 1999 World Summer Games Nonrecurring funds to support the Special Olympics 1999 World Summer Games.	$600,000	NR		
104 Institute for Aeronautical Technology Provides $1 million in nonrecurring funding for the Institute for Aeronautical Technology. Funds are to be used for planning, design, and land acquisition.	$1,000,000	NR		

Travel and Tourism

105 Budget Additional Receipts Increase the amount of budgeted receipts and reduce General Fund appropriation by an equal amount.	($12,000)	R	($12,000)	R

106 Advertising Funds				
Expand current promotional advertising funds and associated expenses to promote North Carolina as a travel destination.	$1,000,000	NR		
107 International Marketing				
Funds to continue and expand the promotion of North Carolina as a travel destination in the international arena.	$1,000,000	NR		
108 1-800-VISIT-NC				
Additional funds for the tourism hotline operated at Women's Prison.	$250,000	NR		
109 Rural Tourism Development Funds				
Funds to support the Rural Tourism Development Grants program [SB 352, Section 16.13, pp. 333-334].	$300,000	NR		
110 Heritage Tourism	$300,000	R	$300,000	R
Funds to operate small scenic attractions of historic value to the state.	6.00		6.00	
Wanchese Seafood Industrial Park				
111 Restore Governor's Reduction	$122,594	R	$122,594	R
Restore Governor's recommended continuation budget reduction in funding and positions [SB 352, Section 16.16, p. 335].	3.00		3.00	
Total Legislative Changes	**$1,297,246**	R	**$1,336,454**	R
	$8,655,600	NR		
Total Position Changes	1.00		1.00	
Revised Budget	**$47,174,494**		**$38,577,339**	

Special Provisions:

1997 Session: Senate Bill 352

Department: Commerce

Section: 16

Title: **Worker Training Trust Fund**

Summary: Appropriates special funds from the Worker Training Trust Fund to the following state agencies for workforce related activities:

FY 97-98	FY 98-99	
$6,689,964	$6,689,964	ESC -- Local Office Operations
225,000	225,000	ESC -- Common Follow-up System
50,000	50,000	OSBM -- Common Follow-up Evaluation
2,400,000	2,400,000	Commerce -- Employment & Training Div.
1,746,000	1,746,000	Community Colleges -- FIT Program
400,000	400,000	Community Colleges -- REAL Program
500,000	1,000,000	Labor -- Apprenticeship Program
1,000,000	1,000,000	Labor -- Training Initiatives Bureau
100,000	100,000	St. Bd. of Education -- Teacher Apprentice

Section: 16.1

Title: **Job Training Study Commission**

Summary: Creates a Legislative Study Commission on Job Training Programs to review existing state and federally funded job training programs in state government. The Commission is required to issue a final report by May 1, 1998, to the 1998 session of the General Assembly, the Joint Legislative Education Oversight Committee, and the Joint Legislative Commission on Governmental Operations. Expenses up to $50,000 are funded from the Worker Training Trust Fund.

Section: 16.2

Title: **NC REAL Enterprises Reporting**

Summary: Requires the N.C. Rural Entreprenuership through Action Learning (NC REAL) to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 16.3

Title: **Special Employment Security Administration Fund**

Summary: Appropriates up to $2,000,000 in penalty and interest receipts from the Special Employment Security Administration Fund for administering the Unemployment Insurance and Employment Service Programs.

Section: 16.4

Title: **Industrial Recruitment Competitive Fund**

Summary: Requires a quarterly report to the Joint Legislative Commission on Governmental Operations on the commitment, allocation, and use of funds from the Industrial Recruitment Competitive Fund.

Section: 16.5

Title: **Council of Government Funds**

Summary: Outlines the process to be used in allocating funds to Councils of Government.

Section: 16.6

Title: **Petroleum Overcharge Attorneys' Fees**

Summary: Extends for the next biennium the authorization for paying attorneys fees related to the litigation and collection of petroleum overcharge funds.

Section: 16.7

Title: **Petroleum Overcharge Funds Allocation**

Summary: Allocates $2,200,000 for FY 1997-98 and $3,000,000 for FY 1998-99 in petroleum overcharge funds. Appropriation is allocated between projects under the State Energy Efficiency Programs and the Residential Energy Conservation Assistance Programs (RECAP). Requires the department to report to the General Assembly by May 15, 1998 and January 31, 1999 detailing the use of all Petroleum Overcharge Funds.

Section: 16.8

Title: **Industrial Development Fund/Local Match**

Summary: Requires local governments seeking exemption from the Fund's local match requirement to demonstrate that providing a match is an economic hardship. Also requires the Department of Commerce to develop guidelines for hardship exemptions.

Section: 16.9

Title: **Industrial Development Fund**

Summary: Specifies that of the $3,000,000 appropriated to the Industrial Development Fund;

1) $2,000,000 is allocated to the Fund's "Utility Account," which is designated to serve economic development related water and sewer needs in tier one enterprise areas, and

2) $1,000,000 is provided as a grant-in-aid to Martin County for a water and sewer project.

Also requires the Department of Commerce to report quarterly on Utility Account expenditures to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 16.10

Title: **Regional Commission Reports**

Summary: Requires each of the seven regional economic development commissions to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce. The provision also requires each of the commissions to report certain performance activities and measures quarterly to the Department of Commerce.

Section: 16.11

Title: **Regional Economic Development Commission Allocations**

Summary: Specifies funding formula for allocating the $4,275,000 general fund appropriation for the seven regional economic development commissions.

Section: 16.12

Title: **Tourism Promotion Funds**

Summary: Specifies the selection criteria and maximum grant amounts for tourism promotion grants.

Section: 16.13

Title: **Rural Tourism Development Funds**

Summary: Allocates $300,000 for the Rural Tourism Development Grant Program and sets out guidelines for distributing funds.

Section: 16.14

Title: **North Carolina Alliance for Competitive Technolgies**

Summary: Requires the North Carolina Alliance for Competitive Technologies to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 16.15

Title: **Division of Employment and Training and Commission on Workforce Preparedness Consolidated**

Summary: Requires the Department of Commerce to consolidate the functions, staff, and budget of the Commission on Workforce Preparedness into the Division of Employment and Training. The department is directed to complete the consolidation by October 1, 1997, and to report on the results of the consolidation to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by November 1, 1997.

Section: 16.16

Title: **Wanchese Seafood Industrial Park**

Summary: Authorizes Wanchese Seafood Industrial Park to use appropriatied general fund resources for operations, maintenance, repair and capital improvements in addition to other funds available for these purposes.

Section: 16.27

Title: **Recreation District and Entertainment Establishment ABC Permits**

Summary: Subsection (a) modifies the definition of "Recreation District" under G.S. 18B-1006(j) for the purposes of issuing alcohol beverage control permits to businesses in a county that meets the following conditions: 1) borders another county that has held township elections pursuant to G.S. 18B-600(f) for the sale of malt beverages; 2) borders another state; and 3) contains a facility of at least 225 acres where four or more public auto racing events are held each year or contains a facility of at least 140 acres where 80 or more motor sports events are held each year. [Richmond County is the prospective county affected by this subsection].

Subsection (b) rewrites one of two requirements for a hotel or restaurant facility to qualify as a "Tourism ABC establishment" under G.S. 18B-101(14a). The special provision language clarifies that in determing the distance between the physical location of a restaurant or hotel facility in relation to an entrance or exit ramp of a junction to a national scenic parkway, the measurement is conducted from a facility's property line versus the physical location of the facility within the property. [Avery, Burke, Haywood, Henderson, Jackson, McDowell, and Transylvania are the prospective counties affected by this subsection].

Section: 16.28

Title: **Guest Room Cabinets For Certain Private Clubs**

Summary: Expands the definition of "Guest Room Cabinet Permit" under G.S. 18B-1001(13) to include "private clubs having a mixed beverages permit and management contracts for the rental of living units" for the purpose of providing alcohol beverage cabinets in a private club's guest rooms. The scope of this change applies only to private club's located in a county as defined in G.S. 18B-101(13a)b.2. [Chatham County is the prospective county affected by this special provision.]

State Aid to Non-State Entities

Statutory Authority: None

The Department of Commerce serves as administrator of funds appropriated by the General Assembly to various non-state recipients.

	GENERAL FUND			
	FY 97-98		FY 98-99	
Recommended Budget	**$1,475,000**		**$1,475,000**	
Legislative Changes				
Grants-in-Aid				
112 Land Loss Prevention Project Eliminate Governor's recommended recurring appropriation and provide nonrecurring funds for FY 1997-98. Funds provide free legal representation to low-income, financially distressed farmers [SB 352, Section 16.17, pp. 335-336].	($275,000) $350,000	R NR	($275,000)	R
113 Coalition of Farm and Rural Families Eliminate Governor's recommended recurring appropriation and provide nonrecurring funds for FY 1997-98. Funds foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers [SB 352, Section 16.17, pp. 335-336]	($145,000) $250,000	R NR	($145,000)	R
114 North Carolina Minority Support Center Eliminate Governor's recommended recurring appropriation and provide nonrecurring funds for FY 1997-98. Funds provide technical assistance to community-based minority credit unions [SB 352, Section 16.17, pp. 335-336].	($275,000) $375,000	R NR	($275,000)	R
115 Institute of Minority Economic Development Eliminate recurring appropriation and provide nonrecurring funds for FY 1997-98. Funds foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives [SB 352, Section 16.17, pp. 335-336].	($780,000) $1,000,000	R NR	($780,000)	R
116 Technological Development Authority Grant-in-aid to the N.C. Technological Development Authority, Inc. for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, supporting research commercialization programs and matching federal grant and loan funds [SB 352, Section 16.18, p. 336].	$3,000,000	NR		

117 World Trade Center North Carolina	$300,000	NR		
Grant-in-Aid to the World Trade Center North Carolina to support international trade education programs to small and medium sized businesses [SB 352, Section 16.19, pp. 336-337].				
118 Center for Community Self-Help	$5,000,000	NR		
Provide funds to further a statewide program of lending for home ownership [SB 352, Section 16.20, p. 337].				
119 Yadkin/Pee Dee Lakes Project	$100,000	NR		
Funds to the Yadkin/Pee Dee Lakes Project, Inc. to promote tourism and economic development in the area.				
120 Transfer N.C. Community Development Initiative	$1,800,000	R	$1,800,000	R
Transfer funding for the North Carolina Community Development Initiative, Inc. from the Rural Economic Development Center to the Department of Commerce [SB 352, Section 16.26, pp. 343-344].				
121 N.C. Community Development Initiatve	$200,000	R	$200,000	R
Additional funds for the North Carolina Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations [SB 352, Section 16.26, pp. 343-344].				
Total Legislative Changes	**$525,000**	**R**	**$525,000**	**R**
	$10,375,000	**NR**		
Total Position Changes				
Revised Budget	**$12,375,000**		**$2,000,000**	

Special Provisions:

1997 Session: Senate Bill 352

Department: State Aid to Non-State Entities

Section: 16.17

Title: **Funds for Economic Development**

Summary: Allocates $1,975,000 for minority economic development as follows:

1) $350,000 to the Land Loss Prevention Project, Inc
2) $250,000 to the North Carolina Coalition of Farm and Rural Families
3) $1,000,000 to the North Carolina Institute of Minority Economic Development
4) $375,000 to the North Carolina Minority Support Center

Requires each nonprofit organization to report budgetary and program activities by January 15, 1998 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 16.18

Title: **Technological Development Authority**

Summary: Requires the North Carolina Technological Development Authority to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 16.19

Title: **World Trade Center Funds**

Summary: Requires the World Trade Center North Carolina (WTCNC) to report budgetary and program activities by January 15, 1998 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 16.20

Title: **Center for Community Self-Help Funds**

Summary: Allocates $5,000,000 for FY 1997-98 to expand a statewide program of lending for home ownership. Requires quarterly reports to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Department of Commerce. Also requires the Center to submit annual audited financial statements to the State Auditor.

Section: 16.26

Title: **Community Development Initiative**

Summary: Allocates $2,000,000 each year of the biennium to the North Carolina Community Development Initiative, Inc. Requires the Initiative to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division

MCNC

Statutory Authority: Statutory Authority:

The purpose of MCNC is to support the State's efforts to foster science-based economic development and to encourage the use and application of advanced computer and micro-electronic technology by the business and educational communities.

	GENERAL FUND	
	FY 97-98	FY 98-99
Recommended Budget	$4,500,000	$2,500,000
Legislative Changes		
122 (No budget adjustments)		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$4,500,000	$2,500,000

Special Provisions:

1997 Session: Senate Bill 352

Department: MCNC

Section: 16.21

Title: **MCNC**

Summary: Requires MCNC to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Allocates funding to the Electronic and Information Technologies Programs and requires funds to be matched on a dollar-for-dollar basis with non-state funds.

NC Biotechnology Center

Statutory Authority: None

The North Carolina Biotechnology Center is primarily a state funded not-for-profit organization specializing in biotechnology development. The Center provides grants to academic researchers for developing potential biotechnology applications, loans to biotech based companies that are either creating a start-up venture or relocating to the state, and educational resources and support to community colleges, high schools, and the state's historically minority universities.

	GENERAL FUND		
	FY 97-98		FY 98-99
Recommended Budget	**$7,664,396**		**$7,664,396**
Legislative Changes			
NC Biotechnology Center			
123 Economic Development Investment Fund			
Nonrecurring funding increase for the N.C. Biotechnology Center's Economic Development Investment Fund. Funds provided are to be used for loans or equity investment to biotechnology companies and to biomedical and other bioscience related companies [SB 352, Section 16.22, pp. 338-339].	$7,500,000	NR	
124 Historically Minority Universities			
Additional nonrecurring funding to support biotechnology programs at the State's six Historically Minority Universities (Elizabeth City State University, Fayetteville State University, NC A&T State University, NC Central University, University of North Carolina-Pembroke, and Winston-Salem State University) [SB 352, Section 16.23, pp.339-340].	$1,000,000	NR	
Total Legislative Changes	**$8,500,000**	**NR**	
Total Position Changes			
Revised Budget	**$16,164,396**		**$7,664,396**

Special Provisions:

1997 Session: Senate Bill 352

Department: NC Biotechnology Center

Section: 16.22

Title: **Biotechnology Center**

Summary: Requires the N.C Biotechnology Center to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Also requires the agency to recapture funds spent in support of successful research and development efforts in the for-profit sector.

Section: 16.23

Title: **Biotechnology Funds For Minority Universities**

Summary: Allocates funding for the special biotechnology program initiative for North Carolina's Public Historically Black Colleges and Universities and the University of North Carolina at Pembroke. Also requires the Biotechnology Center to report annually by March 1st to the Joint Legislative Commission on Governmental Operations on various aspects of its grants to these schools.

Rural Economic Development Center

Statutory Authority: None

The purpose of the Rural Economic Development Center is to improve economic conditions, support increased entrepreneurial development, and facilitate the creation of more and better jobs available in rural areas with a special focus on low-income residents.

	GENERAL FUND			
	FY 97-98		FY 98-99	
Recommended Budget	**$5,870,000**		**$5,870,000**	
Legislative Changes				
N.C. Association of CDCs				
125 N.C. Association of CDCs	($150,000)	R	($150,000)	R
Eliminate recurring appropriation for the North Carolina Association of Community Development Corporations, Inc. and provide nonrecurring funds for FY 1997-98. Funds provide training and technical assistance to community development corporations statewide [SB 352, Section 16.24, pp. 340-342].	$200,000	NR		
N.C. Community Development Initiative				
126 Transfer N.C. Community Development Initiative	($1,800,000)	R	($1,800,000)	R
Transfer funding for the North Carolina Community Development Initiative, Inc. from the Rural Economic Development Center to the Department of Commerce.				
Rural Economic Development Center				
127 Supplemental Funding Program				
Additional funds to support the Supplemental Funding Program for economic development in rural communities [SB 352, Section 16.24, pp. 340-342].	$3,150,000	NR		
Total Legislative Changes	**($1,950,000)**	R	**($1,950,000)**	R
	$3,350,000	NR		
Total Position Changes				
Revised Budget	**$7,270,000**		**$3,920,000**	

Special Provisions:

1997 Session: Senate Bill 352

Department: Rural Economic Development Center

Section: 16.24

Title: **Rural Economic Development Center**

Summary: Appropriates $1,270,000 each year to the Center and allocates the funding among Center programs. Requires the Center to provide information to the Office of State Budget and Management for preparation of the budget. Limits the Center's use of interest earned on appropriated state funds for administration. Allocates $5,750,000 for FY 1997-98 and $2,400,000 for FY 1998-99 as follows:

FY 1997-98	FY 1998-99	
$900,000	$900,000	CDCs previously receiving state funds
250,000	250,000	New and Emerging CDCs
200,000	–	North Carolina Association of CDCs
50,000	50,000	Rural Center for administration
250,000	250,000	Microenterprise Loan Program
4,100,000	950,000	Supplemental Funding Program

Requires the Center to report budgetary and program activities annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section: 16.25

Title: **Opportunities Industrialization Centers**

Summary: Allocates $50,000 each to the following five Opportunities Industrialization Centers:

1) Opportunities Industrialization Centers of Wilson
2) Opportunities Industrialization Center of Rocky Mount
3) Pitt-Greenville Opportunities Industrialization Center
4) Opportunities Industrialization Center of Lenoir, Greene, and Jones Counties
5) Opportunities Industrialization Center of Elizabeth City

Requires the Rural Center to report budgetary and program activities of the OICs annually by January 15th to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

CAPITAL IMPROVEMENTS

Capital

	GENERAL FUND	
	FY 97-98	FY 98-99
Legislative Changes		
Administration		
1 State Government Visitor Center Funds to support continued planning through working drawings for a center to be located in Raleigh.	$1,000,000 NR	
Agriculture		
2 Rollins Lab Addition	$135,000 NR	
3 State Fair-Multi Purpose Events Building Funds for planning and site development.	$1,000,000 NR	
4 Piedmont Triad Farmer's Market Planning and construction funds for the Wholesale/Retail Building.	$3,444,400 NR	
5 Eastern Agricultural Center Funding for continued development of the center.	$3,500,000 NR	
6 Southeastern Farmer's Mkt. & Agriculture Center Funding for continued development of the center.	$1,000,000 NR	
7 Cattle and Livestock Exposition Center Funds to support planning of a livestock facility to be located in Iredell County.	$600,000 NR	
BOARD OF GOVERNORS		
8 NCSA - School of Film making Construction of 14,769 square foot facility to support the School of Film making with classrooms and offices.	$1,700,000 NR	
9 NCSU - CMAST Building Funding for the expansion of the CMAST Building.	$2,363,000 NR	

10	**NCSU - Environmental Education** Funding to complete the Eastern 4-H Environmental Education Center.	$5,545,300	NR
11	**NCSU - Arboretum** Funding to finalize the construction drawings for the J.C. Raulston Arboretum.	$87,000	NR
12	**NCSU - Toxicology Building** Planning Funds for 55,000 square foot facility for classrooms, research laboratories, and offices.	$760,600	NR
13	**NCSU - Research & Teaching Feed Mill** Funds for the construction of a 10,000 square foot building to serve as a research and demonstration facility for feed manufacturing processes.	$2,604,400	NR
14	**UNC Chapel Hill - Knapp Building** Funding for an addition to the Institute of Government Knapp building.	$4,000,000	NR
15	**UNC Chapel Hill - Pharmacy** Funding for an addition to Beard Hall - School of Pharmacy	$8,824,600	NR
16	**UNC Chapel Hill - Botanical Gardens** Planning funds for the NC Botanical Gardens	$350,000	NR
17	**UNC Chapel Hill - Living and Learning Center** Funding for the expansion of the Carolina Living and Learning Center.	$1,274,275	NR
18	**UNC Chapel Hill - Paul J. Rizzo Conference Center** Supplement to help fund self-liquidating executive residential conference center with total cost of $15.5 million.	$2,800,000	NR
19	**UNC Greensboro - Lab and Classroom** Additional funding for the Science Lab and Classroom building.	$3,500,000	NR
20	**UNC Greensboro - Music Building Supplement** Supplement to support additional project costs related to inflation and resiting of building.	$2,300,000	NR
21	**UNC Pembroke - Residence Hall** Funding for the construction of a new residence hall.	$5,979,500	NR
22	**UNC Asheville - Kellogg Center** Additional funding for the Kellogg Center.	$500,000	NR

23 UNC Asheville - Graduate Center. Phase II Funds to support the completion of space on the third floor of Karpen Hall to house the Department of Mass Communications.		$792,700	NR
24 ECU - Stadium Funding to complete expansion of the Dowdy-Ficklen Stadium.		$7,000,000	NR
25 ECU - Labs/Technology Building Design Continued funding for design of 259,000 square foot building for Chemistry and Industrial Technology Departments.		$2,000,000	NR
26 ECU - Nursing/Home Economics Building Funds to support planning for an addition to existing facility.		$500,000	NR
27 UNC Charlotte - Polymer Extension Construction of a new building and relocation of equipment for the Polymer's Extension Program.		$1,450,000	NR
28 UNC Charlotte - Academic Facilities Additional funds for design and site preparation for 120,000 square foot classroom building.		$780,000	NR
29 ASU - Convocation Center Additional costs based on final design estimates, primarily due to infrastructure and site preparation.		$5,000,000	NR
30 Elizabeth City State - Computing Center Fund to construct 25,000 square feet addition. Advance planning was provided by 1995 Session.		$3,557,600	NR
31 Elizabeth City State - Fine Arts Funding for the completion of the Fine Arts building.		$3,000,000	NR
32 A&T State - Classroom and Lab Additional funding for the General Classroom and Lab building.		$4,000,000	NR
33 NCCU - B. N. Duke Auditorium Addition Addition to existing facility.		$840,000	NR
34 UNC Wilmington - General Classroom Building Construction of a 51,600 square foot general classroom building.		$8,465,500	NR
35 WSSU - FL Atkins Nurse Bldg. Planning for renovation and construction of a 19,000 square foot addition for Nursing and Allied Health programs.		$5,198,500	NR

36 UNC - Public Television

Funding to replace and upgrade the Columbia Transmitter, Tower and ancillary equipment. — $7,144,500 — NR

COMMUNITY COLLEGES

37 Center for Applied Textile Technology

Maintenance & Storage facility $62,800
Planning, design, site development for the Lab and Administration bldg. $437,200 — $500,000 — NR

Correction

38 Alexander County

Planning funds for the development of a single cell facility. — $300,000 — NR

39 Carteret County

Department of Correction: Funding for a multi-purpose modular building. — $400,000 — NR

Crime Control and Public Safety

40 Charlotte National Guard Armory

Funding for the State share of the construction costs. — $1,260,300 — NR

Cultural Resources

41 Maritime Museum

Funding for land acquisition and development of the museum. — $1,500,000 — NR

42 Museum of Cape Fear

Funding for continued development of the museum. — $1,100,000 — NR

43 Museum of the Albemarle

Funding for planning and site development. — $1,000,000 — NR

44 Roanoke Island Commission

Funding for exhibits at the Festival Park. — $1,400,000 — NR

45 Reserve for Exhibits

Reserve to be allocated for projects as identified by the Department as their most urgent needs: Museum of History, State Capitol, and Visitor Center. — $1,300,000 — NR

46 Museum of History Restaurant

Funds to equip restaurant facility. — $608,945 — NR

Environment, Health and Natural Resources

47 Water Resources Development Projects

Funds state share of federal civil works projects. Project list is found in special provision. — $7,030,600 — NR

48 Natural Science Museum			
Funding for exhibits for the museum.		$7,600,000	NR
49 N.C. Aquariums			
Funding for the expansion of one aquarium.		$11,500,000	NR
50 Forest Resources			
Funding for an addition to the equipment building at Wayne County Forestry Headquarters.		$100,000	NR
Environment, Health, and Natural Resources			
51 Amphibious Water Scooping Tanker Aircraft			
Purchase of CL-215 Aircraft to meet increased wildfire risk related to hurricane damage and other factors.		$4,035,100	NR
Human Resources			
52 Eastern School for the Deaf & Hard of Hearing			
Planning funds for an additional dormitory.		$500,000	NR
State Ports Authority			
53 Wilmington Facility			
Funds to improve facility as follows:		$4,859,300	NR
Acquire Additional Wilmington City Property	$ 780,000		
Purchase New Gantry	4,079,300		
Total Legislative Changes		**$147,991,120**	NR
Total Position Changes			
Revised Budget		**$147,991,120**	**$0**

Special Provisions:

1997 Session: Senate Bill 352

Department: Capital

Section: 34.5

Title: **Expenditure of Funds from Reserve for Repairs and Renovations**

Summary: Allocates supplemental funding for repairs and renovations as folllows:

$ 402,000	Agriculture and Consumer Services - Rollins Lab
1,383,400	State Ports - Wilmington Pier Replacement
1,191,055	Cultural Resources - Museum of History Restaurant
3,614,200	Human Resources - Western Carolina Center
5,000,000	Bd. of Governors - Residence Hall Fire Safety
6,914,900	Bd. of Governors - NCSU Nelson Hall
4,552,100	Bd. of Governors - UNC Knapp Building
1,359,200	Bd. of Governors - NCCU Lee Biology
10,515,000	Bd. of Governors - NCCU Five Academic Buildings
2,122,500	Bd. of Governors - NCCU Duke Auditorium
2,226,000	Bd. of Governors - WCU Camp Lab School
39,260,955	TOTAL

Section: 34.6

Title: **Water Resources Development Project Funds**

Summary: Allocates funds for water resource development projects. Detailed list is shown under Department of Environment, Health, and Natural Resources.

Section: 34.9

Title: **Capital Improvement Planning and Budgeting**

Summary: Referenced as the Capital Improvement Planning Act. Amends Chapter 143 to establish a comprehensive process for capital improvements planning. The process includes four major elements: 1) an inventory of facilities owned by State agencies (2) criteria used to evaluate capital improvement needs (3) a six-year capital improvement needs inventory, and (4) a six-year capital improvement plan. A six-year capital improvement plan must be submitted to the General Assembly by the Director of the Budget on or before December 31 of each even-numbered year.

Section: 34.10

Title: **State Capital and Visitor's Center Site**

Summary: Designates property bounded by Blount Street, Edenton Street, Person Street, and Jones Street as the site of the new State Capital and Visitor Center.

Section: 34.11

Title: **Uniform Financial Accountability**

Summary: Amends G.S. 143-6.1 by revising the monetary thresholds governing reporting requirements imposed upon recipients of state grants.

Section: 34.12

Title: **UNC-A Highsmith Center Funds**

Summary: Allows UNC Asheville to reallocate capital funds from the Graduate Center to the Highsmith Center to the extent that private funds are raised to supplant the appropriation to the Graduate Center.

OVERVIEW:

FISCAL AND BUDGETARY ACTIONS
NORTH CAROLINA GENERAL ASSEMBLY

1998 SESSION

PREPARED BY
THE FISCAL RESEARCH DIVISION
OF THE NORTH CAROLINA GENERAL ASSEMBLY

RALEIGH, NORTH CAROLINA

NATURAL
&
ECONOMIC RESOURCES

Housing Finance Agency

Statutory Authority: G.S. Chapter 122A

Created in 1973 by the General Assembly, the Housing Finance Agency operates a variety of programs to finance home ownership for first-time home buyers with low-or-moderate-incomes, provide affordable rental housing for low-and moderate-income renters, and rehabilitate substandard owner-occupied and rental housing.

Funding for agency programs and operations comes from program fees, earnings from tax-exempted bond sales, federal funds, and the North Carolina Housing Trust Fund.

	GENERAL FUND	
	FY 98-99	
Total Budget Approved 1997 Session	**$2,300,000**	
Budget Changes		
Housing Trust Fund		
1 **Housing Trust Fund** Provides nonrecurring funds to support the Housing Trust Fund. In addition to this General Fund appropriation, $2 million is earmarked from the Work First Reserve Fund to establish a reserve for affordable housing for the elderly for a total funding increase of $4 million for FY 1998-99.	$2,000,000	NR
Budget Changes	**$2,000,000**	NR
Total Position Changes		
Revised Total Budget	**$4,300,000**	

Special Provisions:

1998 Session: Senate Bill 1366

Department: Housing Finance Agency

Section

Title: **(No special provision reported)**

Summary

Agriculture and Consumer Services

Statutory Authority: General Statutes, Chapter 106

The head of this Department is the Commissioner of Agriculture and Consumer Services who is elected for a four-year term and who, as an elected official, serves on the Council of State.

The primary responsibility of the Department of Agriculture and Consumer Services is to enhance the production and quality of food marketed in North Carolina. In addition, the Department places a major emphasis on the protection of the consumer, the farmer, and the wholesaler from unfair and deceptive marketing practices. The Department's research and inspection activities are expected to contribute to healthier products, as well as promote more efficient and profitable farming methods. The Department has four major programs to carry out its responsibilities; Agriculture Services and Development, Consumer Protection, Natural and Agricultural Education, and Research. Included in these programs are the State Fair, agriculture research stations, and many inspection and regulatory activities.

	GENERAL FUND	
	FY 98-99	
Total Budget Approved 1997 Session	**$49,822,632**	
Budget Changes		
Administrative Services		
2 **Automated Information and Technical Support**	$151,522	R
Funds for hardware, software, and support to provide information and access through Electronic Commerce and incorporating these efforts with other state departments.	$155,106 3.00	NR
Agronomic Services		
3 **Animal Waste, Soil and Plant Testing**	$271,668	R
Funds to conduct periodic testing of waste, soil and plant samples from animal land application sites.	$144,600 4.00	NR
Commissioner's Office		
4 **Small, Family Dairy Farm Grants**		
Provides grant funds to dairy farms for the purchase of equipment that is a component of an animal waste management system. Equipment shall be used solely for the purpose of transporting, storing, or distributing animal waste [SB 1366, Sec. 13.5].	$1,500,000	NR
5 **Local Agricultural Fairs Grant Funds**		
Funds for local agricultural fairs [SB 1366, Sec. 13.4].	$150,000	NR
6 **Farmland Preservation Trust Fund**		
Provides funds to the Farmland Preservation Trust Fund for a farmland preservation pilot program [SB 1366, Sec.13].	$250,000	NR

7 **Small, Family Farms - Marketing and Promotion**

Funds to provide marketing and promotional assistance to small, family farms [SB 1366, Sec. 13.6]. $50,000 NR

Department Wide

8 **Receipt Adjustments** ($210,600) R

Adjust receipts in various operating funds within the department and reduce General Fund appropriations by an equal amount in the following divisions:

Markets	($8,500)
Research Stations & State Farms	($100,000)
Agronomic Services	($ 28,000)
Food and Drug Protection	($ 12,500)
Structural Pest	($ 23,600)
Veterinary Services	($ 6,000)
Standards (Weights and Measures)	($ 5,000)
Plant Industry	($ 27,000)
TOTAL REDUCTIONS	($210,600)

Grants-in-Aid

9 **Jacksonville-Onslow Farmers' Market**

Funds for the construction of a facility to serve as the site for the Jacksonville-Onslow Farmers' Market. $50,000 NR

10 **Albemarle Farmers' Market**

Funds to the Albemarle Downtown Development Corporation, Inc. to complete the construction of a farmers' market facility in Albemarle. $50,000 NR

Markets

11 **Local Farmers' Markets Funds**

Funds to provide grants to local farmers' markets to promote products grown on small, family-owned farms [SB 1366, Sec. 13.7]. $250,000 NR

12 **Seafood and Aquaculture Marketing**

Funds to market the state's seafood and aquaculture industry through marketing promotions, trade shows, advertising, and promotional literature. $300,000 NR

13 **Goodness Grows in North Carolina**

Funds to expand the Goodness Grows in North Carolina advertising program. $200,000 NR

Rural Rehabilitation Corporation

14 **Small, Family-Owned Farms Loan Program**

Provides loan funds to small, family-owned farms having difficulty in obtaining affordable conventional loans from other sources [SB 1366, Sec. 13.8]. $1,500,000 NR

Structural Pest

15	**Structural Pest Control Program Improvements**	$262,650	R
	Funds to expand compliance monitoring, establish compliance assistance programs, develop a consumer outreach program, and to develop regulatory responses to new pest control products and techniques.	$80,350 7.00	NR

Veterinary Services

16	**Pseudorabies Eradication Funds**		
	Funds to purchase laboratory supplies for increased testing of swine for pseudorabies.	$150,000	NR

Budget Changes	**$475,240**	R
	$4,830,056	NR
Total Position Changes	14.00	
Revised Total Budget	**$55,127,928**	

Special Provisions:

1998 Session: Senate Bill 1366

Department: Agriculture and Consumer Services

Section 13

Title: **Farmland Preservation Pilot Program**

Summary Allocates $250,000 to the Farmland Preservation Trust Fund established in G.S. 106-744. Allows the Department of Agriculture and Consumer Services to use funds to administer the program. Requires a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by March 15, 1999 on program results.

Section 13.1

Title: **Duplin Fair and Exhibition Center Funds**

Summary Allows the $1 million appropriated in SL 1997-443 for a fair and exhibition center to be used for other purposes.

Section 13.2

Title: **Special Reserve Funds for Certain Agricultural Centers**

Summary Creates special revenue funds for the Eastern and Southeastern Agricultural Centers. Directs that moneys deposited in these funds be used only to promote, improve, repair, maintain or operate these centers.

Section 13.3

Title: **Umstead Act Exemption for Department Agricultural Centers and Livestock Facilities**

Summary As title indicates, exempts agriculture centers or livestock facilities operated by the Department of Agriculture and Consumer Services from the Umstead Act.

Section 13.4

Title: **Guidelines for Grants for Local Agricultural Fairs**

Summary Directs the Department of Agriculture and Consumer Services to adopt guidelines for distributing grant funds for local agricultural fairs.

Section 13.5

Title: **Animal Waste Management Equipment Grants for Family-Owned Dairies**

Summary Directs that grants awarded to family-owned dairies be used for the purchase of equipment to transport. store or distribute animal waste. No grants shall be awarded to enlarge or maintain anaerobic lagoons. Directs the Department of Agriculture and Consumer Services to adopt rules to establish guidelines for disbursing funds. Provides that only dairies with fewer than 300 dairy cows that were in operation before January 1, 1998 are eligible for grants.

Section 13.6

Title: **Assistance for Small, Family Farms**

Summary Requires report to the Joint Legislative Commission on Governmental Operations, House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division by March 1, 1999 on the use of these funds.

Section 13.7

Title: **Grants for Local Farmers' Markets**

Summary Directs the Department of Agriculture and Consumer Services to establish guidelines for awarding grants to local nonprofit farmers' markets.

Section 13.8

Title: **Loan Program for Small, Family-Owned Farms**

Summary Directs the Rural Rehabilitation Corporation to make loans to small, family-owned farms experiencing financial difficulty. Further provides priority eligibility for loans to certain types of small, family-owned farms. Directs the Department of Agriculture and Consumer Services to adopt rules to implement this program.

Section 13.9

Title: **Lewis Steam Powered Sawmill Relocation**

Summary Allows the Department of Agriculture and Consumer Services to use up to $225,000 in available funds for the State Fair for FY 1998-99 to relocate the Lewis Steam Powered Sawmill to the State Fairgrounds, restore it, and render the sawmill operational.

Section 13.10

Title: **Poultry/Ratite Dealers Registration**

Summary Authorizes the Department of Agriculture and Consumer Services to regulate poultry and ratite dealers. Requires live poultry and ratite dealers to register with the department. Directs the department to use available funds for enforcement of registration requirements.

Section 29.5

Title: **Timber Receipts for Capital Construction**

Summary Transfers $533,000 from the Department of Agriculture and Consumer Services' timber sales capital improvement account to the department for improvements at the Umstead Farm Unit in Butner.

Labor

Statutory Authority: General Statutes, Chapter 95

The head of the Department is the Commissioner of Labor who is elected to a four-year term and who, as an elected official, serves on the Council of State.

This Department's responsibilities include administering and enforcing State laws that affect people at work, including administering the OSHA program, enforcing safety and health conditions in mines and quarries, and enforcing safety regulations for elevators, amusement rides, and boilers. Other responsibilities include promoting and supervising apprenticeship and on-the-job training programs, and establishing license requirements for private employment agencies.

	GENERAL FUND	
	FY 98-99	
Total Budget Approved 1997 Session	**$15,828,463**	
Budget Changes		
Administrative Services		
17 **Funds for Information Highway Site** Funds the department's cost share with other state agencies to establish an information highway site in the Old Revenue Building.	$30,000	
18 **Purchase Furniture/Library Shelving** Provides $190,000 in nonrecurring funds to purchase office furniture and library shelving. Purchased equipment is to be used subsequent to the relocation of selected departmental divisons to the renovated Old Revenue Building.	$190,000	NR
Budget Changes	**$220,000**	NR
Total Position Changes		
Revised Total Budget	**$16,048,463**	

Special Provisions:

1998 Session: Senate Bill 1366

Department: Labor

Section 15A.1

Title: **Department Of Labor/Budget Over-Realized Indirect Cost Receipts**

Summary Authorizes the Department of Labor to budget any over-realized federal indirect cost receipts for the following purposes: 1) departmental technology needs; and 2) costs incurred to relocate selected departmental divisions to the Old Revenue Building.

Environment and Natural Resources

Statutory Authority: General Statutes Chapter 113

The head of the Department is the Secretary of Environment and Natural Resources (DENR) who is appointed by the Governor. The Department's primary responsibilities include protection of the environment, administration of environmental health programs and conservation and development of the State's natural resources. The Department administers a wide variety of assistance, regulatory, promotion and education programs.

Part XIA of Senate Bill 352 (1997 Appropriations Act) authorized the creation of a Department of Health and Human Services. The new department was established by renaming the Department of Human Resources and transferring virtually all of the public health divisions from the Department of Environment, Health, and Natural Resources to the Department of Health and Human Services. The functions and responsibilities of the Division of Environmental Health remain in the Department of Environment and Natural Resources (formerly the Department of Environment, Health, and Natural Resources) pending a study by the Environmental Review Commission.

	GENERAL FUND	
	FY 98-99	
Total Budget Approved 1997 Session	**$134,915,353**	
Budget Changes		
(1.00) Controller's Office		
19 **Reduce Salary Reserve** Reduce salary reserve as a result of reallocation of positions.	($5,053)	R
(1.00) Executive Offices		
20 **Eliminate Vacant Position** Eliminate Business Officer III position serving as Special Assistant to the Secretary that is no longer utilized as a result of reassignment of duties.	($82,134) -1.00	R
21 **Eliminate Assistant Secretary and Staff Positions** Eliminate the Assistant Secretary for Administration position, as well as the Special Assistant and Administrative Assistant positions reporting to the Assistant Secretary for Administration to streamline executive management staff.	($204,726) -3.00	R
(1.00) General Services		
22 **Reduce Salary Reserve** Reduce salary reserve in a position recently vacated by retirement.	($10,000)	R

(1.00) Regional Offices

23 **Reduce Operating Funds** ($31,416) R

Reduce funds that previously supported the Department of Commerce when they were co-located in DENR's Washington Regional Office (Commerce activities have since moved to Greenville).

(2.00) Forest Resources

24 **Improve Efficiency and Computer Technology** ($311,034) R

Reduce telephone line charges, the need for aerial photography and temporary services through increased use of computer technology. Also decrease use of overtime and modify fire readiness stand-by schedules.

25 **Insurance for CL-215**

Provides nonrecurring funds for the purchase of hull insurance for the CL-215 aircraft (amphibious water scooping tanker). $160,000 NR

26 **District 12 Helicopter Funds** $167,860 R

Funds for the operation and maintenance of a fire control helicopter in District 12. 2.00

27 **Water Quality Foresters** $344,286 R

Funds to hire water quality foresters to inspect active logging sites to prevent and control degradation of water quality by forestry operations. $71,200 NR 7.00

(2.00) Marine Fisheries

28 **Reduce Operating Support** ($130,000) R

Reduce funds for purchased services, supplies, equipment and other operating expenses.

29 **License Administration Funds** $246,088 R

Funds for additional license personnel to staff district offices and to administer the Recreational Commercial Gear License program. Positions are effective January 1, 1999. 6.00

30 **Fisheries Management Plans** $540,158 R

Funds to develop state Fisheries Management Plans (FMPs) to guide coastal fisheries management and to ensure the long-term viability of the stocks. Plans are to be developed for 31 commercially and recreationally significant species and species groups. $142,500 NR 10.00

31 **Coastal Habitat Protection Plans** $160,170 R

Funds to conduct research on the relationship of coastal habitats, water quality and fisheries production for the development of Coastal Fisheries Habitat Protection Plans. The plans are to be used to develop strategies for protecting coastal fisheries habitat areas. $15,300 NR 3.00

32	**Information Technology Funds** Funds to continue consolidation and modernization of existing computerized information management systems to facilitate access to licensing, permitting, commercial landings, biological and habitat data.	$72,223 $1,492,508 2.00	R NR
	(2.00) Museum of Natural Sciences		
33	**Reduce Supplies** Reduce funds for supplies due to new bulk purchasing procedures.	($39,513)	R
34	**Grassroots Science Museums** Provides nonrecurring funds for the Grassroots Science Museums. Also provides an additional $35,000 in recurring funds for the Western North Carolina Nature Center [SB 1366, Sec. 14.4].	$35,000 $1,625,000	R NR
	(2.00) North Carolina Zoological Park		
35	**Adjust Equipment/Vehicle Replacement Schedule** Adjust the schedule for replacement of equipment and motor vehicles at the Zoo and reduce General Fund appropriation by an equal amount.	($133,079)	R
	(2.00) Office of Environmental Education		
36	**Environmental Education Grant Funds** Funds to provide grants to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers [SB 1366, Sec. 14.5].	$200,000	
	(2.00) Parks and Recreation		
37	**Increase Receipts** Increase receipts to reflect fee increase at state parks and recreation areas and reduce General Fund appropriation by an equal amount.	($100,000)	R
38	**Expand Natural Heritage Program** Funds to inventory natural areas in counties that have not been surveyed under the Natural Heritage program.	$125,000	NR
39	**Adopt-a-Trail Program** Nonrecurring funds to expand the Adopt-a-Trail grant program.	$100,000	NR
	(2.00) Soil and Water Conservation		
40	**Technical Assistance for Animal Waste Compliance** Reduce funding for technical assistance to agriculture operations seeking to obtain approved animal waste management plans. The state's 0.200 non-discharge regulations required operations to have certified plans by December 1997. This eliminates 5.50 of 11.00 positions created by the General Assembly for this purpose in the 1994 and 1995 Sessions.	($185,445) -5.50	R

41 **Agriculture Cost Share Program**

Additional funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to reimburse farmers up to 75% of the costs of installing best management practices (BMPs) to improve and protect water quality. $500,000 NR

42 **Agriculture Cost Share County Technical Assistance**

Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design and installation of agricultural best management practices (BMPs) to improve water quality. $100,000 NR

43 **Neuse and Tar-Pam River Basin Assistance**

Funds to assist local Soil and Water Conservation Districts in the Neuse and Tar-Pamlico River Basins in targeting and tracking nutrient reduction efforts of agriculture operations, as well as evaluating the cost effectiveness of best management practices [SB 1366, Sec. 14.6B]. $75,000 NR

44 **Soil and Water District Travel Funds**

Funds for local Soil and Water Conservation Districts for travel and per diem expenses of district supervisors. $50,000 NR

45 **Junaluska Creek Damage Funds**

Funds to assist landowners on Junaluska Creek who have suffered property damage from the implementation of the federal emergency watershed program. $7,500 NR

(3.00) Air Quality

46 **Reduce Operating Support** ($14,892) R

Reduce funds for purchased services, supplies, equipment and other operating expenses.

(3.00) Coastal Management

47 **Reduce Operating Support** ($30,004) R

Reduce travel, supplies, equipment, printing, and postage expenses through use of automation and a reduction in conference attendance.

48 **Coastal/Chevron/Outer Continental Shelf Response**

Funds to support staff and research activities for the state's consistency review and response to Chevron Oil's permit application to drill off the North Carolina coast. $367,023 NR
1.00

(3.00) Environmental Health

49 **Reduce Staff and Operating Support** ($72,210) R

Reduce funds for an Environmental Technician III position in the Wilmington Regional Office as a result of increased federal support, extend equipment replacement schedules, and eliminate funds for a completed wastewater treatment study in Craven County. -0 50

50 **Food Sanitation Program**

Funds for the Environmental Health Services Section to assist the Food Sanitation Program to improve consistency of implementation and enforcement of food sanitation rules.

$100,000 NR

51 **Federal Water Supply Assistance Matching Funds**

Funds to provide the 20% state match required to receive federal water supply assistance through US EPA's Drinking Water State Revolving Fund program. Funds will be used to provide low interest loans to public water systems for capital expenditures associated with drinking water regulations and compliance [SL 1998-166 Federal Matching Funds Bill].

$2,571,880 NR

(3.00) Land Resources

52 **Reduce Operating Support**

Reduce inventories, supplies, travel and postage expenses, and extend the replacement schedule on equipment.

($42,861) R

53 **Sedimentation and Erosion Control Expansion**

Funds for additional field staff to perform erosion and sediment control inspections at commercial and residential development sites to determine compliance with required management practices to minimize the impact of land disturbing activities on water quality.

$225,712 R
$16,000 NR
4.00

(3.00) Pollution Prevention/Environmental Assistance

54 **Reduce Pollution Prevention Grants**

Reduce funds to provide demonstration grants to business and industry operations developing innovative pollution technologies.

($24,362) R

(3.00) Waste Management

55 **Eliminate Computer Consultant Position**

Eliminate Computing Consultant II position and contract programming duties as needed using federal funds.

($45,095) R
-1.00

(3.00) Water Quality

56 **Operating Support**

Funds to provide additional operating support for the Water Quality Section.

$250,533 R

57 **Increase Compliance and Reduce Spills**

Funds to provide additional staff to respond to system failures, monitor compliance data and perform technical inspections of wastewater collection and land application systems.

$332,280 R
$28,000 NR
7.00

58 **Groundwater Pollution Prevention and Control** — $721,479 R; $256,587 NR; 12.00

Funds to provide additional staff to review permit applications, designate groundwater monitoring requirements, review monitoring data to determine compliance, inspect animal and municipal waste land application systems and facilities, and conduct field assessments of contaminated soils and groundwater.

59 **Neuse and Tar-Pamlico Rapid Response Teams** — $544,634 R; $226,774 NR; 8.00

Funds to create two rapid response teams to respond to fish kills, algal blooms, citizen complaints and other water quality emergencies occuring in the Neuse and Tar-Pamlico River Basins [SB 1366, Sec. 14.10].

60 **Water Quality Monitoring/Basinwide Data Management** — $164,080 R; $2,872,980 NR; 4.00

Funds to increase monitoring of flow and nutrient data in the coastal river basins, install continuous monitors in each major estuary, and expand ambient water quality monitoring across the state to improve development of water quality protection strategies and trend projections. Funds also to continue consolidation and modernization of existing computerized information management systems to facilitate access to environmental programs and data.

61 **Federal Wastewater Assistance Matching Funds** — $4,860,532 NR

Funds to provide the 20% state match required to receive wastewater assistance through US EPA's Water Pollution Control Program. Funds will be used to provide low interest loans to local units of government for wastewater construction and improvement projects [SL 1998-166 Federal Matching Funds Bill].

(3.00) Water Resources

62 **Groundwater Resource Management** — $414,724 R; $386,598 NR; 4.00

Funds to monitor, maintain, and redevelop the state's groundwater resource observation wells.

63 **Real Time Stream-Gauge Data** — $10,000 R; $170,000 NR

Funds to upgrade the state's stream-gauge network to real time data access.

64 **Oregon Inlet Sand Study** — $100,000 NR

Funds for the Shoreline Monitoring Program operated by the U.S. Army Corps of Engineers for the Oregon Inlet and adjacent areas.

(4.00) Reserves and Special Funds

65 **Isotope Study of Neuse and Cape Fear River Basins** — $321,000 NR

Funds for the UNC Board of Governors for the Agricultural Research Service to continue an isotope study to identify sources of nitrogen in the Neuse and Cape Fear River Basins [SB 1366, 14.11B].

66 **Partnership for the Sounds** $150,000 R

Funds to provide additional staff for the Roanoke/Cashie River Center, the Columbia Theater Cultural Resources Center, the Lake Mattamuskeet Lodge and the North Carolina Estuarium and to continue renovations to the Lake Mattamuskeet Lodge [SB 1366, Sec. 14.12]. $250,000 NR

67 **Study Alternative Animal Waste Technologies**

Funds for the UNC Board of Governors for the Animal and Poultry Waste Management Center at NCSU to study alternative methods of managing animal waste [SB 1366, Sec. 14.13]. $750,000 NR

68 **Neuse River Modeling and Monitoring (MODMON)**

Funds for the Water Resources Research Institute (WRRI) to continue data collection and monitoring efforts to support the development of a nutrient model for the Neuse River Estuary [SB 1366, Sec. 14.14]. $720,000 NR

69 **Upper Neuse River Basin Association**

Funds to support the development of a comprehensive and coordinated state-local watershed management plan for the Upper Neuse River Basin to serve as a model watershed management approach for river basins and sub-basins in North Carolina [SB 1366, Sec. 14.15]. $300,000 NR

70 **New River Monitoring Funds**

Funds to support water quality monitoring efforts in the New River. $50,000

71 **Museum of Life and Science**

Funds to support Phase 2 of the BioQuest exhibit at the Museum of Life and Science. $400,000 NR

72 **LLRW Facility Siting Assistance Funds**

Grant-in-aid to Chatham County for expenses incurred as part of their participation in the licensing and siting of a low level radioactive waste facility [SB 1366, Sec. 14.17]. $100,000 NR

73 **County Recreational Building**

Grant-in-aid to Lincoln County to match funds to construct a recreational facility in eastern Lincoln County. $50,000 NR

(5.00) Department Wide

74 **Reduce Funding Support - LLRW** ($1,123,219) R

Reduce funding for personnel, contractual services and operating expenses associated with the department's regulatory responsibilities in the siting and licensing of a low level radioactive waste facility. This reduction allows the department to maintain at least six positions dedicated to the LLRW project in the event siting and licensing activities resume. -10.00

(6.00) Wildlife Resources Commission

75 **Beaver Control Program**

Continues Beaver Control program with nonrecurring funds and expands coverage statewide to any county that wishes to participate [SB 1366, Sec. 14.18].

$500,000 NR

Budget Changes	**$1,794,184**	R
	$20,061,382	NR
Total Position Changes	49.00	
Revised Total Budget	**$156,770,919**	

Special Provisions:

1998 Session: Senate Bill 1366

Department: Environment and Natural Resources

Section 14.1

Title: **North Carolina Museum of Forestry**

Summary Directs DENR to establish and administer the North Carolina Museum of Forestry in Columbus County as a satellite museum of the North Carolina State Museum of Natural Sciences. Effective December 1, 1998.

Section 14.2

Title: **Marine Fisheries Appeals Panel/Rotate Meeting Locations**

Summary Directs the Appeals Panel responsible for reviewing commercial fishing license applications under the license moratorium to rotate the location of the hearings among three coastal districts as specified in the provision beginning November 1998 and to schedule an applicant's hearing in their home district upon written request.

Section 14.3

Title: **Fishery Management Plans/Regional Advisory Committee**

Summary Requires DENR to consult with the Marine Fisheries Commission's (MFC) regional advisory committees regarding the preparation of fishery management plans (FMPs) and to review comments and recommendations of the committees prior to submitting FMPs to legislative commissions for review. Also requires the MFC to consult with their regional advisory committees in developing and implementing temporary resource management strategies.

Section 14.3B

Title: **Up Administrative Cap for Fishery Resource Grant Program**

Summary Increases the amount allowed to be used by the Sea Grant College to administer the Fishery Resource Grant Program from $25,000 to $75,000. Administrative expenses of the program are paid from $1 million appropriated for grants.

Section 14.4

Title: **Grassroots Science Program**

Summary Allocates $2,260,000 for FY 1998-99 as grants-in-aid to the 13 regional science museums. Allows Discovery Place to use up to $100,000 appropriated for FY 1998-99 to study the feasibility of an expansion of Discovery Place.

Section 14.5

Title: **Environmental Education Grants**

Summary Allocates $200,000 to provide grants to promote environmental education and allows DENR to use up to $50,000 appropriated for FY 1998-99 for the costs of administering the environmental education grants program. Grants may be awarded to develop environmental education libraries and to fund field trips by school groups to environmental education centers. Requires the department to report on the allocation of grant funds by January 1 and July 1, 1999 to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission and the Fiscal Research Division.

Section 14.6

Title: **Parks and Recreation/Natural Heritage Trust Funds Reporting Requirements**

Summary Specifies the following additional reporting requirements to the Parks and Recreation Trust Fund (PARTF) and the Natural Heritage Trust Fund (NHTF):

PARTF - Directs the Parks and Recreation Authority to provide an October 1st annual report to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Environmental Review Commission on allocations from the prior fiscal year, and a March 15th progress report on activities and expenditures for the current fiscal year. Section 14.6(c) provides a December 1st reporting date for 1998 only.

NHTF - Directs the Secretary of DENR to revise twice each year a list of acquisitions from the trust fund. Directs the Secretary to provide this list to the Joint Legislative Commission on Governmental Operations, House and Senate Appropriations Subcommittees on Natural and Economic Resources, Fiscal Research Division, and the Environmental Review Commission within 30 days after each revision.

Section 14.6B

Title: **Neuse and Tar-Pamlico River Basin Assistance**

Summary Requires the Division of Soil and Water Conservation to report the activities and accomplishments of a new initiative in the Neuse and Tar-Pamlico River Basins to target and track nutrient reduction efforts of agricultural operations and evaluate the cost-effectiveness of best management practices. The reports are to be made to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by January 15 and April 15, 1999.

Section 14.7

Title: **Acquisition Parity for Parks and Recreation Trust Fund**

Summary Amends G.S. 113-44.15(b) to include geographic distribution as a consideration to the extent practicable when awarding moneys from the Parks and Recreation Trust Fund.

Section 14.8

Title: **Cullasaja River Study Funds**

Summary Directs DENR to study the feasibility of including that portion of the Cullasaja River that borders Nantahala National Forest in the state's natural and scenic river system and to report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division and the Environmental Review Commission by March 15, 1999 on the study's results.

Section 14.9B

Title: **Create New Classification of Abandoned Wells**

Summary Allows water supply wells that are no longer being used as a potable water supply source to be used for other purposes, including irrigation, commercial or industrial uses rather than being subject to rules governing temporary or permanent abandonment. Effective October 30, 1998.

Section 14.9C

Title: **Randleman Dam Funds Do Not Revert**

Summary Extends reversion date for funds appropriated in 1994 for the Randleman Dam project. If construction has not begun by October 1, 2000, these funds shall revert.

Section 14.9D

Title: **Relocation of Mason's Inlet**

Summary Allows New Hanover County to undertake a project to relocate Mason's Inlet. Directs that suitable dredged material be used to renourish erosion threatened beaches at the Town of Wrightsville Beach and Figure Eight Island. Requires concurrence from the Division of Water Resources that the project is necessary and viable before project begins. If concurrence is given, New Hanover County may acquire property necessary to relocate inlet by purchase, negotiation, or condemnation. Requires an Environmental Impact Statement (EIS) to be reviewed simultaneously with any CAMA permit and completed within 75 days of receipt of permit. Exempts CAMA permits from administrative review of decision. Prohibits project construction until New Hanover County secures all necessary state and federal permits and stipulates that no state appropriations be used for channel realignment.

Section 14.9H

Title: **Extend Compliance Date for Nitrogen Discharge Limit for Certain NSW Waters**

Summary Authorizes the Environmental Management Commission (EMC) to extend, in some cases, the nutrient discharge limit compliance date enacted in 1997. The extension may be granted for permitted wastewater systems discharging into nutrient sensitive waters (NSW) where nitrogen is not the nutrient of concern. For waters classified as NSW after July 1, 1997, the EMC is directed to establish a nutrient discharge limit compliance date for systems that discharge or are authorized to discharge into surface waters at the time those waters are classified as NSW. Specifies the conditions and requirements for extension of the nutrient discharge limit compliance date. Authorizes the EMC to revoke an extension if the permit holder fails to meet the conditions of the extension or significantly violates its discharge permit. Requires applicants seeking a new or modified discharge permit to provide information on use of public resources to finance the project, the water quality impact of the facility and the cost-effectiveness of the project and alternative technologies. Also directs the EMC to include in their quarterly report to the Environmental Review Commission (ERC) a summary and analysis of information submitted by the applicants. Amends the quarterly reporting requirement to the ERC on the EMC's operations, activities, programs and progress and requires the reports to be submitted in writing.

Section 14.10

Title: **Tar-Pamlico and Neuse Rivers Rapid Response Team**

Summary Directs rapid response teams to perform routine water quality monitoring activities when they are not responding to emergencies or citizen complaints. Allows the department to reassign water quality personnel to assist in other basins as needed. Also directs DENR to evaluate the assignment of both water quality monitoring personnel and rapid response teams to determine the most efficient use of resources.

Section 14.11B

Title: **Progress Reports/Isotope Study to Identify Sources of Nitrogen in Neuse and Cape Fear River Basins**

Summary Requires semi-annual progress reports and a final report upon completion of the study from the primary researcher receiving funds from the UNC Board of Governors to continue the isotope study of the Neuse and Cape Fear River Basins. Reports are to be submitted to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, and the Fiscal Research Division by January 1st and July 1st of each year.

Section 14.12

Title: **Partnership for the Sounds Funds**

Summary Requires Partnership for the Sounds, Inc to use a portion of the funds appropriated for FY 1998-99 to expand its programs and activities to Pamlico County.

Section 14.13

Title: **Progress Reports/Alternative Animal Waste Technologies Study**

Summary Requires semi-annual progress reports and a final report upon completion of the study from the primary researcher receiving funds from the UNC Board of Governors to study alternative methods of managing animal waste. Reports are to be submitted to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, and the Fiscal Research Division by January 1st and July 1st of each year.

Section 14.14

Title: **Progress Reports/Neuse Modeling Project Funds**

Summary Directs DENR to transfer funds appropriated to continue the Neuse River Modeling and Monitoring Project (MODMON) to the Water Resources Research Institute through the UNC Board of Governors. Requires semi-annual progress reports and a final report upon completion of the study from the primary researcher receiving funds from the UNC Board of Governors to continue MODMON. Reports are to be submitted to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, and the Fiscal Research Division by January 1st and July 1st of each year.

Section 14.15

Title: **Upper Neuse River Basin Funds/Model Watershed Management Plan**

Summary Allocates $300,000 to the Upper Neuse River Basin Association to develop a comprehensive watershed management plan to serve as a model for other basins in the state. Specifies the requirements for the plan. Directs DENR to provide technical assistance to the association. Requires the association to seek funding support from other state, federal and nonprofit organizations to develop and implement the plan. Requires an annual progress report by March 1st of each fiscal year to the Environmental Review Commission, the Joint Legislative Commission on Govermental Operations and the Fiscal Research Division. Defines the Upper Neuse River Basin for the purposes of this program.

Section 14.17

Title: **Chatham Funds for Low-Level Radioactive Waste Siting**

Summary Allocates $100,000 to Chatham County for expenses incurred as part of their participation in the site selection of a low-level radioactive waste facility.

Section 14.17A

Title: **Marine Fisheries Appeals Panel Staff Support**

Summary Authorizes DENR to use up to $33,538 in existing agency resources to provide staff support to the license appeals panel in the Division of Marine Fisheries.

Section 14.17B

Title: **Agriculture Cost Share Program Database**

Summary Authorizes DENR to use up to $61,000 in existing agency resources to provide programming and maintenance support to upgrade the agriculture cost share program database.

Section 14.18

Title: **Statewide Beaver Damage Control Program Funds**

Summary Continues the Beaver Damage Control Program and expands coverage statewide to any county that wishes to participate. Requires an annual March 15th report to the Wildlife Resources Commission, House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division on program results. Requires interested counties to notify the commission by September 30th of each year of their intent to participate and commitment of $4,000.

Section 14.19

Title: **Clean Water Grants/Clarification**

Summary Amends the eligibility criteria established in Section 5.1(g) of SL 1998-132 (Clean Water and Natural Gas Critical Needs Bond Act of 1998) for awarding $55 million in clean water bonds. This portion of the bond proceeds is designated as unsewered community grants to be administered by the Rural Economic Development Center. The provision allows an applicant local government unit operating only a single utility to satisfy the eligibility criteria if it agrees to adopt a fee schedule reflecting at least the average annual wastewater cost per household calculated at 3/4% of the median household income in the applicant's jurisdiction. Local governments operating both water supply and wastewater systems must agree to adopt a fee schedule reflecting at least the average annual water and wastewater cost per household calculated at 1 1/2% of the median household income of the unit's jurisdiction.

Also amends the eligibility criteria established in G.S.159G (North Carolina Clean Water Revolving Loan and Grant Act of 1987) for awarding grants for high unit cost wastewater and water supply systems. The provision allows an applicant local government unit constructing its first utility or operating only a single utility that needs upgrading or improving to satisfy the eligibility criteria if the estimated average household water or sewer user fee for debt service, operation and maintenance costs of the project exceeds 3/4% of the median household income in the applicant's jurisdiction. Eligibility for local governments operating both water and sewer systems will continue to be determined by comparing the project's debt service, operation and maintenance costs to 1 1/2% of the unit's median household income.

Section 29.6

Title: **South Broad Park Lake and Water Conservation Fund Conversion**

Summary Directs that land purchased by the state to establish a new state park in Transylvania County be used as replacement property to fulfill the requirements of the federal Land and Water Conservation Fund, which specifies that proceeds be used only for recreational purposes. This replacement allows for the conversion of land within South Broad Park to a use other than outdoor recreation (a public library is currently located on this land).

Section 29.8

Title: **Water Resources Development Projects Funds**

Summary Amends SL 1998-166 (Federal Funds bill) and allocates $7,300,000 for the following water resources development projects: (1) Morehead City Harbor Turning Basin, $2,000,000; (2) Wilmington Harbor Maintenance Dredging, $200,000; (3) Wilmington Harbor Long-Term Disposal, $1,400,000; (4) Beaufort Harbor Maintenance Dredging, $80,000; (5) Manteo Shallowbag Bay Maintenance Dredging, $200,000; (6) Rollinson Channel Maintenance Dredging (Dare County), $400,000; (7) Pine Knoll Shores Protection (Carteret County), $200,000; (8) Tar River Road Streambank Protection (City of Greenville), $50,000; (9) Battery Island Bird Habitat Restoration (Brunswick County), $140,000; (10) Dare County Beaches Feasibility Study, $70,000; (11) North Channel Maintenance Dredging and Disposal Site, $1,200,000; (12) Aquatic Plant Control Statewide and Lake Gaston, $150,000; (13) B.Everett Jordan Lake Water Supply, $110,000; (14) State-Local Projects, $600,000 (projects listed out in Senate Bill 1366).

Allocates and identifies small watershed projects for FY 1998-99 as follows: (1) Deep Creek Watershed Project (Yadkin County), $500,000.

Project funds not expended or encumbered will revert at the end of FY 1999-2000.

Section 29.9

Title: **Warren County PCB Landfill Detoxification Funds**

Summary Requires that $2 million appropriated and any federal funds that are available for detoxification of the Warren County PCB landfill be placed in a nonreverting reserve. Sets the detoxification treatment standards and identifies the technology to be used as based catalyzed decomposition (BCD). Directs DENR to approve a detoxification plan and to oversee the project using funds in the reserve. Specifies that any funds remaining in the reserve upon completion of detoxification of the landfill be transferred to the Department of Commerce to be used for economic development and infrastructure needs in Warren County.

Section 29.17

Title: **Aquarium Construction Funds**

Summary Requires the Director of the Budget to transfer the sum of $30 million from lapsed salary funds for the 1998-99 fiscal year for the renovation and construction of the aquariums at Pine Knoll Shores and Fort Fisher.

Commerce

Statutory Authority: Statutory Authority: General Statutes, Chapter 143B-429

The head of the Department is the Secretary of Commerce who is appointed by the Governor. The Department's primary responsibilities include promotion of economic development to enhance job creation by providing business assistance, and the development of the State's communities through employment and training, housing and other programs. In addition, the Department oversees many regulatory commissions.

	GENERAL FUND	
	FY 98-99	
Total Budget Approved 1997 Session	**$38,577,339**	
Budget Changes		
Business and Industry		
76 **Marketing and Trade Missions** Provides a nonrecurring increase to fund participation at additional industry trade shows and missions, and for increased general advertising media purchases for promoting economic development in the state.	$500,000	NR
77 **Industrial Recruitment Competitive Fund** Provides nonrecurring support for the Industrial Recruitment Competitive Fund [SB 1366, Sec. 15.1].	$3,000,000	NR
Community Assistance		
78 **Historic Waterfront Revitalization** Funds to provide planning grants to certain local units of government for historic waterfront revitalization projects [SB 1366, Sec. 15.2B].	$400,000	NR
79 **Upper Coastal Plain COG** Funds to the Upper Coastal Plain COG to match federal funds for the COG's Small Business Revolving Loan Fund.	$150,000	NR
Industrial Commission		
80 **Abolish Position/Reduce Various Operating Support** Abolishes Processing Assistant IV postion ($24,411) and reduces various operating support line-items in the continuation budget ($68,911).	($93,322) -1.00	R
81 **Temporary Positions** Provides nonrecurring funds to support temporary positions in the Office of Executive Secretary to manage increased workload for mediation settlements in workers' compensation cases and processing legal orders for contested cases.	$100,000	NR

Industrial Finance Center

82 Utility Account (Industrial Development Fund)

Provides nonrecurring funding for economic development grants for water and sewer infrastructure in certain economically distressed counties designated in G.S. 143B-437.01.

$1,500,000 NR

N.C. Alliance for Competitive Technologies

83 Reduce Program Director's Budgeted Salary

Reduces the budgeted salary of the Program Director for the N.C. Alliance for Competitive Technologies by $24,356; the revised salary for the position will be $108,668.

($24,356) R

84 Textile Technology

Funds to the N.C. Alliance for Competitive Technologies to develop textile industry competitiveness strategies by demonstrating technology used in dyeing textile yarns with supercritical carbon dioxide processes as developed by the Carbon Dioxide Textile Dyeing Consortium.

$500,000 NR

N.C. Government Competition Commission

85 Competitive Government Initiative

Provides funding to establish the North Carolina Government Competition Commission for purposes of implementing the Competitive Government Initiative [SB 1366, Sec. 15.2C].

$218,000 R
$14,700 NR
3.00

Reserves and Transfers

86 Year of the Mountain

Reserve for planning initiatives in western North Carolina. This is the final year of a 3-year regional planning effort.

$300,000 NR

87 North Carolina Progress Board

Provides nonrecurring funds for operating support of the North Carolina Progress Board.

$400,000 NR

88 Regional Economic Development Commissions

Provides $225,000 in nonrecurring support to the Department of Commerce for allocation to the Southeastern North Carolina Regional Economic Development Commission. Funds are to be used by the Commission as follows: 1) $75,000 to enhance recruiting and promotion of the film industry in the region; and 2) $150,000 for the purchase of land and an office building [SB 1366, Sec. 15(c)].

$225,000 NR

89 Institute of Aeronautical Technology

Provides $4 million in nonrecurring funds for the estimated construction costs of the Institute of Aeronautical Technology.

$4,000,000 NR

90 Special Olympics

Provides nonrecurring funds to the 1999 Special Olympics World Games for general operating and marketing costs.

$3,000,000

Travel, Film and Sports Development

91	**Reduce Printing** Reduce printing budget to reflect privatization of the North Carolina Travel Guide.	($100,000)	R
92	**Advertising, Marketing, and US Open Funds** Funds to expand advertising and marketing campaigns designed to promote North Carolina as a travel and tourism destination in international and domestic markets. Funds to promote the state's tourism, film, and sports opportunities during the 1999 US Open. Of these funds $50,000 is to support a tourist information kiosk in western North Carolina administered by the Western Carolina Partnership and the Smoky Mountain Host organization.	$2,500,000	NR
93	**Rural Tourism Development Grant Funds** Funds for the Rural Tourism Development Grant Program to encourage the development of new tourism projects and activities in the rural areas of the state [SB 1366, Sec. 15.3].	$300,000	NR
94	**Film Office** Funds to hire a Director of Sales and Marketing to develop a full-time presence in California in an effort to recruit film production to N.C. and funds for the state's four film commissions for coordinated advertising and promotion efforts with the state film office.	$64,803 $165,000 1.00	R NR

Wanchese Seafood Industrial Park

95	**Oregon Inlet Project -- Staff & Operating Support** Provides funds for staff and operating support to the Wanchese Seafood Industrial Park to serve as the lead state agency on the Oregon Inlet Stabilization Project [SB 1366, Sec. 15.5].	$339,000 $11,000 2.00	R NR

Budget Changes	**$404,125** **$17,065,700**	R NR
Total Position Changes	5.00	
Revised Total Budget	**$56,047,164**	

Special Provisions:

1998 Session: Senate Bill 1366

Department: Commerce

Section 5.1

Title: **NER Block Grant Funds**

Summary Allocates federal Community Development Block Grant (CDBG) funds for the 1999 program year. Provides for subsequent increases or decreases in federal fund availability. Places limitations on CDBG funds. Outlines program improvements in the Scattered Sites subcategory of the Community Revitalization category. Allows the Department of Commerce to adopt temporary rules to implement these improvements.

Section 15

Title: **Regional Economic Development Commission Allocations**

Summary Modifies existing session law to adjust the amount of certain interest receipts, earned by the Global TransPark Regional Economic Development Commission, that are a component of the funding formula calculation used to allocate appropriated funding to the seven regional economic development commissions.

Provision also adds subsection (c) which allocates $225,000 to the Southeastern North Carolina Regional Economic Development Commission for the following purposes: 1) $75,000 to enhance recruiting and promotion of the film industry in the region; and 2) $150,000 for the purchase of land and an office building.

Section 15.1

Title: **Industrial Recruitment Competitive Fund**

Summary Earmarks up to $2 million for recruiting a "large recycling facility" as defined in G.S. 105-129.25 and meeting the requirements of G.S 105-129.26(b).

Section 15.2

Title: **Marketing of Global TransPark by Department of Commerce**

Summary Requires the Division of Business and Industry, in the Department of Commerce, to assume responsibility for marketing the Global TransPark.

Section 15.2B

Title: **Historic Waterfront Revitalization**

Summary Allocates $400,000 in planning grants for Historic Waterfront Revitalization to the following local units of government: Town of Murfreesboro, Washington County (Washington County EDC), City of Washington, Beaufort County, Town of Swansboro, City of Jacksonville, Hyde County, and Tyrrell County.

Section 15.2C

Title: **Competitive Government Initiative**

Summary Establishes, within the Department of Commerce, the North Carolina Government Competition Commission, for the purpose of developing an institutional framework in state government for encouraging innovation, competition and achieving cost efficiencies. The commission exercises its power independent of the Secretary of Commerce and is governed by a nine member board appointed by the Speaker of the House, President Pro-Tem of the Senate and the Governor.

Section 15.3

Title: **Rural Tourism Development Grant Program**

Summary Allocates $300,000 for the Rural Tourism Development Grant Program and sets out guidelines for distributing funds.

Section 15.4

Title: **Great Smoky Mountain Special License Plate**

Summary Authorizes the use of a full art, three color design for the "Great Smoky Mountains National Park" special registration plate.

Section 15.5

Title: **NC Seafood Industrial Park Authority Revisions**

Summary Rewrites G.S. 113-315.28 and G.S. 113-315.32 to expand the authority and powers of eminent domain for the NC Seafood Industrial Park Authority with respect to navigation stabilization structures pursuant to United States Public Law 91-611.

Section 15.5A

Title: **Oregon Inlet Stabilization Study Commission**

Summary Creates an independent Oregon Inlet Stabilization Study Commission. Requires report to the 1999 Session of the General Assembly.

Section 15.6A

Title: **Worker Training Trust Fund Appropriations**

Summary Provision modifies FY 1998-99 Worker Training Trust Fund appropriations by increasing funding to the Employment Security Commission by $311,380, decreasing funding to the Division of Employment and Training (Department of Commerce) by $350,000, and funding a new item in the amount of $350,000 for the Hosiery Technology Center in the Department of Community Colleges.

Section 15.8B

Title: **Extend Universal Service Rules Deadline**

Summary Extends to July 1, 1999 the deadline for the North Carolina Utilities Commission to adopt permanent rules concerning the provision of universal telephone service.

Section 15.8C

Title: **Funds for Certified Economic Development Training**

Summary Authorizes the Department of Commerce to use up to $25,000 in existing agency resources to fund "certified economic development training" for the department's industrial recruiters.

State Aid to Non-State Entities

Statutory Authority:

The Department of Commerce serves as administrator of funds appropriated by the General Assembly to various non-state recipients.

	GENERAL FUND	
	FY 98-99	
Total Budget Approved 1997 Session	$2,000,000	
Budget Changes		
Grants-in-Aid		
96 **Jones Economic Development Funds** Funds to Jones County for any one or more of the following purposes: construction of an agriculture heritage center, renovation of Jones County Civic Center, construction of an all-purpose human services center, extension of water and sewer lines to the industrial park, and provision of operating funds to the Economic Development Office.	$200,000	NR
97 **Institute of Minority Economic Development** Funds to foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives [SB 1366, Sec. 15.11].	$1,000,000	NR
98 **N.C. Community Development Initiative** Additional funds for the North Carolina Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations [SB 1366, Sec. 15.15].	$275,000	NR
99 **Center for Community Self-Help** Provide funds to further a statewide program of lending for home ownership [SB 1366, 15.16]. In addition, SL 1998-223 (House Bill 1472) provides that the Director of the Budget may identify resources of up to $10 million from the general fund for FY 1998-99 for Self-Help to match grant funds on a one-to-one basis for their home ownership program.	$1,000,000	NR
100 **Coalition of Farm and Rural Families** Funds to foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers [SB 1366, Sec. 15.13].	$250,000	NR

101 **World Trade Center North Carolina**

Provides funds to the World Trade Center North Carolina to support international trade education programs to small and medium sized businesses [SB 1366, Sec. 15.14B]. $200,000 NR

102 **Yadkin/Pee Dee Lakes Project**

Grant-in-aid to support the Yadkin/Pee Dee Lakes Project's efforts to promote tourism and economic development. $150,000 NR

103 **North Carolina Minority Support Center**

Funds to provide technical assistance to community-based minority credit unions [SB 1366, Sec. 15.14]. $375,000 NR

104 **Duplin Multi-Purpose Center Funds**

Funds to the Town of Warsaw to match federal funds for a multi-purpose building for economic development and training purposes. $250,000 NR

105 **Stanly Co. and Montgomery Co. Airport Authorities**

Provide a $200,000 grant-in-aid to the Stanly County Airport Authority and a $50,000 grant-in-aid to the Montgomery County Airport Authority. Funds are to be used for expansion and operation of these airports, and to accomodate economic development initiatives in general aviation. $250,000 NR

106 **William S. Lee Leadership Institute**

Provides state funds to partially retire debt incurred by the Lynwood Foundation for the purchase and renovation of Historic White Oaks, a facility to house the William S. Lee Leadership Institute. $2,000,000

107 **Technological Development Authority**

Grant-in-aid to the N.C. Technological Development Authority, Inc. for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, supporting technology transfer and matching federal grant and loan funds. Of the total funds to be granted, $500,000 is allocated for construction of wet lab space and additional office space at the First Flight Venture Center [SB 1366, Sec. 15.9]. $3,500,000 NR

108 **4-H Clubs/Eastern North Carolina Livestock Arena**

Provides funds for the construction of a facility to replace the Eastern North Carolina Livestock Arena. This facility will be available for horse and swine breeding stock auctions, cattle sales, and functions associated with the Future Farmers of America and 4-H Clubs. $600,000 NR

109 **Textile Museum**

Grant-in-aid to the Town of Erwin for a textile museum. $100,000 NR

110 **Charlotte/Mecklenburg Development Corporation**

Provides grant-in-aid to the Charlotte/Mecklenburg Development Corporation to purchase and renovate real property in the Wilkinson Boulevard corridor of the City West area of the City of Charlotte and to revitalize and redevelop that area. $1,000,000 NR

111 **Land Loss Prevention Project**

Funds to provide free legal representation to low-income, financially distressed farmers [SB 1366, Sec. 15.12]. $350,000 NR

112 **Mountain Care Trak System Pilot Program Funds**

Funds to implement the Care Trak System in Davidson, Davie, Forsyth, Guilford, Iredell, Randolph, Rockingham, Stokes, Surry, Wilkes and Yadkin counties. $141,400 NR

113 **Town of Chadbourn -- Emergency Repairs**

Provides grant-in-aid to the Town of Chadbourn (Columbus Co.) for emergency water and sewer repairs. $400,000 NR

114 **North Carolina Global Center**

Funds to assist the North Carolina Global Center (formerly the North Carolina Center for World Languages and Cultures) in conducting research activities and programs related to globalization [SB 1366, Sec. 15.10]. $500,000 NR

115 **Piedmont Land Conservancy**

Funds for a survey to identify critical sites. $25,000 NR

Budget Changes **$12,566,400** NR

Total Position Changes

Revised Total Budget **$14,566,400**

Special Provisions:

1998 Session: Senate Bill 1366

Department: State Aid to Non-State Entities

Section 15.9

Title: **Funds for Technological Development Authority Wet Lab and Office Space Construction**

Summary Directs TDA to use $500,000 of the $3,500,000 appropriated for FY 1998-99 for the construction of "wet lab" space and additional "office space" at the First Flight Venture Center. Funds are allocated contingent upon all financing of the project being secured by the Authority.

Section 15.10

Title: **North Carolina Global Center Report**

Summary Requires the Global Center to report budgetary and program activities by March 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Center to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 15.11

Title: **North Carolina Institute of Minority Economic Development, Inc./Report**

Summary Requires the Institute to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Institute to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 15.12

Title: **Land Loss Prevention Project, Inc./Report**

Summary Requires Land Loss to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires Land Loss to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 15.13

Title: **North Carolina Coalition of Farm and Rural Families, Inc./Report**

Summary Requires the Coalition to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Coalition to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 15.14

Title: **North Carolina Minority Support Center Report**

Summary Requires the Support Center to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Support Center to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 15.14B

Title: **World Trade Center of North Carolina/Report**

Summary Requires the World Trade Center to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Center to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 15.15

Title: **Community Development Initiative**

Summary Earmarks $200,000 of the funds appropriated in FY 1998-99 to the Northwest Corridor Community Development Corporation.

Section 15.16

Title: **Center for Community Self-Help Funds**

Summary Allocates $1 million for FY 1998-99 to expand a statewide program of lending for home ownership. Requires quarterly reports to the Joint Legislative Commission on Governmental Operations, House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Department of Commerce. Requires the Center to submit annual audited financial statements to the State Auditor.

MCNC

Statutory Authority: Statutory Authority:

The purpose of MCNC is to support the State's efforts to foster science-based economic development and to encourage the use and application of advanced computer and micro-electronic technology by the business and educational communities.

	GENERAL FUND	
	FY 98-99	
Total Budget Approved 1997 Session	**$2,500,000**	
Budget Changes		
MCNC		
116 **Increase and Adjust Final Year of State Funding**	($2,500,000)	R
Budget action increases MCNC's final year of state funding to $4.5 million. Funds are to be used for capital and operating expenditures necessary to make MCNC self-sufficient without state funding. Currently budgeted funds of $2.5 million are shifted from recurring to nonrecurring support plus an additional $2 million nonrecurring increase is appropriated for a final year total of $4.5 million [SB 1366, Sec. 15.17].	$4,500,000	NR
Budget Changes	**($2,500,000)**	R
	$4,500,000	NR
Total Position Changes		
Revised Total Budget	**$4,500,000**	

Special Provisions:

1998 Session: Senate Bill 1366

Department: MCNC

Section 15.17

Title: **MCNC**

Summary Revises current session law to authorize an increase from $2.5 million to $4.5 million in MCNC's final year of funding. Provision also states the intent of General Assembly to not fund MCNC in future years.

N.C. Biotechnology Center

Statutory Authority:

The North Carolina Biotechnology Center is primarily a state funded not-for-profit organization specializing in biotechnology development. The Center provides grants to academic researchers for developing potential biotechnology applications, loans to biotech based companies that are either creating a start-up venture or relocating to the state, and educational resources and support to community colleges, high schools, and the state's historically minority universities.

	GENERAL FUND	
	FY 98-99	
Total Budget Approved 1997 Session	**$7,664,396**	
Budget Changes		
N.C. Biotechnology Center		
117 **Reduce Operating Support** Reduces state funded operating support to the N.C.Biotechnology Center by $25,483.	($25,483)	R
118 **N.C. Bioscience Investment Fund, L.L.C.** Provides $2.5 million in state appropriations to the N.C. Biotechnology Center for additional investment in The North Carolina Bioscience Investment Fund, L.L.C. This appropriation will increase the state's total financed investment in the Center for this venture capital fund to $10 million.	$2,500,000	
Budget Changes	**($25,483)**	R
	$2,500,000	NR
Total Position Changes		
Revised Total Budget	**$10,138,913**	

Special Provisions:

1998 Session: Senate Bill 1366

Department: N.C. Biotechnology Center

Section

Title: **(No special provision reported)**

Summary

Rural Economic Development Center

Statutory Authority:

The purpose of the Rural Economic Development Center is to improve economic conditions, support increased entrepreneurial development, and facilitate the creation of more and better jobs available in rural areas with a special focus on low-income residents.

	GENERAL FUND
	FY 98-99
Total Budget Approved 1997 Session	$3,920,000

Budget Changes

Administration

119 **Reduce Operating Support** ($12,662) R

Reduces state funded operating support to the Rural Economic Development Center by $12,662. This reflects a 1.5% reduction from the Center's administrative budget excluding grants [SB 1366, Sec. 15.18(a)].

120 **Center Administration** $200,000

Provides funds for additional general administrative support [SB 1366, Sec. 15.18(a)].

Grants Programs

121 **Research and Demonstration Grants** $50,000 NR

Provides nonrecurring funds for the Research and Demonstration Grants Program to support innovative projects that address economic development issues in rural areas [SB 1366, Sec. 15.18(a1)].

122 **Supplemental Funding Program** $8,000,000 NR

Provides nonrecurring funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural communities [SB 1366, Sec. 15.18(e)(3)].

123 **Capacity Grants Program** $200,000 NR

Provides nonrecurring support for the Capacity Grants Program. REDC will provide these grants for units of local government to assist in financing costs associated with the planning and writing of grants/loan applications that support economic development in rural communities [SB 1366, Sec. 15.18(e)(4)].

N.C. Association of CDCs

124 N.C. Association of CDCs

Provides nonrecurring funds to the N.C. Association of Community Development Corporations to provide training and technical assistance to community development corporations statewide. Funds also support grassroot economic development initiatives in distressed areas of eastern N.C. and operational and capital needs for the Walnut Cove Colored School, Inc [SB 1366, Sec. 15.18(e)(1)(c)].	$275,000	NR

Budget Changes	**($12,662)**	**R**
	$8,725,000	**NR**
Total Position Changes		
Revised Total Budget	**$12,632,338**	

Special Provisions:

1998 Session: Senate Bill 1366

Department: Rural Economic Development Center

Section 15.18

Title: **Rural Economic Development Center**

Summary Incorporates funding changes for FY 1998-99 to include the following actions:

(1) Provides an additional $50,000 to the Research and Demonstration Grants program, earmarking $35,000 to the Fisheries Development Foundation for mariculture activities.

(2) Appropriates an additional $200,000 for general Rural Center administration support and incorporates a Governor's recommended reduction of $12,662.

(3) Appropriates $275,000 to the N.C. Association of Community Development Corporations and earmarks $50,000 for a special project supporting grassroot economic development initiatives in distressed areas of eastern N.C. and $25,000 for the Walnut Cove Colored School, Inc.

(4) Appropriates an additional $8 million to the Supplemental Funding program and expands the program's grant categories to include projects that demonstrate alternative waste management processes for local governments.

(5) Provides $200,000 for the Capacity Building Grants program.

State Information Processing Services

Statutory Authority: G.S. 143B-472.44

The General Assembly created State Information Processing Services (SIPS) in 1983 to better manage the acquisition and use of information technology in state government. Originally a part of the Department of Administration, SIPS became a division of the Office of the State Controller in 1987. In 1997, the Governor signed Senate Bill 869, which transferred information technology services from OSC, including SIPS, to the Department of Commerce. The mission of SIPS is to (1) reduce unit cost of computing and telecommunications; (2) raise the level of technology available to all agencies; (3) improve information sharing among agencies; and (4) improve the information technology infrastructure for state government.

GENERAL FUND

	FY 98-99
Total Budget Approved 1997 Session	**$271,530**

Budget Changes

State Information Processing Services

125 **Shift General Fund Positions to Receipt Support** ($271,530) R

Budget action shifts four postions designated for school technology assistance to receipt support. -4.00

(1) Application Analyst Program Specialist II
(1) Office Assistant IV
(2) Computer Consultant IV

126 **Continue and Expand N.C. Information Highway** $6,143,160 NR

Provides nonrecurring funding for the following: 1) to purchase new equipment for certain existing information highway sites to utilize new technology that enables users to realize reduced monthly operating costs;and 2) to expand the number of sites receiving grants that subsidize monthly telecom charges incurred in accessing the information highway [SB 1366, Sec. 15.8].

Total Requirements	$10,140,689
Receipts	(3,997,529)
Appropriation	$ 6,143,160

127 **Year 2000 Emergency Appropriation Legislation** $0 NR

SL 1998-9 (SB 1193) appropriated $20,506,367 to the Year 2000 Reserve Fund for the FY 1997-98 to cover costs of the Year 2000 conversion in General Fund and Highway Fund agencies. The legislation also authorizes the transfer of $14,000,000 of receipts from State Information Processing Services to the Year 2000 Reserve Fund for Year 2000 related efforts [SB 1366, Sec. 15.7A].

128 **Highway Fund Transfer to Year 2000 Reserve Fund**

There is transferred $6,840,630 from the Highway Fund to the Year 2000 Reserve Fund to partially fund Year 2000 remediation efforts in the Department of Transportation. This transfer is authorized in SL 1998-9 (SB 1193).

$0 NR

Budget Changes	**($271,530)**	**R**
	$6,143,160	**NR**
Total Position Changes	-4.00	
Revised Total Budget	**$6,143,160**	

Special Provisions:

1998 Session: Senate Bill 1366

Department: State Information Processing Services

Section 15.7

Title: **Year 2000 Clarifications**

Summary Requires the Department of Commerce to maintain service rates at FY 1997-98 levels for at least six months for the purposes of building additional reserves for unexpected Year 2000 costs that may arise. If after six months the department determines that additional Year 2000 costs are not expected, service rates may be reduced upon authorization of the Information Management Resources Commission.

Section 15.7A

Title: **Year 2000 Reserve Fund**

Summary Modifies SL 1998-9 to clarify that the General Fund emergency appropriation to the Year 2000 Reserve Fund is to be used for remediation efforts in both General and Highway Fund agencies.

Section 15.8

Title: **North Carolina Information Highway**

Summary Prohibits the Department of Commerce from paying "Minimum Monthly Usage Charges" for NC Information Highway Services. The provision also requires the department to develop a technology "migration plan" for converting existing and proposed information highway sites to the H.320 international telecommunications standard.

CAPITAL IMPROVEMENTS

Capital

GENERAL FUND

FY 98-99

Administration

1 Reserve for Land Acquisition — $500,000 NR

Funds to purchase land in State Government Complex.

2 Reserve for State Veterans Nursing Home-Salisbury — $1,000,000 NR

Renovation of a 100-bed nursing care unit. $1,000,000 nonrecurring appropriation enacted in S.L. 1998-166.

Agriculture and Consumer Services

3 N.C. State Fair — $500,000 NR

Conservation Education Center-Design.

4 Eastern Agriculture Center — $1,775,000 NR

Funds for continued development including Parking, Paving,and a Covered Walkway.

5 Southeastern Farmers Market and Agriculture Center — $500,000 NR

Continued Development.

6 Umstead Farm Unit

Authorizes the department to use timber receipts for FY 98-99 for the construction of nutrition and animal care facilities at the Umstead Farm Unit in Butner (SB 1366 Sec. 29.5).

Total Requirements	$533,000
Less Receipts	(533,000)
Appropriation	$ 0

7 Multi-Purpose Building/State Fairgrounds — $3,000,000 NR

Completes design and site development.

8 Cattle and Livestock Exposition Center, Iredell County — $6,000,000 NR

Funds for initial construction phase.

9 Center for Environmental Farming/Cherry Farm — $600,000 NR

Planning and development funds for center at Cherry Farm in Goldsboro.

Commerce

10 **Wanchese Seafood Industrial Park**
Construction of new meeting and office space and renovation of existing meeting and office facilities. — $250,000 NR

Community Colleges

11 **Fayetteville Technical Community College**
Funds to construct the Model Early Childhood Education Center. — $3,000,000 NR

12 **Yadkin County Satellite - Surry County Community College** — $1,500,000 NR

13 **Franklin County Satellite - Vance-Granville Community College** — $1,000,000 NR

14 **Blue Ridge Community College** — $2,000,000 NR

15 **Center for Applied Textile Technology**
Center for Applied Textile Technology Lab and Administration Building construction. — $2,000,000

Correction

16 **Central Prison-Acute Care Hospital**
Design of a new 90-bed facility. — $2,500,000 NR

Cultural Resources

17 **Museum of Art-Expansion and Renovation**
Design funds for expansion and renovation. — $2,400,000 NR

18 **Museum of the Albemarle-New Building**
Site development and construction. — $7,000,000 NR

Environment and Natural Resources

19 **Construction/Renovation of Aquarium**
Roanoke Island facility construction cost supplement. — $2,000,000 NR

20 **Central Piedmont Aquarium**
Planning. — $500,000 NR

21 **Detoxification of PCB Landfill in Warren County**
Funds are to be used for the detoxification of the Warren County PCB Landfill (SB 1366, Sec. 29.9). — $2,000,000

22 **Construction of County Forestry Headquarters**
Facilities are to be constructed in Moore and Sampson counties. $700,000 NR

23 **State Match-Water Resources Projects**
Funds for the state share of federal civil works projects (SB 1366, Sec. 29.8). $5,350,000 appropriation enacted in Sec. 5(a) of SL 1998-166. $7,300,000 NR

24 **Channel Widening/Deepening-Wilmington Port**
To improve navigation for shipping terminals and industries. $4,800,000 nonrecurring appropriation enacted in S.L. 1998-166. $4,800,000 NR

25 **Land Acquisition-Jocassee Lake-Transylvania County**
Purchase land adjacent to Jocassee Lake to be preserved as a park, recreational, and scenic areas. $5,000,000 NR

26 **Museum of Natural Science**
Exhibits. $1,000,000 NR

Health and Human Services

27 **Eastern School for the Deaf**
Construction of 11,000 sq. ft. Independent Living Complex in Wilson. $1,040,000 NR

28 **Cherry Hospital/Children and Youth Facility**
Replace an existing building which no longer meets federal standards. $5,000,000 NR

29 **New Whitaker School-Planning**
Planning funds for replacement of the Whitaker School facility (SB 1366, Sec. 29.5C). $250,000 NR

30 **Eastern Vocational Rehabilitation Facility/Goldsboro**
Purchase an existing building for the expansion of the Traumatic Brain Injured Program. $300,000 NR

31 **Dorothea Dix Hospital**
Dix Psychiatric Hospital planning (SB 1366, Sec. 29.5B). $2,000,000 NR

State Ports

32 **Reserve for Continued Development of State Ports**
Continued development of the Morehead and Wilmington Ports. $5,750,000 NR

University of North Carolina-Board of Governors

33 **UNC - Wilmington**
School of Education Building - planning. $1,775,000 NR

34	**Land Acquisition** Reserve to acquire land for university campuses as land becomes available.	$4,750,000	NR
35	**East Carolina University** Science Laboratories and Technology Building-Site Development.	$3,200,000	NR
36	**East Carolina University** Multi-Purpose Center-Matching Funds.	$2,000,000	NR
37	**Elizabeth City State University** To complete Fine Arts and Mass Communications Building.	$948,600	NR
38	**Fayetteville State University** Fine Arts and General Classroom Facility-Site Development.	$1,000,000	NR
39	**North Carolina A&T State University** Campus Security Improvements.	$1,450,000	NR
40	**North Carolina A&T State University** General Classroom and Laboratory Building Complex #1.	$3,000,000	R
41	**North Carolina Central University** Health and Safety Repairs and Renovations.	$2,000,000	NR
42	**School of the Arts** Basic Education Complex-Planning.	$800,000	NR
43	**School of the Arts** Filmmaking Office/Classroom Post Production Complex.	$300,000	NR
44	**North Carolina State University** Polk House-Funds to relocate and renovate.	$200,000	NR
45	**UNC-Asheville** Highsmith Center renovation and addition.	$1,000,000	NR
46	**UNC-Chapel Hill** R.B. House Library-Renovation.	$9,332,700	NR
47	**UNC-Asheville** Justice Center Gymnasium partial renovation.	$500,000	

48	**UNC-Chapel Hill** Medical Biomolecular Research Complex. Funds to match self-liquidating appropriations to begin construction of a multi-phase facility.	$6,000,000	NR
49	**UNC-Chapel Hill** Paul Green Theater completion.	$1,000,000	NR
50	**UNC-Chapel Hill** Planning for additional renovations of Memorial Hall-Planning.	$1,000,000	NR
51	**UNC-Charlotte** Academic Facilities-Humanities-Site Development and Construction.	$12,000,000	NR
52	**UNC-Greensboro** Science Instructional Building-Site Development.	$3,850,000	NR
53	**UNC-Pembroke** Regional Center for Economic, Professional and Community Development-Planning.	$700,000	NR
54	**Western Carolina University** Fine and Performing Arts Center-Site Development.	$2,500,000	NR
55	**Winston-Salem State University** Computer Science Facility-Planning.	$700,000	NR
56	**Add't and Renovation Knapp Bldg (IOG)/UNC** Completes renovation and additions to the Knapp Building (IOG).	$6,570,600	NR
57	**UNC-Public Television** Advanced Planning-Conversion to Digital TV.	$1,100,000	NR
58	**North Carolina State University** Upfit and Equip Center for Marine Science and Technology Building CMAST.	$2,400,000	NR
59	**North Carolina State University** Engineering Instructional Facility-Advanced Planning.	$5,000,000	NR
60	**North Carolina State University** College of Veterinary Medicine - advance planning for addition.	$2,000,000	NR
61	**North Carolina State University** Toxicology Building-Construction.	$13,806,100	NR

62	**North Carolina State University** Undergraduate Teaching Laboratories-planning.	$4,500,000	NR
63	**Appalachian State University** Addition/Renovation of Rankin Science Building.	$6,276,500	NR
64	**Technology Infrastructure** Funds to Begin a Multi-Phase Systemwide Technology Upgrade Project.	$10,875,000	NR
	Revised Total Budget	**$185,699,500**	NR

Special Provisions:

1998 Session: Senate Bill 1366

Department: Capital

Section 29.1

Title: Expenditure of Funds From Reserve for Repairs and Renovations

Summary Designates that of the funds in the Reserve for Repairs and Renovations for the 1998-99 fiscal year that 46% shall be allocated to the Board of Governors of the University of North Carolina, and 54% shall be allocated to the Office of State Budget and Management for repairs and renovations. Requires that the Board of Governors and the Office of State Budget and Management shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division, for their review, the proposed allocation of these funds.

Section 29.2

Title: UNC Repairs and Renovations

Summary Allows that the UNC Board of Governors may allocate up to ten million dollars ($10,000,000) of its funding from the Reserve for Repairs and Renovations for improvements to the technology infrastructure on the campuses of the 16 constituent institutions.

Section 29.3

Title: Historic Sites Repairs and Renovations Funds

Summary Allows the Office of State Budget and Management to allocate funds in this act to make needed repairs and renovations at State Historic Sites. Also establishes a Historic Sites Repairs and Renovations Review Committee. The Office of State Budget and Management shall report its proposal for funding of these projects to the Committee for its review prior to the final submittal to the Joint Legislative Commission on Governmental Operations.

Section 29.4

Title: State Capital and Visitor's Center Site

Summary Designates property bounded by Blount Street, Edenton Street, Person Street, and Jones Street as the site of the new State Capital and Visitor Center.

Section 29.5

Title: Timber Receipts for Capital Construction

Summary Allows the transfer of five hundred thirty-three thousand dollars ($533,000) from the Department of Agriculture and Consumer Services' timber sales capital improvement account to the Department of Agriculture and Consumer Services for the 1998-1999 fiscal year for construction of nutrition and animal care facilities at the Umstead Farm Unit in Butner.

Section 29.5B

Title: Funds for Dorothea Dix Hospital Design

Summary Allows that of the funds appropriated to the Department of Health and Human Services that the sum of two million dollars ($2,000,000) for the 1998-99 fiscal year shall be allocated for planning and general design of a new Dorothea Dix Hospital. Also, a study is to be completed studying the costs of construction and operation of a new facility compared to the cost of redesigning and long-term operations of other State psychiatric hospitals.

Section 29.5C

Title: Whitaker School Planning Funds

Summary Allows that of the funds appropriated in this act to the Department of Health and Human Services, the sum of two hundred fifty thousand dollars ($250,000) for the 1998-1999 fiscal year shall be used to plan and design a replacement facility for the Whitaker School reeducation facility for behaviorally and emotionally disturbed youth.

Section 29.6

Title: South Broad Park Lake and Water Conservation Fund Conversion

Summary Allows that lands purchased by the State to establish a new State park in Transylvania County shall be used as replacement property to fulfill the requirements of the federal Land and Water Conservation Fund for the conversion of land within South Broad Park in Brevard to a use other than outdoor recreation. Translyvania County may use the lands in South Broad Park for library purposes.

Section 29.8

Title: Water Resources Development Project Funds

Summary Allocates funds for water resource development projects. Detailed list is shown under Department of Environment and Natural Resources.

Section 29.9

Title: Warren County PCB Landfill Detoxification Funds

Summary Directs the Director of the State Budget to place the two million dollars ($2,000,000) appropriated in this act into a nonreverting reserve to be used by the Department of Environment and Natural Resources for the detoxification of the Warren County polychlorinated biphenyl (PCB) landfill. Any funds remaining in the reserve at the conclusion of the detoxification of the landfill shall be transferred to the Department of Commerce to be used for economic development in Warren County or Warren County's infrastructure needs, or both.

Section 29.10

Title: Global Transpark Funds

Summary Allows that notwithstanding any other provision of law that the Director of the State Budget may identify resources up to seven million three hundred twenty-five thousand dollars ($7,325,000) from the General Fund to match federal funds available to the Global Transpark for development.

Section 29.11

Title: Capital Improvement Projects/Supplemental Funding Approval/Reporting Requirement

Summary Directs that each department receiving capital improvement appropriations from the Highway Fund under this act shall report quarterly to the Director the State Budget on the status of these projects. Capital projects authorized in this act and have not been placed under contract for construction due to insufficient funds may be supplemented with funds identified by the Director of the State Budget.

Section 29.12

Title: Relocate Global TransPark Authority

Summary Directs that from funds available to the North Carolina Global TransPark Authority, they shall relocate their administrative offices from Raleigh to the site of the TransPark in Kinston.

Section 29.14

Title: UNC Agriculture Research Facilities

Summary Allows the UNC Board of Governors may use up to one million five hundred thousand dollars ($1,500,000) for development of replacement facilities form the North Reedy Creek farm site in Wake County and associated expenses to a newly acquired site in Wake County.

Section 29.17

Title: Acquarium Construction Funds

Summary Allows that at such time as sufficient lapsed salary funds have accrued to the General Fund, the Director of the State Budget shall certify that the sum of thirty million dollars ($30,000,000) be allocated to the Department of Environment and Natural Resources for the renovation and construction of the State acquariums at Pine Knoll Shores and Fort Fisher.

Natural and Economic Resources

Base Budget Summary

Fiscal Research Division

February 25, 1999

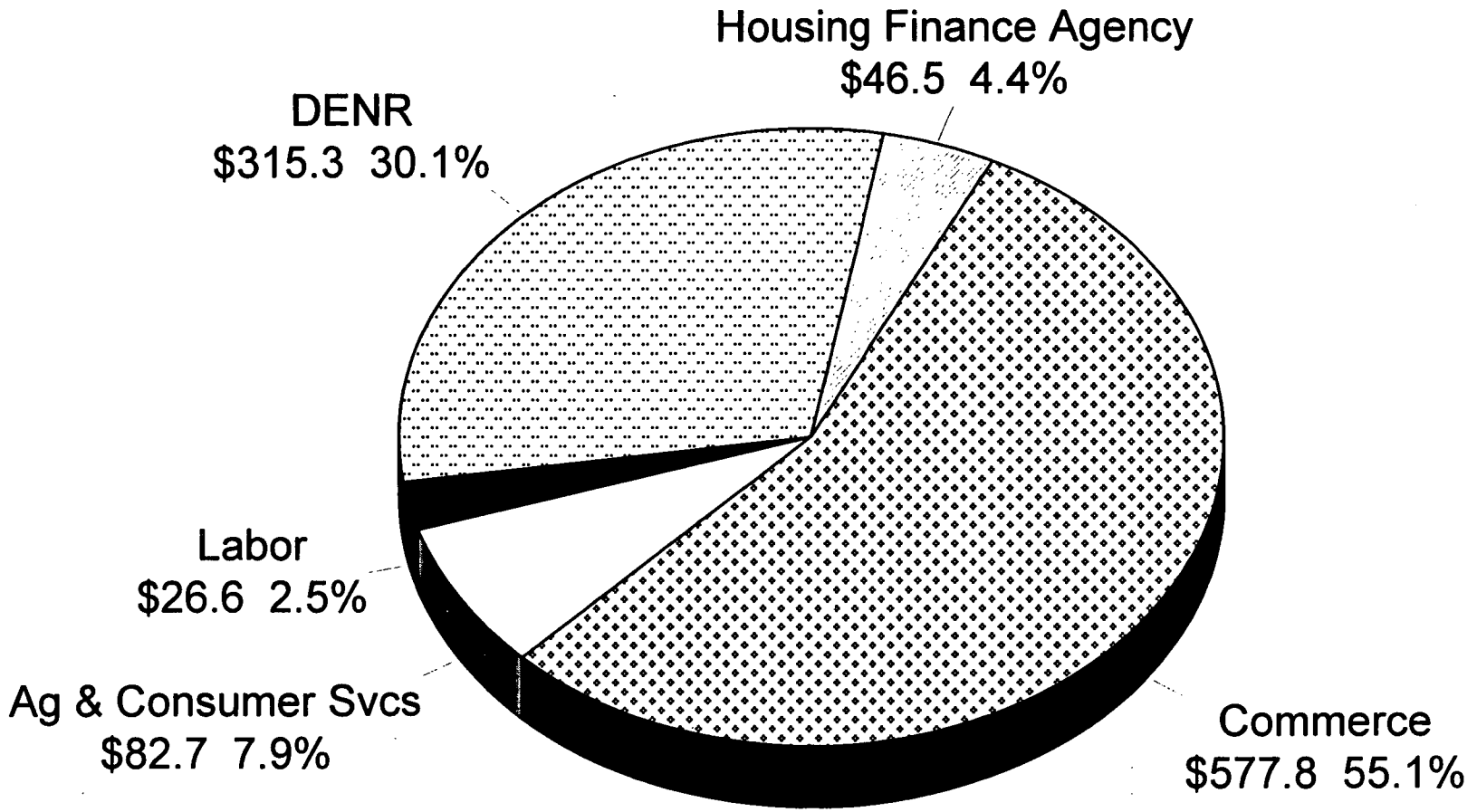
Natural and Economic Resources
Base Budget Summary

Total Budget Requirements

Department	1997-98 Actual	1998-99 Authorized	Governor's Continuation Request 1999-2000 Recommended	Governor's Continuation Request 2000-01 Recommended
Agriculture and Consumer Services	80,400,421	85,748,963	82,718,237	82,545,127
Commerce *(includes Employment Security Commission SIPS, NC Biotechnology Center and Rural Economic Development Center)*	601,095,636	663,118,396	577,765,138	547,410,738
Environment and Natural Resources *(includes Wildlife Resources Commission)*	365,855,496	327,750,791	315,295,563	319,083,406
Housing Finance Agency	46,523,698	48,455,675	46,455,675	46,455,675
Labor	27,692,755	27,466,325	26,568,595	26,568,595
NER Total Budget Requirements	**1,121,568,006**	**1,152,540,150**	**1,048,803,208**	**1,022,063,541**

Natural and Economic Resources
Total Budget Requirements $1,048.8 Million

1999-2000 Recommended *

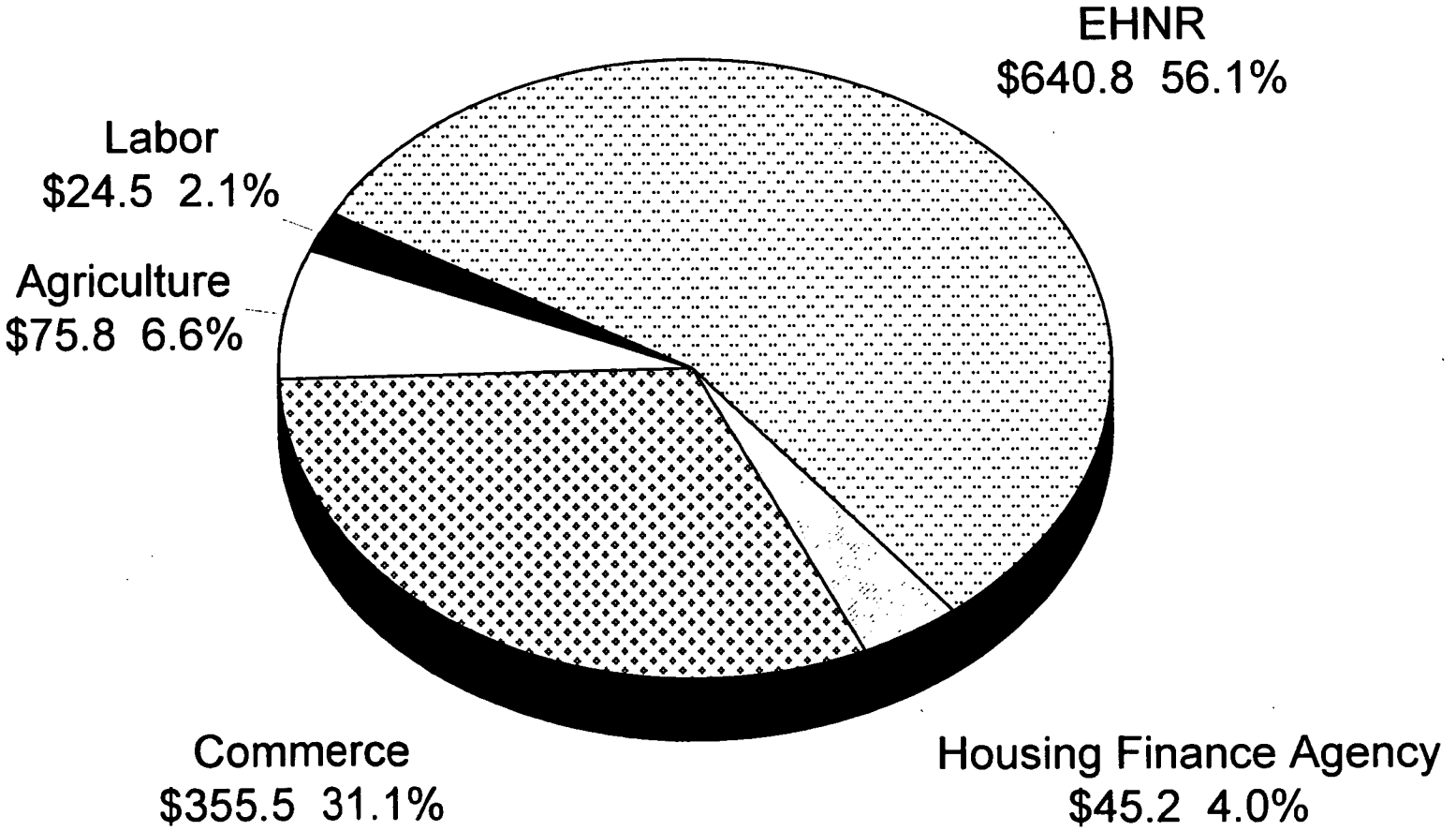


Fiscal Research Division -- February 1999

*Millions

Natural and Economic Resources
Total Budget Requirements $1,141.8 Million

1997-98 Recommended *



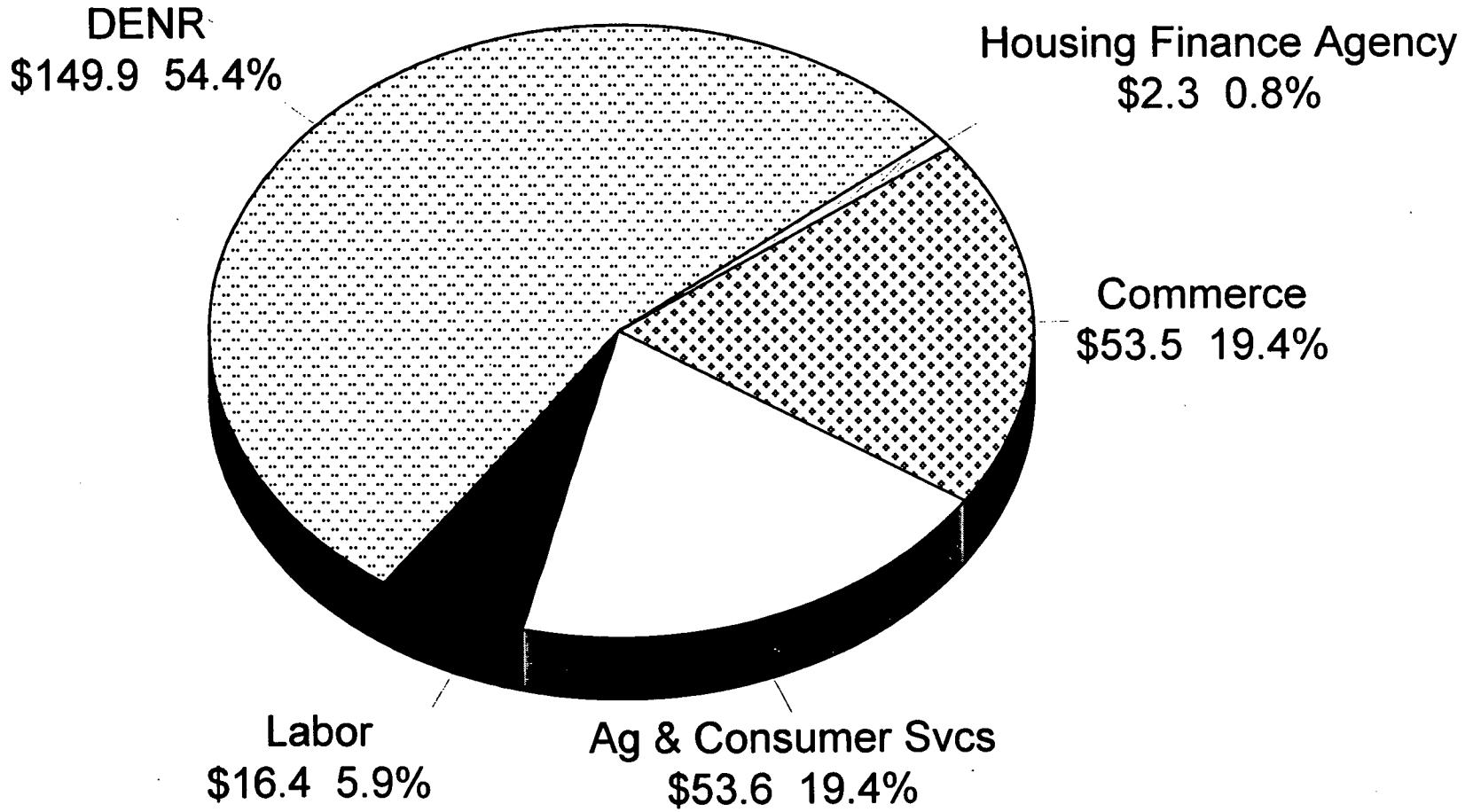
Natural and Economic Resources
Base Budget Summary

General Fund

Department	1997-98 Actual	1998-99 Authorized	Governor's Continuation Request 1999-2000 Recommended	Governor's Continuation Request 2000-01 Recommended
Agriculture and Consumer Services	49,194,198	56,729,593	53,561,243	53,518,018
Commerce *(includes Employment Security Commission, SIPS, NC Biotechnology Center and Rural Rural Economic Development Center)*	137,279,253	104,866,777	53,512,336	53,532,418
Environment and Natural Resources *(includes Wildlife Resources Commission)*	158,764,927	162,225,884	149,919,372	153,739,596
Housing Finance Agency	7,300,000	4,300,000	2,300,000	2,300,000
Labor	15,542,112	17,148,348	16,377,025	16,377,025
NER Total General Fund	**368,080,490**	**345,270,602**	**275,669,976**	**279,467,057**

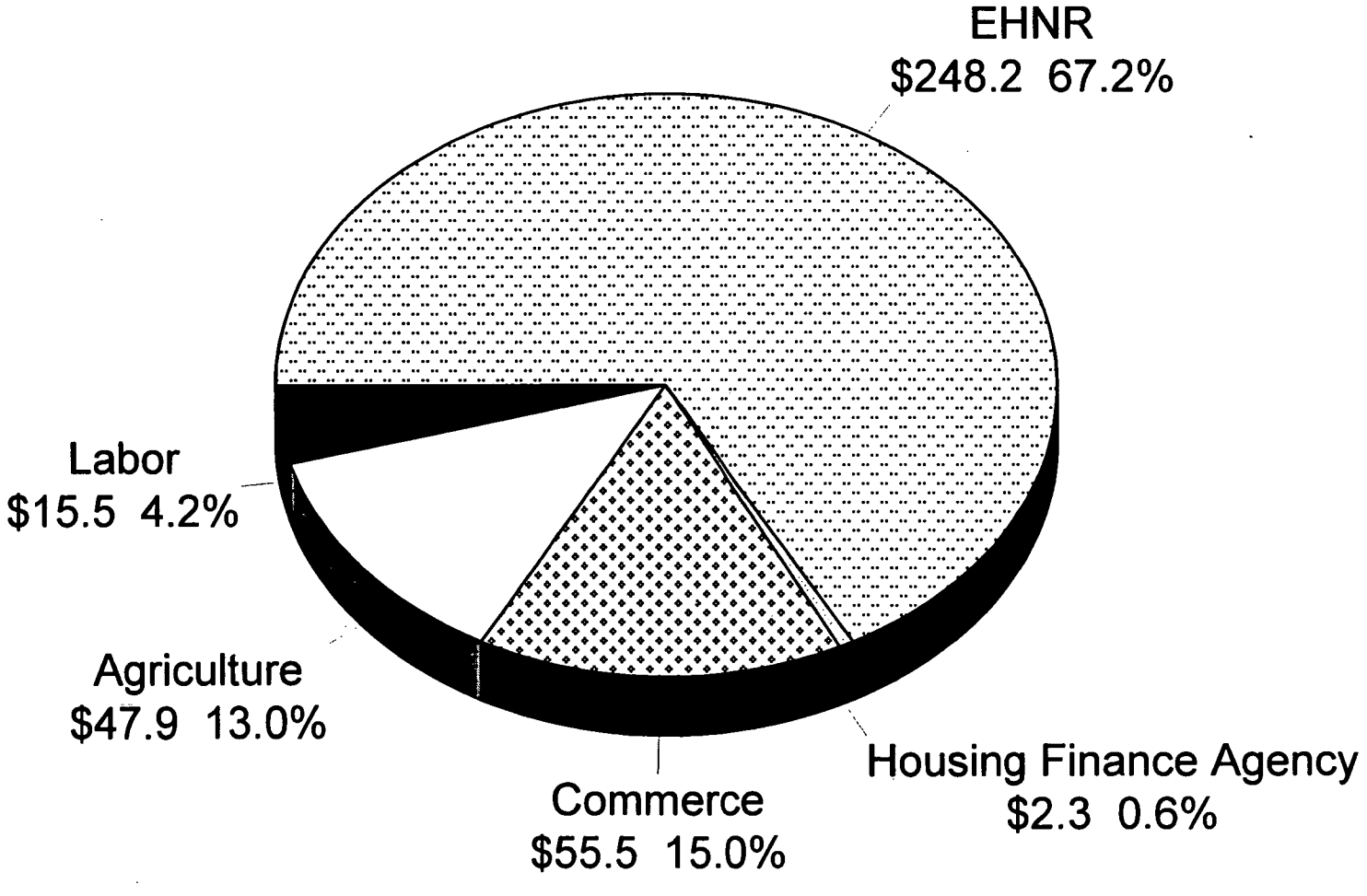
Natural and Economic Resources
General Fund Appropriations $278.3 Million

1999-2000 Recommended *



Natural and Economic Resources
General Fund Appropriations $369.4 Million

1997-98 Recommended *



Fiscal Research Division -- February 1997

* Millions

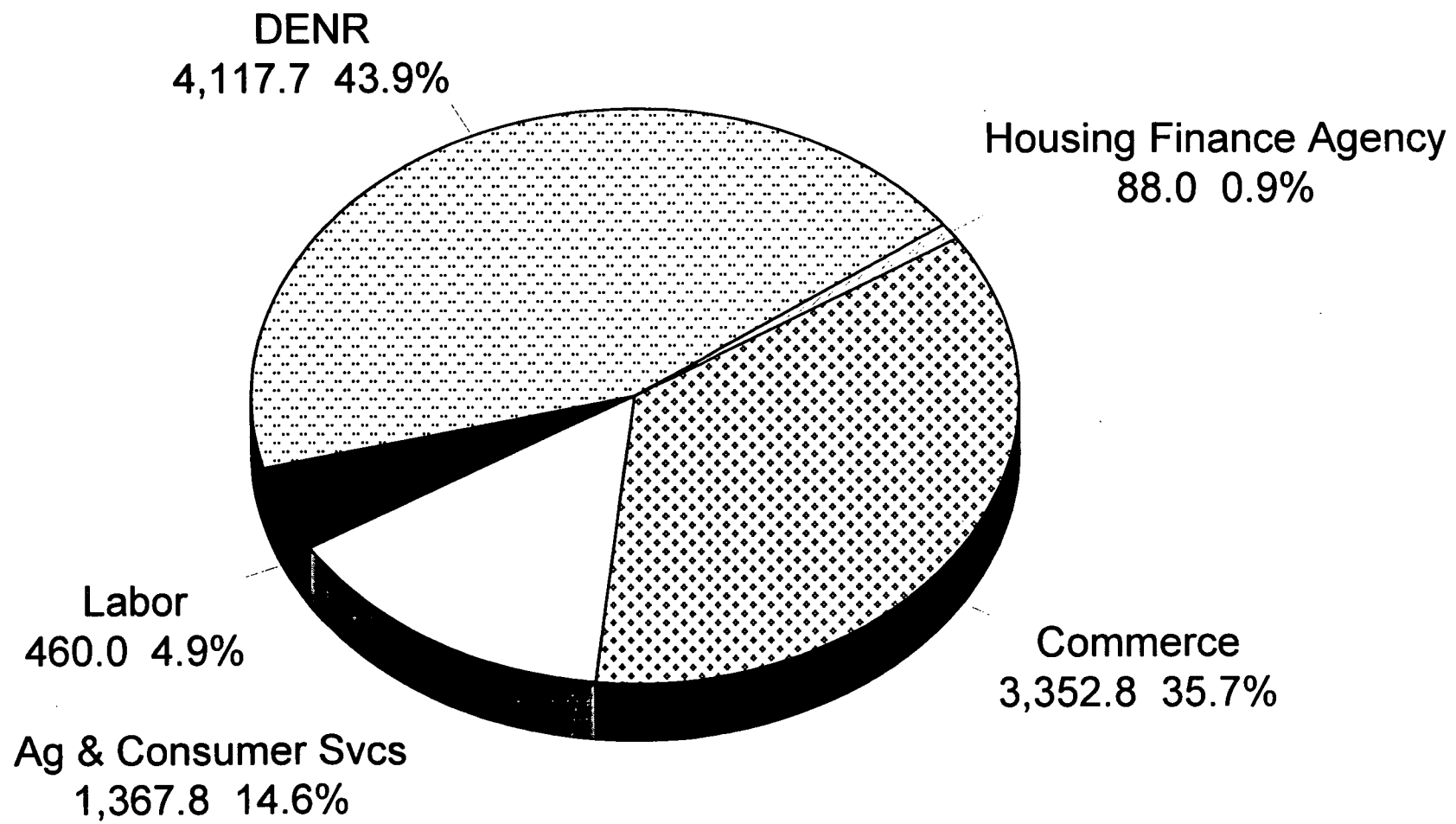
Natural and Economic Resources
Base Budget Summary

Total Positions

Department	1997-98 Actual	1998-99 Authorized	Governor's Continuation Request 1999-2000 Recommended	Governor's Continuation Request 2000-01 Recommended
Agriculture and Consumer Services	1331.80	1356.80	1367.80	1371.80
Commerce *(includes Employment Security Commission, SIPS, NC Biotechnology Center and Rural Economic Development Center)*	3252.30	3388.50	3352.80	3351.80
Environment and Natural Resources *(includes Wildlife Resources Commission)*	3848.20	4061.00	4117.70	4167.70
Housing Finance Agency	82.00	88.00	88.00	88.00
Labor	490.10	462.00	460.00	460.00
NER Total Positions	**9004.40**	**9356.30**	**9386.30**	**9439.30**

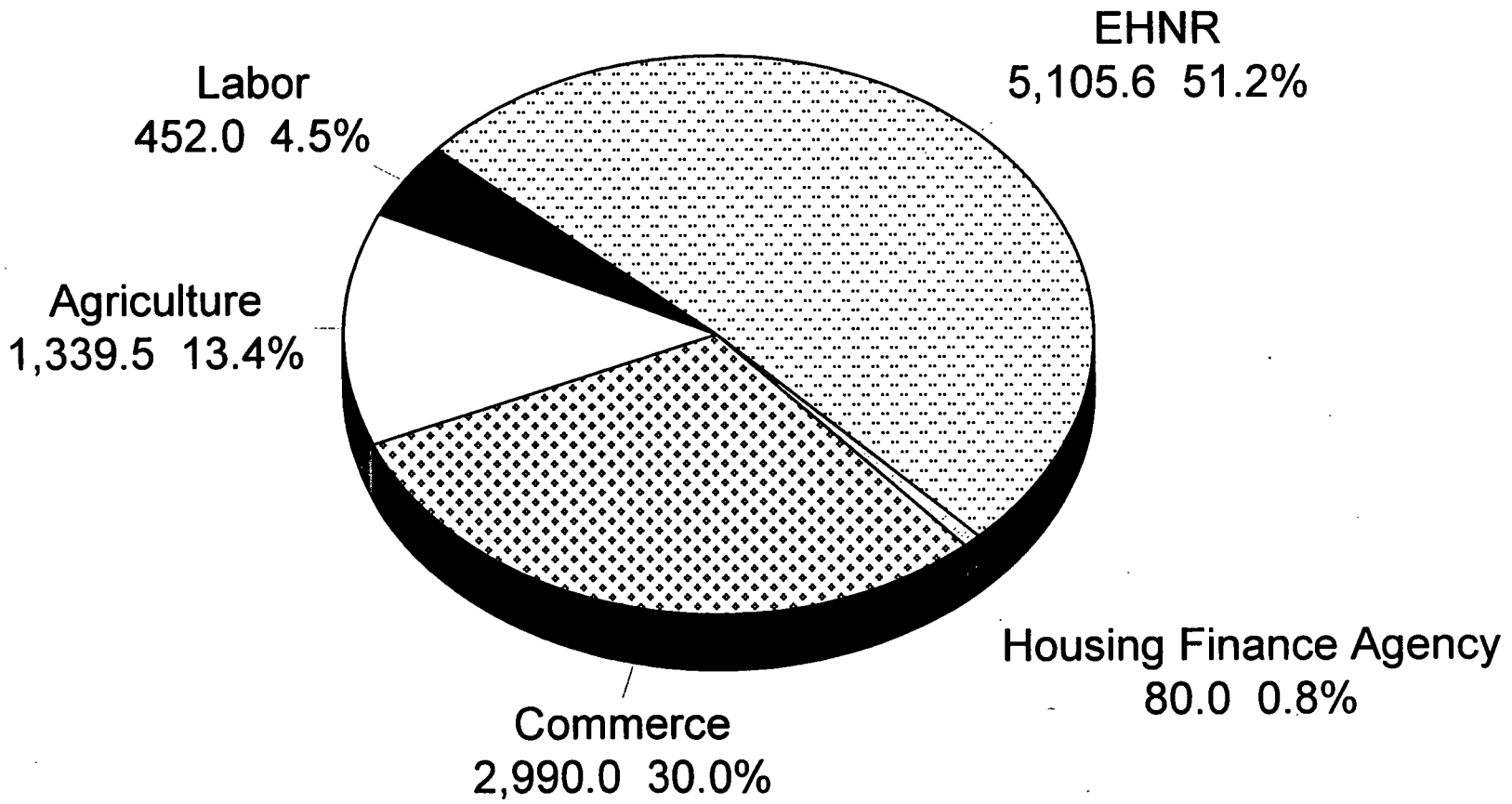
Natural and Economic Resources
Total Positions 9,386.3

1999-2000 Recommended



Fiscal Research Division -- February 1999

Natural and Economic Resources
Total Positions 9,967.10
1997-98 Recommended



Natural and Economic Resources

1999-2000 Recommended Continuation Budget Summary

Performance/Program Budget Total Requirements *

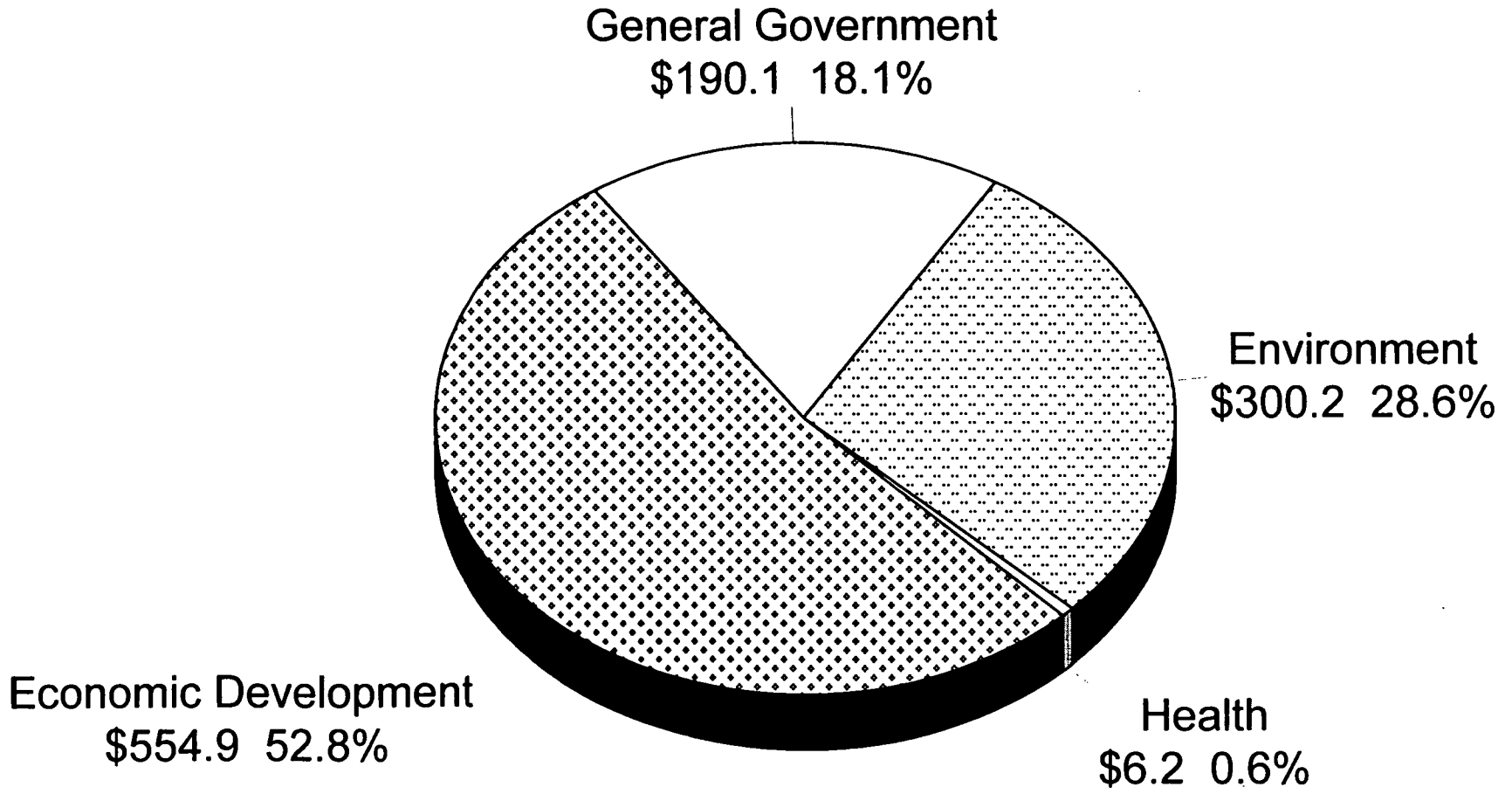
Department	Performance/Program Budget Area										
	Health	Human Services	Corrections	Justice & Public Safety	Environment	Economic Development & Commerce	Education	Transportation	Cultural Resources	General Government	Total
Agriculture and Consumer Services					4.14	78.65					82.79
Commerce						387.71				190.14	577.85
Environment and Natural Resources	6.22				243.73	15.38					265.33
Housing Finance Agency						46.46					46.46
Labor						26.65					26.65
Wildlife Resources Commission					52.32						52.32
Boards and Commissions						2.91					
Total Budget Requirements	**6.22**	**-**	**-**	**-**	**300.19**	**554.85**	**-**	**-**	**-**	**190.14**	**1,051.40**

* Millions

Natural and Economic Resources

Total Requirements by Performance/Program Budget

1999-2000 Recommended *

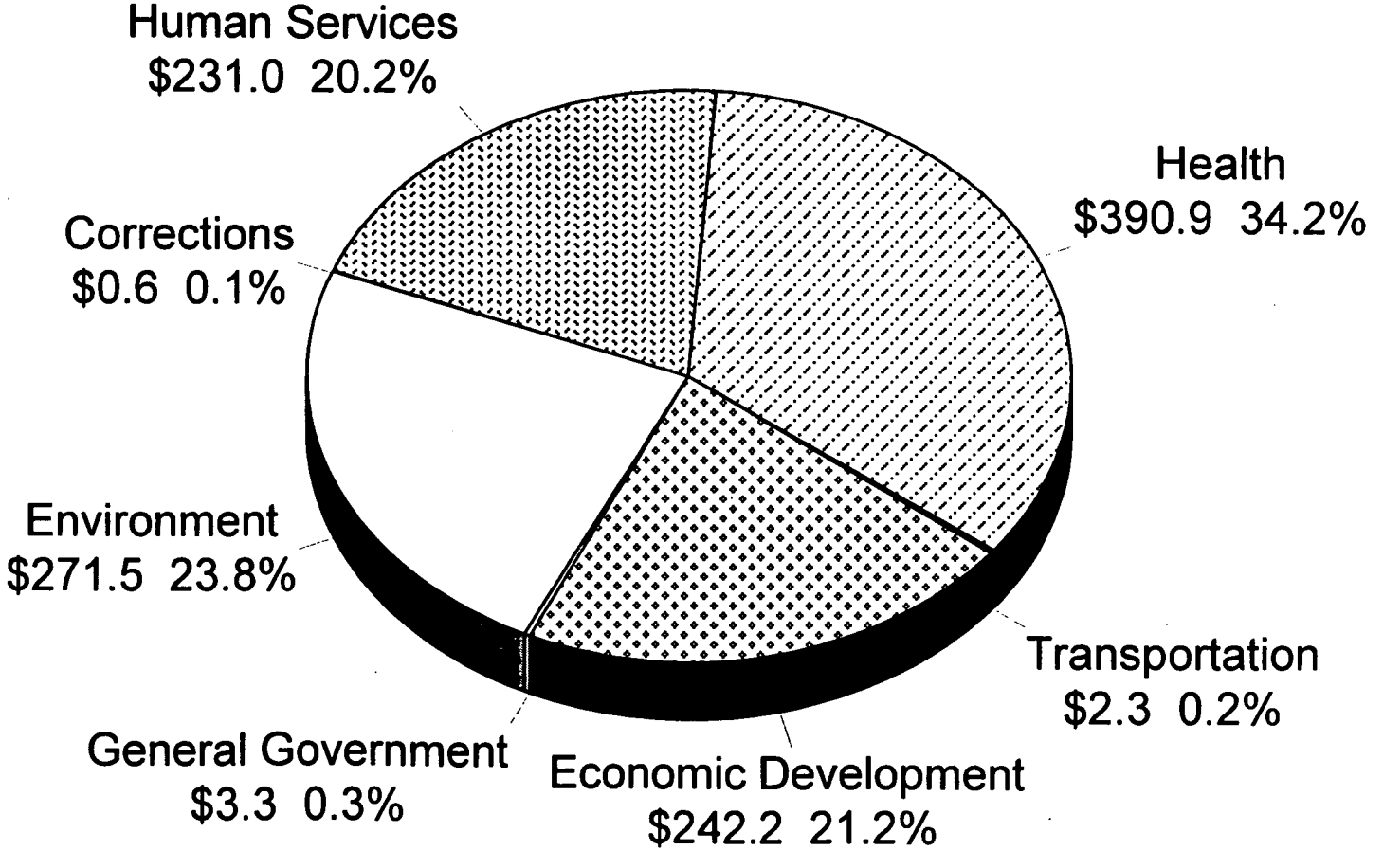


al Research Division -- February 1999

* Millions

Natural and Economic Resources
Total Requirements by Performance/Program Budget

1997-98 Recommended *



Fiscal Research Division -- February 1997

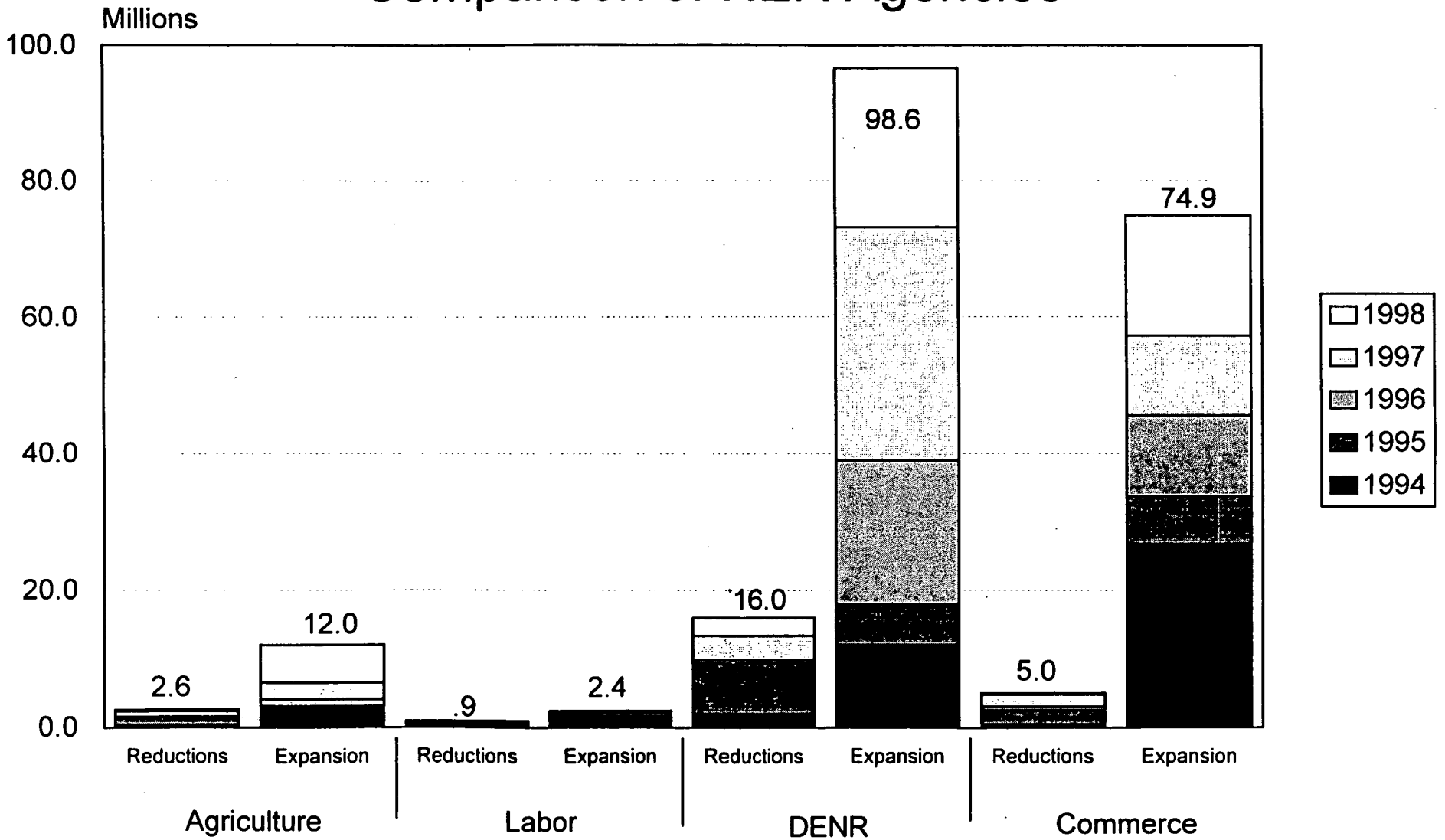
* Millions

Natural and Economic Resources Agencies
5 Year Comparison of Reductions/Expansion
(1994-1998)

NER Agencies	1994 Session		1995 Session		1996 Session		1997 Session		1998 Session		5 Year Total	
	Reductions	Expansion	Reductions	Expansion	Reductions	Expansion	Reductions	Expansion	Reductions	Expansion	Reductions	Expansion
HFA	$0	$5,150,000	$0	$0	$0	$3,500,000	$0	$5,000,000	$0	$2,000,000	$0	$15,650,000
AG	($411,348)	$2,912,114	($1,158,565)	$200,000	$0	$972,020	($817,227)	$2,426,157	($210,600)	$5,515,896	($2,597,740)	$12,026,187
Labor	($188,049)	$1,720,237	($516,074)	$36,000	$0	$419,183	($192,546)	$40,825	$0	$220,000	($896,669)	$2,436,245
DENR	($2,022,359)	$12,098,880	($7,377,643)	$5,867,260	($464,652)	$21,019,978	($3,530,701)	$35,192,993	($2,585,043)	$24,440,609	($15,980,398)	$98,619,720
COMM	($522,491)	$26,768,526	($2,035,058)	$6,917,041	($508,163)	$11,861,497	($1,735,485)	$11,688,331	($217,678)	$17,687,503	($5,018,875)	$74,922,898
BioTech	$0	$2,000,000	($350,000)	$0	$0	$1,000,000	$0	$8,500,000	($25,483)	$2,500,000	($375,483)	$14,000,000
REDC	$0	$7,775,000	($400,000)	$3,800,000	$0	$2,700,000	($1,950,000)	$3,350,000	($12,662)	$8,725,000	($2,362,662)	$26,350,000
Total	($3,144,247)	$58,424,757	($11,837,340)	$16,820,301	($972,815)	$41,472,678	($8,225,959)	$66,198,306	($3,051,466)	$61,089,008	($27,231,827)	$244,005,050

Cumulative Reductions/Expansion

Comparison of NER Agencies

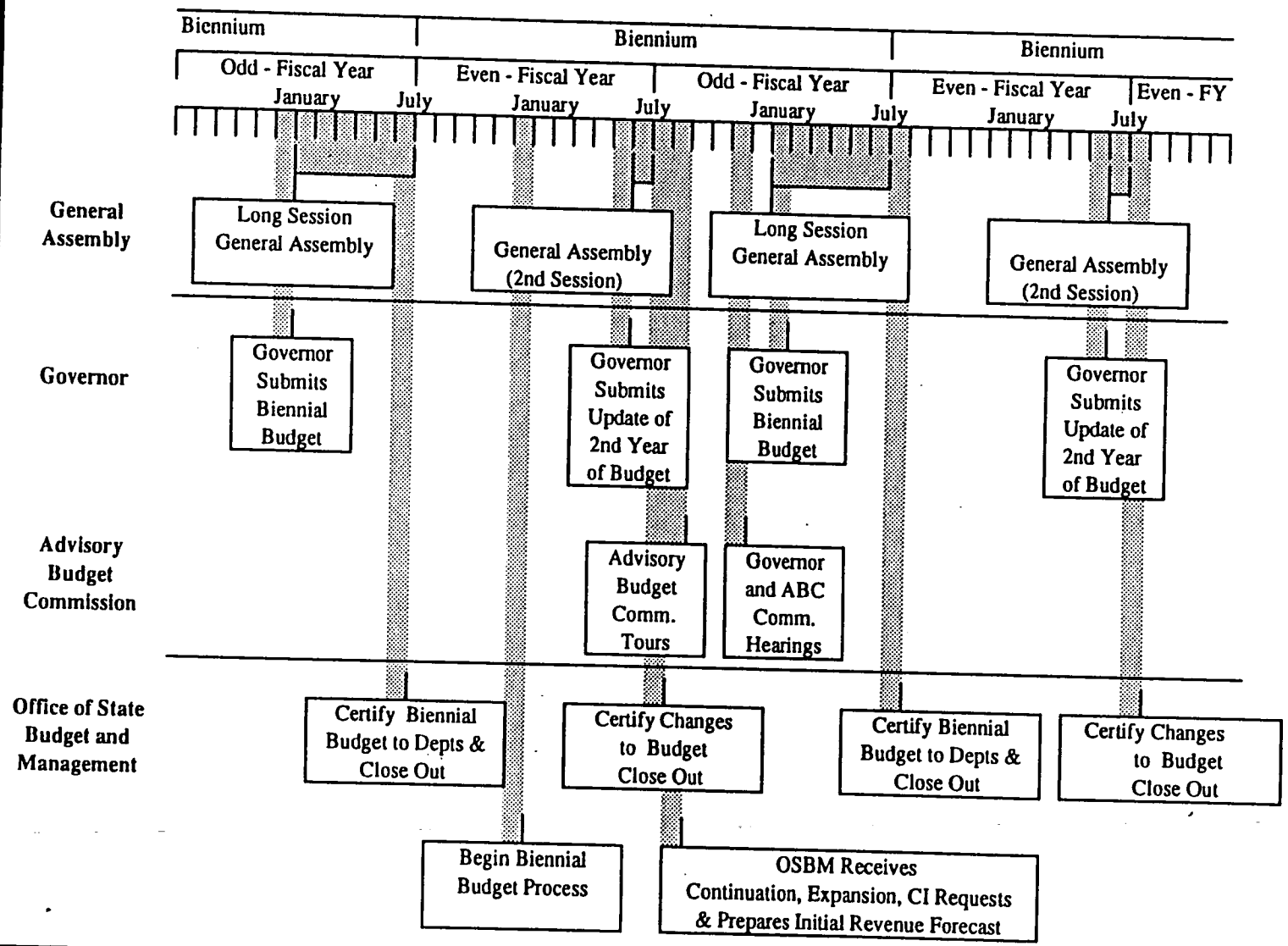


Fiscal Research Division - February 1999

Schedule for the 1999-2001 Budget Preparation Process

April 1998	Detailed 1999-2001 planning and budget instructions mailed from the Office of State Budget and Management (OSBM) and State Planning (OSPL) to departments.
April 15, 1998	OSPL information packets sent to departments.
June 8, 1998	List of Organizational Entities reviewed, revised, and returned by agencies to OSPL.
	Departmental Description (Mission Statement, Goals, and Priorities) due from depts. to OSPL.
	Organizational Unit Description forms and Operations Charts due from departments to OSPL.
June 30, 1998	All actions to realign or use salary reserve must be authorized, approved, and posted to the Salary Control System.
July 1998	1998 Legislative Session budgetary actions certified by OSBM and the Budget Preparation System (BPS) updated.
	1998-99 budget revisions plus other changes submitted by departments are entered into BPS.
	BPS transferred to the North Carolina Accounting System, including 1998-99 budget revisions and 1998 Legislative Session's actions.
uly 15, 1998	Measures Turnaround Documents sent from OSPL to agencies.
August 10, 1998	Reconciliation of Position Counts and Budgeted Salaries generated from BPS and distributed by OSBM to agencies for review. (See Sample Attachment 10)
	Preliminary Worksheet I for continuation budget created in BPS and distributed by OSBM to departments.
August 21, 1998	Department Trends and Implications due from departments to OSPL.
	Performance Agreements for Organizational Units (1999-2001 Objectives; Key Performance Measures; Targets) and Measures Turnaround Documents for planning and budget returned from agencies to OSPL.
September 9, 1998	Agency submits requested continuation budget on Worksheet I to OSBM for review.
	Reconciliation of Position Counts and Budgeted Salaries verified by departments and submitted to OSBM.
Sept. 30, 1998	1999-2001 expansion and capital requests due from agencies to OSBM.
	Action Plans due from departments to OSBM. Action Plans should be attached to expansion requests (Worksheet IIs).
October 7, 1998	Analyst completes recommended continuation budget on Worksheet I.
December 1998	Governor finalizes the 1999-01 budget recommendations.
January 1999	General Assembly convenes.

BIENNIAL BUDGET CYCLE



Mission Statement

To provide leadership, education, and advocacy for the responsible stewardship of North Carolina's environment and natural resources.

Goals

- Restore and protect the quality of North Carolina's water,
- Assure clean air and improved visibility for all North Carolinians,
- Preserve, conserve, restore, and manage our natural resources and promote their responsible use now and in the future,
- Provide leadership to ensure a healthy environment in a prosperous economy for present and future generations of North Carolinians,
- Foster a statewide environmental ethic through community outreach and partnerships, education, and hands-on learning experiences.
- Assure the living and working environments and the food and water we consume are safe and healthy.
- Be a model of excellence in public service by emphasizing continuous improvement in communication, teamwork, customer focus, and measurable results.

Priorities

An intensive strategic planning process to help identify priority areas for the department was undertaken during 1997-1998. This process included: Surveying stakeholders and department employees, forming interdivisional teams to identify objectives and measures for the priority areas, developing implementation plans to address the issues identified for each priority area, and extensive executive team and division director review during the process.

While a broad range of objectives and strategies were identified during this process, careful consideration was given to narrowing the list to the priorities below. This list is not considered to be comprehensive of all the responsibilities of the Department. The Department is charged with a broad range of responsibilities regarding the protection and use of the state's natural resources to ensure their sustainability and to protect public health. By successfully addressing the priorities below major strides in achieving the overall mission and goals of the department will be made.

1. Decrease the amount of surface waters impaired by sediment and nutrients.

2. Restore and protect groundwater quality and quantity.

3. Ensure that all North Carolinians breath air that meets the new health-based standard for ozone.

4. Improve visibility in the Southern Appalachian Mountains.

5. Develop a set of natural resource indicators that can be used to improve management of our natural resources.

6. Develop a policy and procedures to evaluate and mitigate the cumulative and secondary impacts of projects.

7. Provide leadership for an interdepartmental team to develop a Smart Growth strategy for North Carolina.

8. Increase the public's environmental awareness and understanding through participation in environmental education opportunities.

9. Implement data management policies and procedures to improve data integration and accessibility.

10. Reinvent the Department to work better, cost less, and get results that people care about.

Operations

The Department of Environment and Natural Resources is the lead agency for the protection, wise-use, and improvement in the quality of the State's abundant natural resources as well as for the protection and restoration of our environmental quality. Many demands are placed on our natural resources for commercial use including agriculture, commercial and recreational fishing, aquaculture, and the wood products industry, as well as for land and water resources for housing, commercial, and industrial needs. The aesthetic beauty of the many, diverse natural areas in the State provide numerous recreational opportunities for our residents and attract a growing tourism industry. Maintaining a high degree of environmental protection is important in supporting the quality of life for all North Carolinians. The Department identifies and protects unique natural areas through a network of state parks, conservation agreements with public agencies and private landowners, and partnerships with local governments. The Department also coordinates and conducts environmental education activities for the state and offers environmental learning opportunities through a variety of programs and facilities.

The Department is charged with developing rules to implement statutes that protect environmental quality and public health. These rules are approved by several commissions include the Environmental Management Commission, the Marine Fisheries Commission, the Coastal Resources Commission, the Commission for Health Services, the Soil and Water Conservation Commission, the Sedimentation Control Commission, and the Mining Commission. Rules and regulations are developed based on scientific data, public hearings, and technical advisory committee review. Citizen and professional program input and oversight are received through numerous other boards, commissions, and advocacy/professional groups.

In order to meet the needs of maintaining a balance between sustainable wise-use and protection of our natural resources, the responsibilities of the Department are divided among twenty-two divisions arranged into three major groups. The groups are Natural Resources, Environmental Protection and Administration. The Wildlife Resources Commission is autonomous but has some reporting responsibilities to The Department. The Secretary of the Department of Environment and Natural Resources is appointed by the Governor, and has statutory authority to plan and direct the department's programs. Some programs are delivered entirely from Raleigh, while others are delivered through seven regional offices or other locations throughout the state.

Performance / Program Budget

Most of the objectives of the Department of Environment and Natural Resources (DENR) fall within the Environment Program Area, accounting for 93 percent of department expenditures. Two percent of department expenditures support Economic Development Program objectives; five percent support Health Program objectives. DENR shares with the Department of Agriculture the responsibility for protecting ground water and promoting environmental education. It shares with the Department of Administration responsibility for ensuring the proper management of waste. It shares responsibility with the Department of Transportation for preserving and enhancing air quality. It shares responsibility with the Wildlife Commission for protecting natural areas and critical habitats. (For more information, see Program Analysis chapter in Volume I.)

Mission Statement

To develop, protect, and manage the multiple resources of the state's forest through professional stewardship, and enhancing the quality of life for our citizens while ensuring the continuity of these vital resources.

Operations

- Provide technical assistance to private landowners.
- Prevent and suppress forest fires.
- Control insects and disease damaging forests.
- Protect surface waters from run-off.
- Educate the public about forest resources.
- Operate tree seedling nurseries.
- Develop long-range forestry development plans.
- Operate facilities to house youthful offenders.
- Train youthful offenders in forest fire suppression and forestry practices.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Sustain forest resources for future generations. *PPB: 5320*				
• Number of acres reforested annually on non industrial private forest land	94,598	110,000	112,000	115,000
• Number of additional acres of forest placed under management	291,463	310,000	315,000	320,000
• Number of urban areas assisted by Urban Forestry Program	70	70	70	70
• Acres influenced by Forestry Best Management Practices	52,759	54,000	55,000	56,000
Minimize resources (both structural and timber) lost to wildfire by keeping average fire size to less than five acres. *PPB: 5320*				
• Average fire size in acres	3.5	3.2	3.2	3.2
• Number of acres burned by wildfires	11,777	27,000	27,000	25,000
• Number of structures threatened by wildfire and saved	4,981	5,500	6,000	6,000
Minimize forest resources lost to insects and diseases. *PPB: 5320*				
• Forest acres surveyed for insects and disease (in millions)	15	16	16	16
• Value of southern pine beetle timber salvaged (millions)	$8.5	$5.0	$5.0	$5.0
Grow more timber than is harvested *PPB: 6410*				
• Ratio of the volume of timber grown to the volume of timber harvested	1.08	1.09	1.05	1.05
• Genetically-improved tree seedling production (in thousands) by forest tree nurseries	31,199	31,000	32,000	32,000
• Number of acres reforested using state equipment	16,133	16,500	17,000	17,500
• Number of acres of forest regeneration receiving state cost share assistance	57,684	75,000	72,000	65,000
Increase the number of acres managed for multiple purposes *PPB: 6410*				
• Number of acres examined under Stewardship Program	17,708	22,000	25,000	27,000
• Number of stewardship special forest plans completed	142	200	250	300

14300 - Department of Environment and Natural Resources
1210 - Forestry / PPB 5320 - Forest Resources

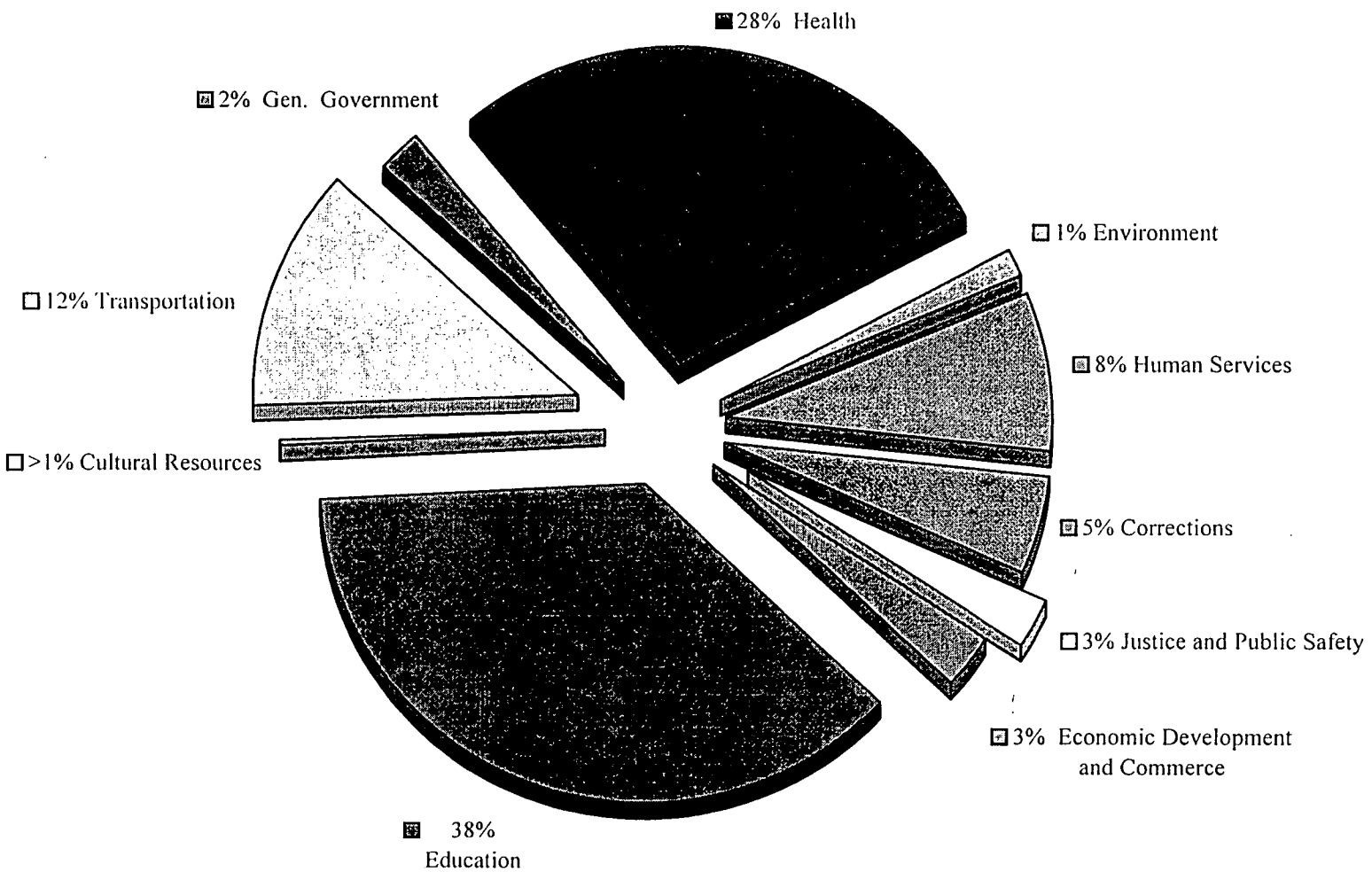
	1997-98 Actual	1998-99 Authorized	1999-00 Recommended	2000-01 Recommended
NUMBER OF POSITIONS REQUIREMENTS	602.8	614.8	614.8	614.8
1200 SPA SALARIES	18,110,932	19,497,127	19,497,127	19,497,127
1300 TEMPORARY SALARIES	1,390,756	1,485,853	1,576,462	1,578,274
1400 SUPPLEMENT TO REG. WAGES	818,706	1,234,238	1,253,890	1,253,890
1500 EMPLOYEE BENEFIT COSTS	4,576,756	5,139,148	5,199,329	5,199,466
1600 OTHER PERSONAL SERVICE	125,447	107,274	142,985	142,985
2000 REIMB-COMPUTER SERVICES	3,369,440	3,150,754	3,368,214	3,376,231
3000 SUPPLIES	3,181,113	3,017,748	3,098,078	3,124,704
4000 PROPERTY, PLANT & EQUIP.	4,593,588	2,751,552	5,537,236	5,645,791
5000 OTHER EXPENSES & ADJUST.	548,198	574,596	574,596	574,596
6929 OTHER CONT/GRT-ED-INST	3,061	2,400	2,400	2,400
6967 GRANTS-NON-CONTRACT	188,296	123,213	123,213	123,213
6985 CIVIL WORK & AID	51,766	0	0	0
6989 OTHER CONTRACTS/GRANTS	316,580	252,097	252,097	252,097
7159 RES- DEHNR	0	55,401	83,101	193,901
8010 DEPENDENT CARE-OP TFR	1,936	0	0	0
8021 WORKER'S COMP. TRF. QT1	1,507	0	0	0
8022 WORKER'S COMP. TRF. QT2	1,507	0	0	0
8023 WORKER'S COMP. TRF. QT3	1,507	0	0	0
8024 WORKER'S COMP. TRF. QT4	-295	0	0	0
810K I 24307	700,000	689,500	689,500	689,500
8141 TRANS TO 1210 (AE)	1,200	0	0	0
8990 TRANS TO SUB YEAR-APPROP	1,132,091	0	0	0
TOTAL REQUIREMENTS	39,114,092	38,080,901	41,398,228	41,654,175
ESTIMATED RECEIPTS				
2000 GRANTS	5,219,150	5,811,516	5,765,523	5,779,952
4000 SALES, SERVICES & RENTAL	2,066,601	2,122,355	2,124,755	2,124,755
5000 FEES, LICENSES & FINES	989	945	945	945
6000 CONTRIBUTIONS & DONATION	75	0	0	0
7000 MISCELLANEOUS	222,869	221,749	221,749	221,749
8000 INTRA GOVERNMENTAL TRANS	2,342,807	1,492,558	1,494,812	1,494,812
TOTAL RECEIPTS	9,852,491	9,649,123	9,607,784	9,622,213
NET APPROPRIATION	29,261,601	28,431,778	31,790,444	32,031,962

1999-00 Recommend[illegible]ontinuation Budget Summary
by Program Area
(in $ millions)

PROGRAM AREAS		HEALTH	HUMAN SERVICES	CORREC - TIONS	JUSTICE / SAFETY	ENVIRON.	ECON. DEV. & COMM.	EDUC.	TRANSP.	CULTURAL RES.	GENERAL GOVERN.	STATE LEVEL	TOTAL
DEPARTMENTS	VOLUMES												
COMMUNITY COLLEGES	EDUC						3.71	634.90					638.61
PUBLIC INSTRUCTION	EDUC							5,695.17					5,695.17
UNIVERSITY OF NORTH CAROLINA	EDUC							2,482.87					2,482.87
ADMINISTRATION	GEN GOV					0.93	0.99	0.17			121.12		123.20
STATE BOARD OF ELECTION	GEN GOV										3.16		3.16
CULTURAL RESOURCES	GEN GOV									65.93			65.93
GENERAL ASSEMBLY	GEN GOV										36.10		36.10
INSURANCE	GEN GOV						56.56						56.56
GOVERNOR'S OFFICE	GEN GOV										5.54		5.54
STATE BUDGET AND MANAGEMENT	GEN GOV										8.44		8.44
STATE PLANNING	GEN GOV										4.38		4.38
LIEUTENANT GOVERNOR	GEN GOV										0.64		0.64
REVENUE	GEN GOV										83.14		83.14
RULES REVIEW COMMISSION	GEN GOV										0.32		0.32
SECRETARY OF STATE	GEN GOV						6.60						6.60
STATE AUDITOR	GEN GOV										13.42		13.42
STATE CONTROLLER	GEN GOV										10.88		10.88
STATE TREASURER	GEN GOV										33.44		33.44
SPECIAL BOARDS AND COMMISSIONS	GEN GOV										23.47		23.47
HEALTH AND HUMAN SERVICES	HR	6,690.15	1,929.27										8,619.42
ADMINISTRATIVE HEARINGS	JPS				2.76								2.76
CORRECTION	JPS			1,016.06									1,016.06
CRIME CONTROL AND PUBLIC SAFETY	JPS				206.88								206.88
JUDICIAL	JPS				336.64								336.64
JUSTICE	JPS				87.07								87.07
JUVENILE JUSTICE	JPS			136.32									136.32
AGRICULTURE AND CONSUMER SERVICES	NER					4.14	78.65						82.79
COMMERCE	NER						387.71				190.14		577.85
ENVIRONMENT AND NATURAL RESOURCES	NER	6.22				243.73	15.38						265.33
HOUSING FINANCE AUTHORITY	NER						46.46						46.46
LABOR	NER						26.65						26.65
WILDLIFE RESOURCES COMMISSION	NER					52.32							52.32
BOARDS AND COMMISSIONS	NER						2.91						2.91
TRANSPORTATION	TRANSP					4.20			2,862.10				2,866.30
COMPENSATION INCREASES	STATE											686.68	686.68
DEBT SERVICES	STATE											199.29	199.29
OTHER RESERVES	STATE											10.35	10.35
TOTAL REQUIREMENTS		6,696.37	1,929.27	1,152.38	633.34	305.32	625.61	8,813.11	2,862.10	65.93	534.18	896.32	24,513.92
Receipts/Cash Balances		4,326.96	1,417.84	100.32	192.55	159.28	465.55	1,532.33	785.86	6.99	298.28	8.16	9,294.12
General Fund Appropriation		2,369.41	511.43	1,052.06	440.79	146.04	160.06	7,280.78	20.27	58.94	235.90	888.16	13,163.84
Highway Fund Appropriation		0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,055.97	0.00	0.00	0.00	2,055.97

1999-2000 Recommended Continuation Budget Summary - Total Requirements by Program Area

(in $ millions)



* This pie chart does not include $896.32 million identified as Statewide reserves.

Environment Program Area
Continuation Budget Summary by Department
(in $ millions)

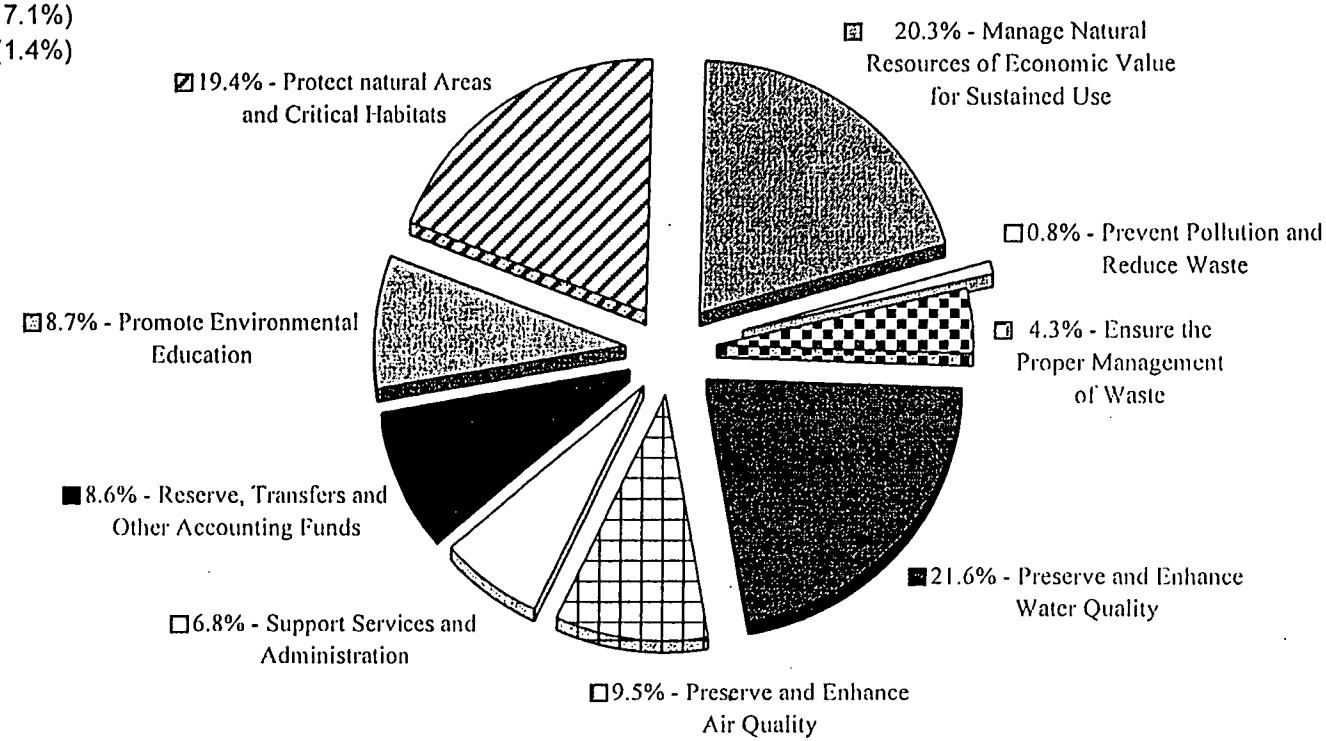
PPB #	DEPARTMENTS	FY 1999 - 00 DACS	DOA	DENR	WILDLIFE	DOT	TOTAL	FY 2000 - 01 DACS	DOA	DENR	WILDLIFE	DOT	TOTAL
5000	ENVIRONMENT												
Goal	**Conserve natural resources**	**0.00**	**0.00**	**116.90**	**30.74**	**0.00**	**147.64**	**0.00**	**0.00**	**119.27**	**30.72**	**0.00**	**149.99**
5100	Promote environmental eduction	0.00	0.00	26.48	0.00	0.00	26.48	0.00	0.00	29.38	0.00	0.00	29.38
5200	Protect natural areas and critical habitats	0.00	0.00	28.54	30.74	0.00	59.28	0.00	0.00	27.88	30.72	0.00	58.60
5210	State parks			24.09			24.09			23.43			23.43
5220	Wildlife resources				30.74		30.74				30.72		30.72
5230	Coastal resources			4.45			4.45			4.45			4.45
5300	Manage natural resources of economic value for sustained use	0.00	0.00	61.88	0.00	0.00	61.88	0.00	0.00	62.00	0.00	0.00	62.00
5310	Marine fisheries			15.51			15.51			15.49			15.49
5320	Forest resources			43.31			43.31			43.46			43.46
5330	Water resources			3.00			3.00			3.00			3.00
5340	Mining			0.06			0.06			0.06			0.06
Goal	**Avoid and reduce pollution**	**4.14**	**0.93**	**101.42**	**0.00**	**4.20**	**110.69**	**4.14**	**0.93**	**100.92**	**0.00**	**4.20**	**110.18**
5400	Prevent pollution and reduce waste	0.00	0.00	2.51	0.00	0.00	2.51	0.00	0.00	2.52	0.00	0.00	2.52
5500	Ensure the proper management of waste	0.00	0.93	12.13	0.00	0.00	13.06	0.00	0.93	12.11	0.00	0.00	13.03
5510	Solid and hazardous waste			12.13			12.13			12.11			12.11
5520	Radioactive waste		0.93				0.93		0.93				0.93
5600	Preserve and enhance water quality	4.14	0.00	61.94	0.00	0.00	66.08	4.14	0.00	61.46	0.00	0.00	65.60
5610	Surface water			49.97			49.97			49.53			49.53
5620	Groundwatet	4.14		11.97			16.11	4.14		11.93			16.07
5700	Preserve and enhance air quality	0.00	0.00	24.84	0.00	4.20	29.04	0.00	0.00	24.84	0.00	4.20	29.04
5998	Support services and administration	0.00	0.00	18.40	2.37	0.00	20.77	0.00	0.00	18.42	2.37	0.00	20.80
5999	Reserves, transfers and other accounting funds	0.00	0.00	7.02	19.20	0.00	26.22	0.00	0.00	7.02	19.20	0.00	26.22
	TOTAL REQUIREMENTS	**4.14**	**0.93**	**243.73**	**52.32**	**4.20**	**305.32**	**4.14**	**0.93**	**245.62**	**52.30**	**4.20**	**307.18**
	Receipts/Cash Balances	1.07	0.40	101.29	52.32	4.20	159.28	1.07	0.40	101.27	52.30	4.20	159.24
	General Fund Appropriation	3.07	0.53	142.44	0.00	0.00	146.04	3.07	0.53	144.34	0.00	0.00	147.94
	Highway Fund Appropriation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1999 - 2000 Recommended Continuation Budget
Environment Program Area

Departments

DACS	$	4.14M	(1.4%)
DOA	$	0.93M	(0.3%)
DENR	$	243.73M	(79.8%)
WLIDLIFE	$	52.32M	(17.1%)
DOT	$	4.20M	(1.4%)

Programs



Natural and Economic Resources
Agency Contacts

Department of Agriculture and Consumer Services

- Jim Graham - Commissioner – 733-7125
- Maurice Weaver – Deputy Commissioner – 733-7314
- Weldon Denny - Deputy Commissioner – 733-7125

Department of Commerce

- Rick Carlisle – Secretary – 733-3449
- Leza Aycock – Assistant Secretary for Administration – 733-3309
- Kathy Sawyer – Legislative Liaison – 733-3431

Department of Environment and Natural Resources

- Wayne McDevitt – Secretary – 715-4101
- Michael Williamson – Deputy Secretary – Operations – 715-4105
- Sherri Evans-Stanton – Deputy Secretary – Policy – 715-4103
- Richard Rogers – Legislative Affairs – 715-4152
- Laura DeVivo – Legislative Affairs – 715-4189
- Jane Smith – Budget Planning and Analysis – 733-8801
- Departmental Fax Number -- 715-3060

Department of Labor

- Harry Payne – Commissioner – 733-0359
- Becky Brown – Budget Director – 733-7426
- Dana Cope – Legislative Liaison – 733-0365

Housing Finance Agency

- Bob Kucab – Executive Director – 781-6115
- Margaret Matrone – Legislative Affairs – 571-4804

Office of State Budget and Management

- J.W. Reel – Budget Supervisor for NER Area
- Johnny Gray – Analyst
- Shelle Altieri - Analyst

Revised: February 25, 1999

VISITOR REGISTRATION SHEET

NER COMITTEE METTING — 2/25/99

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Liza Aycock	Commerce
Shelle Waltieri	OSBM
Johnny Gray	OSBM
David Herlong	State Planning
John Donnan	OSPL
Jeff Van Dyke	BellSouth
J W Reel	OSBM
Maurice Weaver	NCDA&CS
Linda Gunn	REDC
[illegible]	[illegible]
R Rogers Jr	DENR
Jane Smith	DENR
Laura DeVico	DENR
Garrett Perdue	Zeb Alley, PA
[illegible]	PPAB

VISITOR REGISTRATION SHEET

NER Committee Meeting — 2/25/99
Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Joe McClees	TDA
Terry Hardesty	NCPC
Buck Lattimore	SC Industrial Commission
[signature]	UNC-GA / NCSU Ag Rep
Ed Regan	N.C.A.C.C

Joint Appropriations Subcommittees on Natural and Economic Resources

Tuesday, March 2, 1999
Sen. Bob Martin, Presiding

1. Chairman's comments

2. Department of Environment and Natural Resources – Secretary's Remarks

   Wayne McDevitt, DENR

3. DENR – Departmental Budget Overview

   Mona Moon, Fiscal Research Division

4. DENR – Administration

   Mona Moon, Fiscal Research Division

5. Committee Discussion

6. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources

Tuesday, March 2, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, March 2, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Mitchell, Baker, Culp, Russell, and Tolson, were present.

Senator Martin called the meeting to order. He announced that the Committee would hear from the Department of Environment and Natural Resources. Chairman Martin introduced Secretary Wayne McDevitt, who gave a quick overview of the Department and their budget priorities. Secretary McDevitt recognized his staff at DENR. A copy of Secretary McDevitt's remarks was not available.

Mona Moon, Fiscal Staff, presented the Departmental overview. This is Attachment A of these minutes. She said the General Assembly created the Department of Environment and Natural Resources during the 1989 Session. The head of the department is the Secretary, who is appointed by the Governor.

The Department's primary responsibilities include protection of the environment, administration of environmental health programs, and conservation and development of the natural resources of North Carolina. The Department administers a variety of assistance, regulatory, promotional and educational programs.

DENR's programs are organized into three main functions: Environmental Protection, Natural Resources and Administration.

The meeting adjourned at 10:00 a.m.

Carolyn M. Gooden, Committee Clerk

R. L. Martin

Senator R.L. Martin, Chairman

Attachment A

Department of Environment and Natural Resources

Departmental Overview							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	323,260,026	319,286,453	292,701,076	262,977,024		266,785,167	
Less Receipts	(194,841,243)	(136,730,389)	(129,136,580)	(113,057,652)		(113,045,571)	
Cash Balance +/-	11,611,371	(23,839,778)					
State Appropriations	*140,030,154*	*158,716,286*	*163,564,496*	*149,919,372*		*153,739,596*	
Less State 1998-99 NR			*(20,061,382)*	-		-	
Adjusted Appropriations			*143,503,114*	*149,919,372*	4.5%	*153,739,596*	7.1%
Positions	3,358.24	3,334.20	3,547.00	3,611.30		3,661.30	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriations.

ORGANIZATION

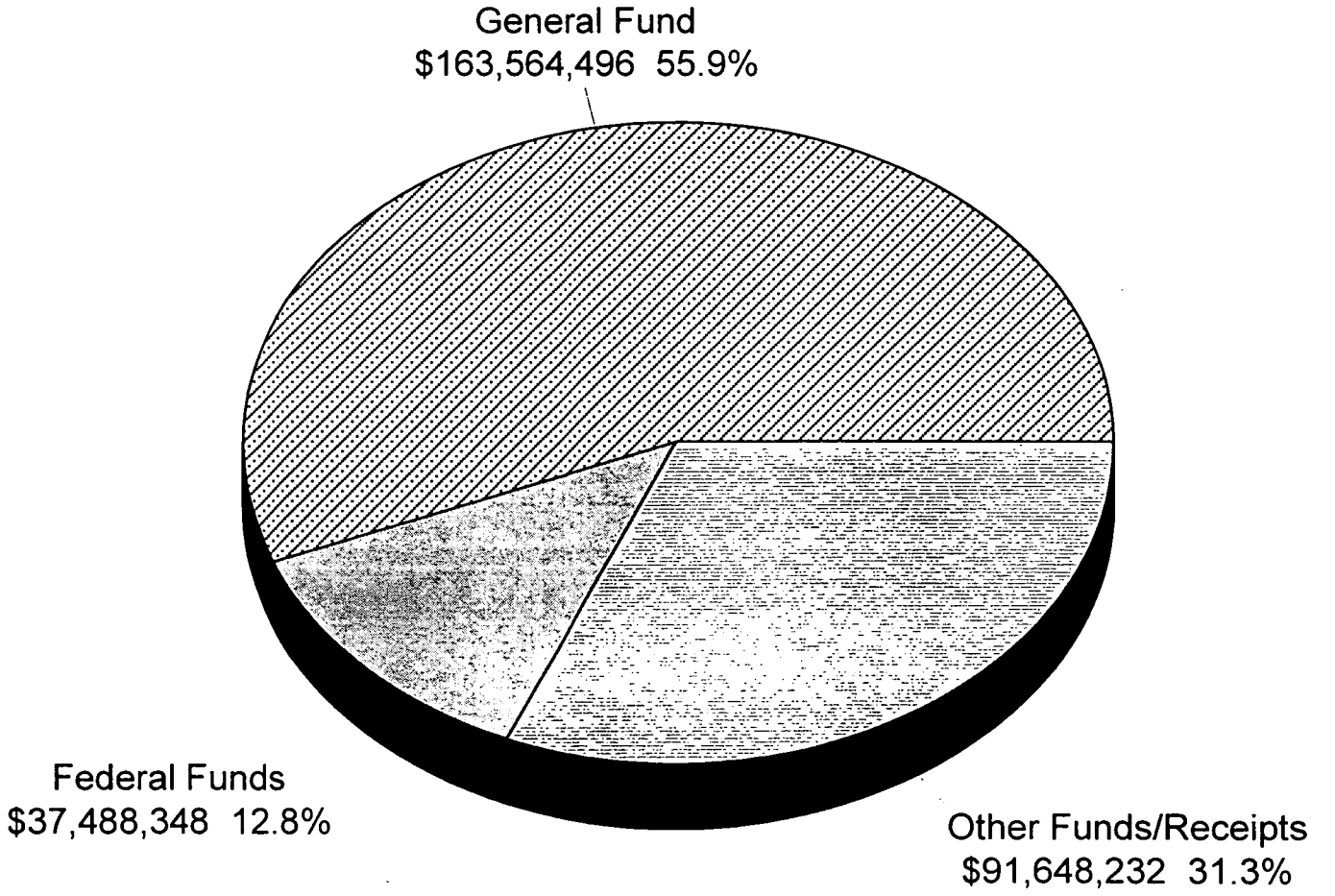
The General Assembly created the Department of Environment and Natural Resources (DENR) during the 1989 Session. The head of the department is the Secretary or Environment and Natural Resources, who is appointed by the Governor.

The Department's primary responsibilities include protection of the environment, administration of environmental health programs, and conservation and development of the natural resources of North Carolina. The Department administers a variety of assistance, regulatory, promotional and educational programs.

DENR's programs are organized into three main functions: Environmental Protection, Natural Resources and Administration.

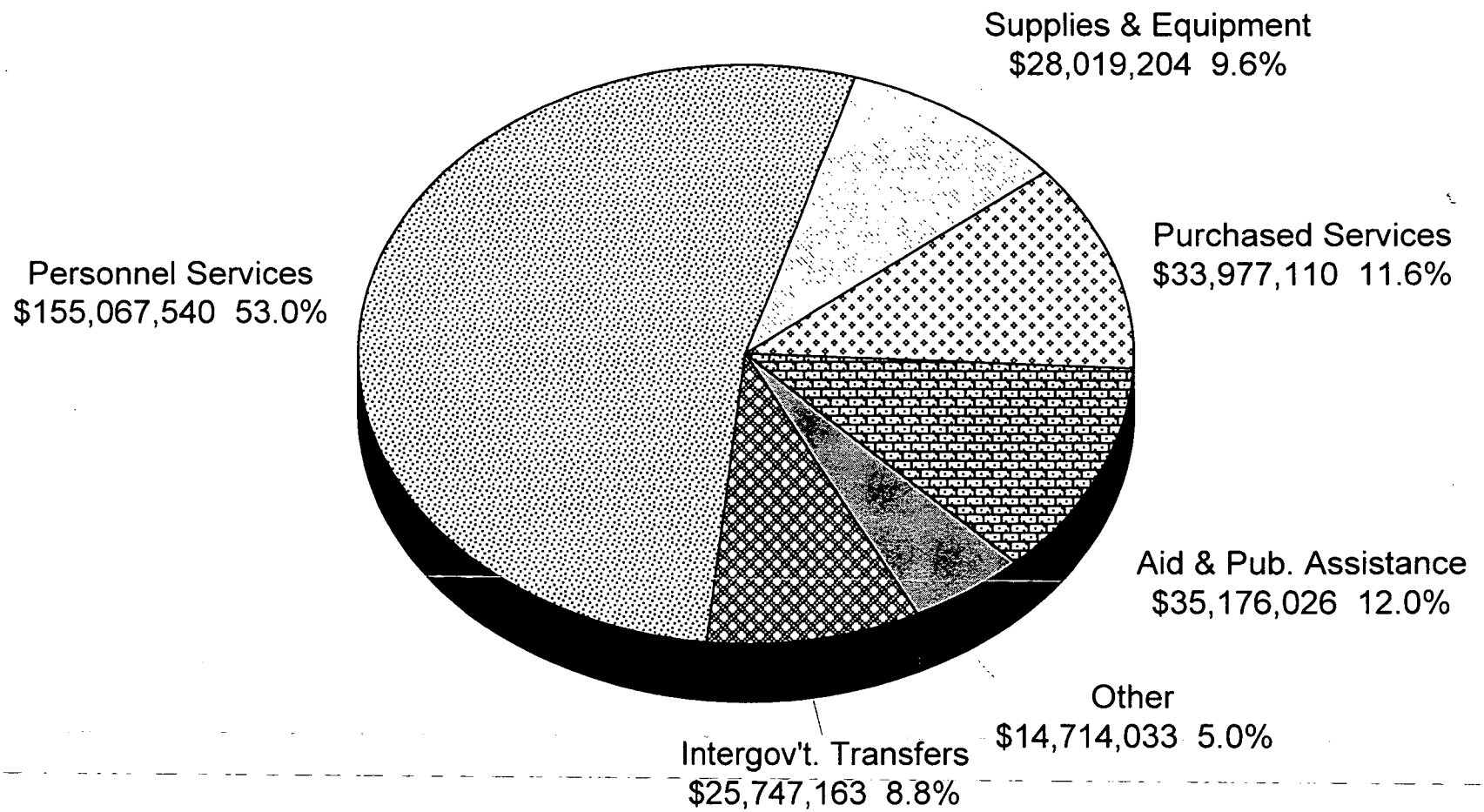
Fiscal Research Division – March 1999

Department of Environment and Natural Resources
FY 1998-99 (Authorized) Total Budget By Funding Source



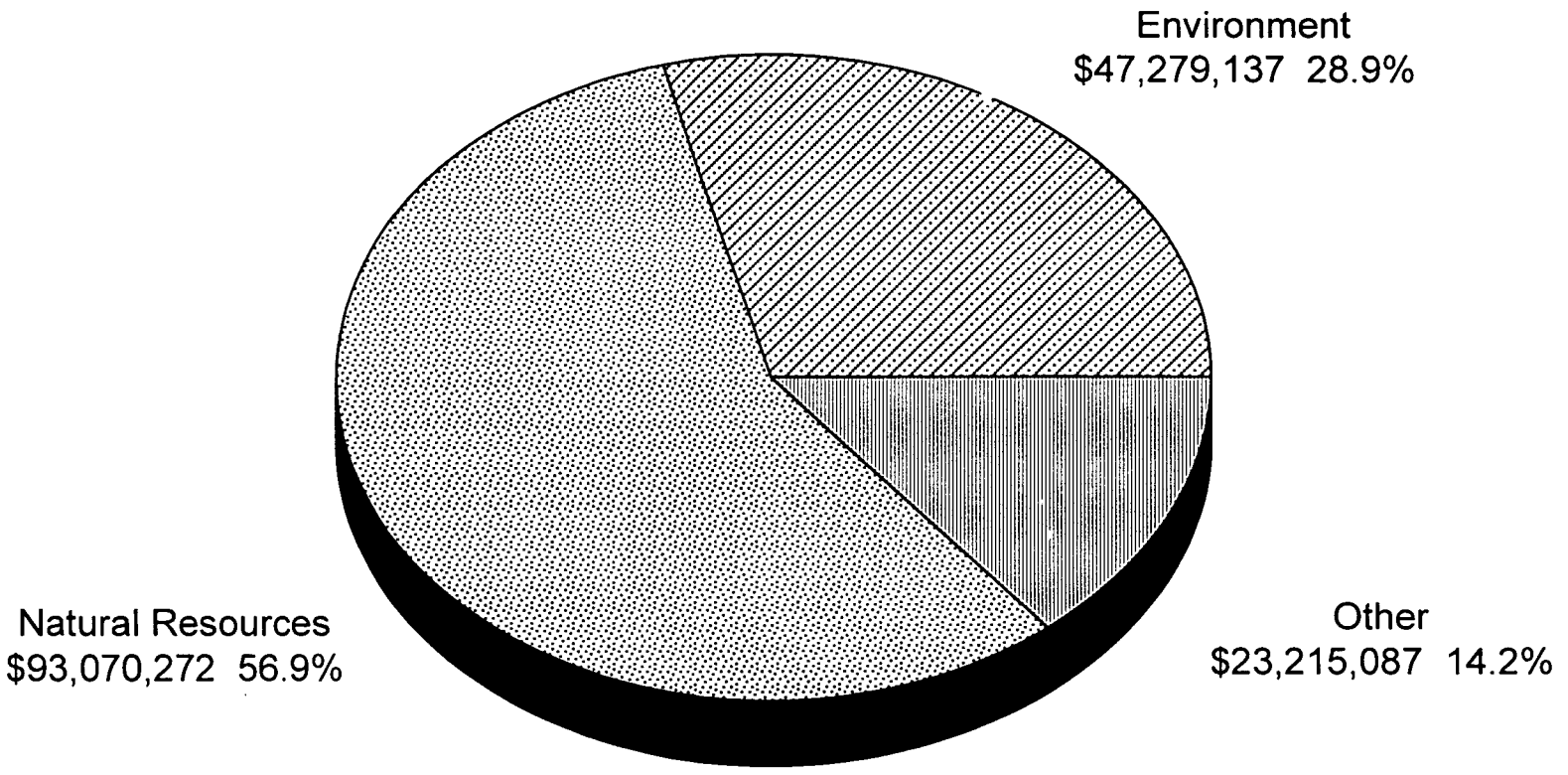
Fiscal Research Division - March 1999

Department of Environment and Natural Resources
FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

Department of Environment and Natural Resources
FY 1998-99 (Authorized) General Fund Appropriaitons by Program

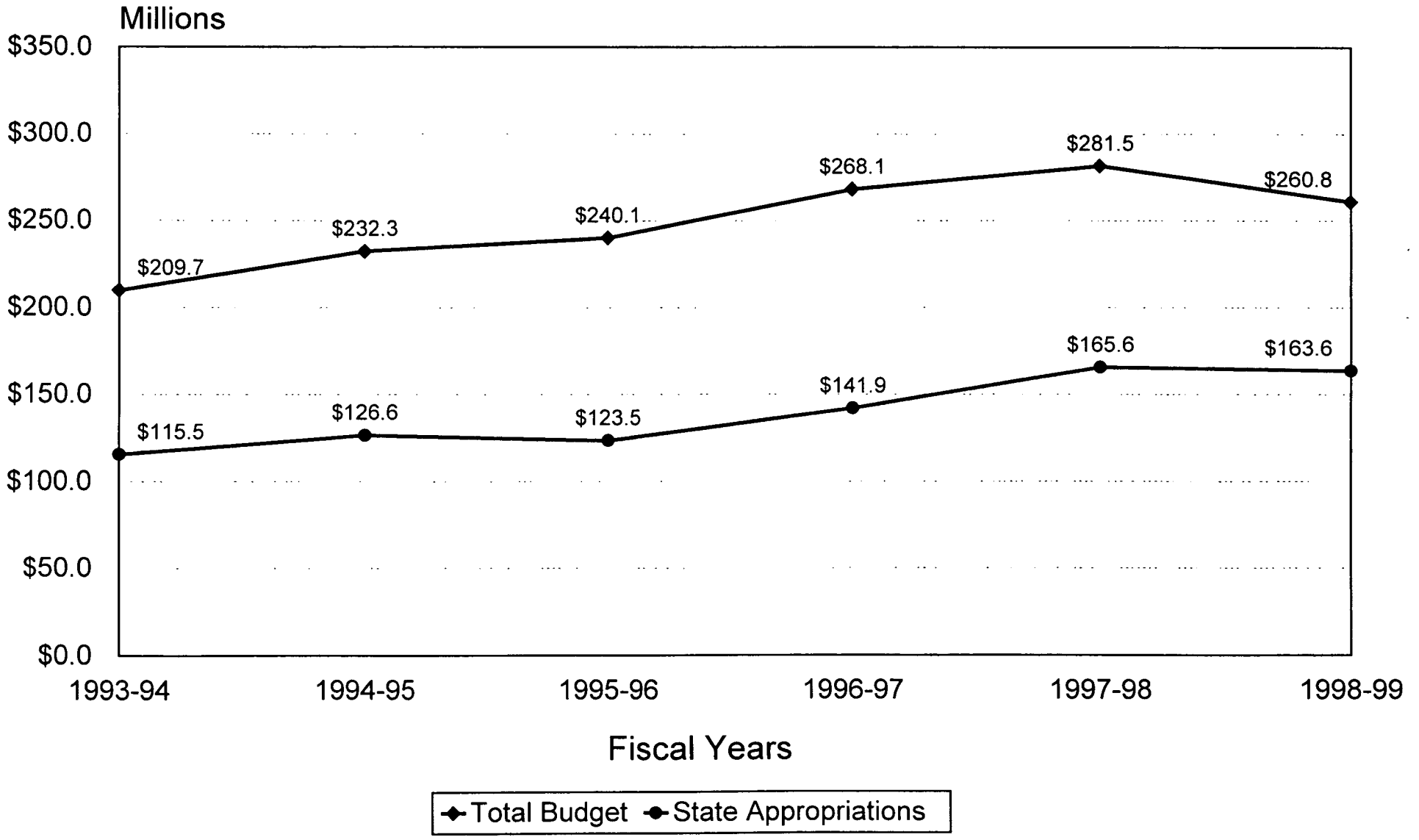


Fiscal Research Division - March 1999

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

GOVERNOR'S RECOMMENDED REDUCTIONS	FY 1999-2000	FY 2000-2001
1) Eliminate vacant positions	($ 252,969) R	($ 252,969) R
Forest Resources - Forester II (1.00 FTE)	(7.60)	(7.60)
Parks and Recreation - Office Assistant III (1.00 FTE)		
Water Quality - Community Planner II (1.00 FTE)		
Water Quality – Environmental Specialist (1.00 FTE)		
Museum – Program Assistant IV (1.00 FTE)		
Environmental Health – Environmental Tech III (0.50 FTE)		
Controller – Internal Auditing Manager I (0.10 FTE)		
Information Technology Services - Data Base Administrator (1.00 FTE)		
Marine Fisheries – Research Vessel Crew Member (1.00 FTE)		
2) Forest Resources - Equipment reduction – aircraft	(2,100,000) NR	

Department of Environment and Natural Resources
Authorized Budget -- Six Year History



Fiscal Research Division -- March 1999

Department of Environment and Natural Resources

Six Year Authorized Budget History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	5-Year Δ
Total Budget Requirements	209,736,396	232,286,843	240,066,376	268,054,212	281,513,659	260,758,349	
Change vs. Previous Year		22,550,447	7,779,533	27,987,836	13,459,447	(20,755,310)	
Percentage Change		10.75%	3.35%	11.66%	5.02%	-7.37%	24.33%
State Appropriations	115,468,349	126,571,318	123,461,172	141,887,103	165,588,327	163,564,496	
Change vs. Previous Year		11,102,969	(3,110,146)	18,425,931	23,701,224	(2,023,831)	
Percentage Change		9.62%	-2.46%	14.92%	16.70%	-1.22%	41.65%

Notes:

(1) Total authorized budget requirements include agency receipts and general fund appropriations as of fiscal year end (June 30), except FY 1998-99, which is as of January 31, 1998.

(2) Total authorized budget figures include the general, operating budget code only. Special funds such as the Clean Water Management Trust Fund, Air Quality Fuel Tax. etc. are excluded.

(3) An adjustment has been made to exclude the health programs, but the adjustement does not include department level administrative costs, as an annual breakdown between programs is unavailable.

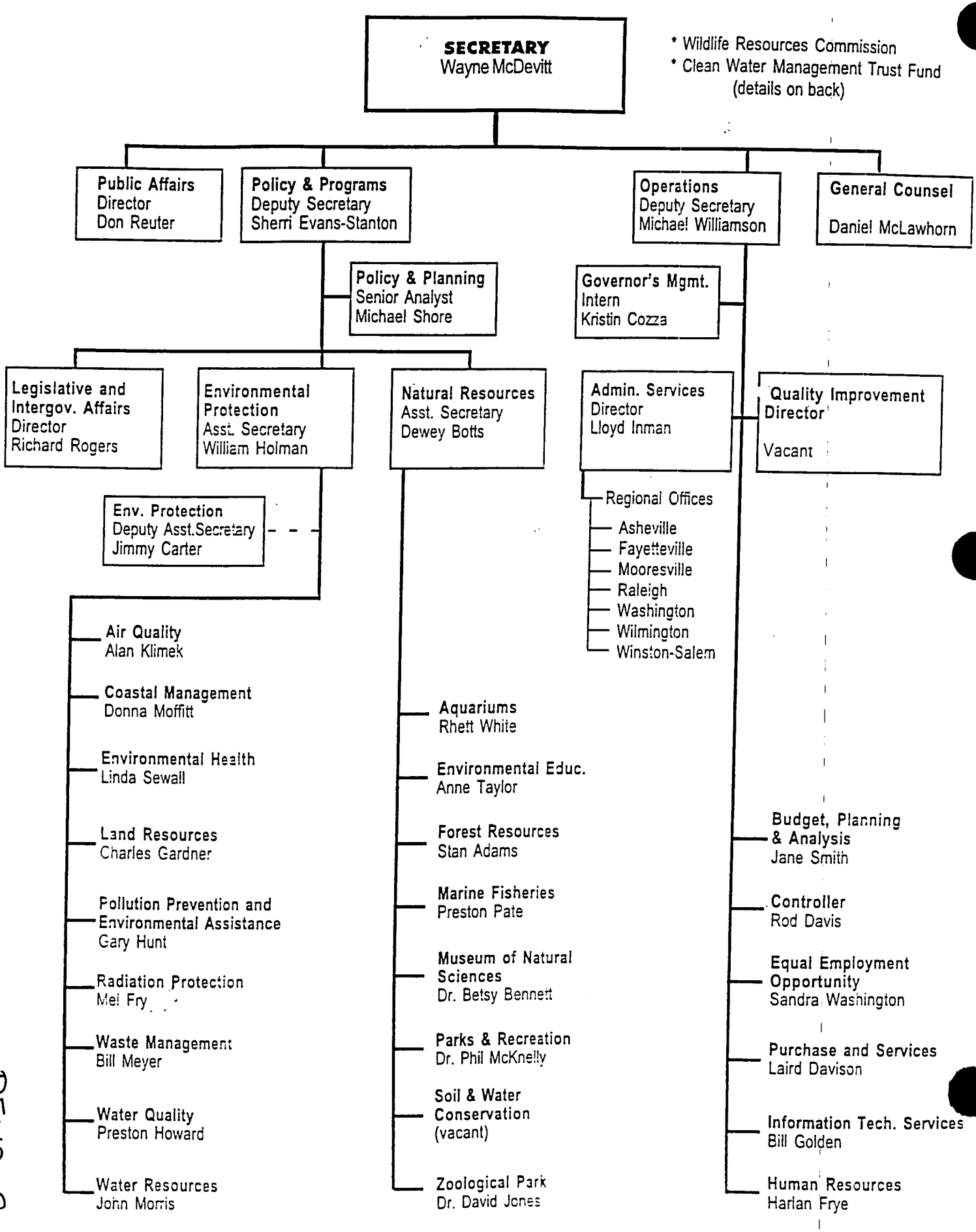
Department of Environment and Natural Resources

Six Year Position History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	5-Year Δ
Total Positions	3,133.50	3,243.50	3,294.09	3,374.24	3,438.52	3,540.95	
Change vs. Previous Year		110	51	80	64	102	407
Percentage Change		3.51%	1.56%	2.43%	1.91%	2.98%	13.00%

North Carolina
Department of Environment and Natural Resources

Organization Chart - January 1999



DENR-9

Mission Statement

To provide leadership, education, and advocacy for the responsible stewardship of North Carolina's environment and natural resources.

Goals

- Restore and protect the quality of North Carolina's water,
- Assure clean air and improved visibility for all North Carolinians,
- Preserve, conserve, restore, and manage our natural resources and promote their responsible use now and in the future,
- Provide leadership to ensure a healthy environment in a prosperous economy for present and future generations of North Carolinians,
- Foster a statewide environmental ethic through community outreach and partnerships, education, and hands-on learning experiences.
- Assure the living and working environments and the food and water we consume are safe and healthy.
- Be a model of excellence in public service by emphasizing continuous improvement in communication, teamwork, customer focus, and measurable results.

Priorities

An intensive strategic planning process to help identify priority areas for the department was undertaken during 1997-1998. This process included: Surveying stakeholders and department employees, forming interdivisional teams to identify objectives and measures for the priority areas, developing implementation plans to address the issues identified for each priority area, and extensive executive team and division director review during the process.

While a broad range of objectives and strategies were identified during this process, careful consideration was given to narrowing the list to the priorities below. This list is not considered to be comprehensive of all the responsibilities of the Department. The Department is charged with a broad range of responsibilities regarding the protection and use of the state's natural resources to ensure their sustainability and to protect public health. By successfully addressing the priorities below major strides in achieving the overall mission and goals of the department will be made.

1. Decrease the amount of surface waters impaired by sediment and nutrients.

2. Restore and protect groundwater quality and quantity.

3. Ensure that all North Carolinians breath air that meets the new health-based standard for ozone.

4. Improve visibility in the Southern Appalachian Mountains.

5. Develop a set of natural resource indicators that can be used to improve management of our natural resources.

6. Develop a policy and procedures to evaluate and mitigate the cumulative and secondary impacts of projects.

7. Provide leadership for an interdepartmental team to develop a Smart Growth strategy for North Carolina.

DENR-10

8. Increase the public's environmental awareness and understanding through participation in environmental education opportunities.

9. Implement data management policies and procedures to improve data integration and accessibility.

10. Reinvent the Department to work better, cost less, and get results that people care about.

Operations

The Department of Environment and Natural Resources is the lead agency for the protection, wise-use, and improvement in the quality of the State's abundant natural resources as well as for the protection and restoration of our environmental quality. Many demands are placed on our natural resources for commercial use including agriculture, commercial and recreational fishing, aquaculture, and the wood products industry, as well as for land and water resources for housing, commercial, and industrial needs. The aesthetic beauty of the many, diverse natural areas in the State provide numerous recreational opportunities for our residents and attract a growing tourism industry. Maintaining a high degree of environmental protection is important in supporting the quality of life for all North Carolinians. The Department identifies and protects unique natural areas through a network of state parks, conservation agreements with public agencies and private landowners, and partnerships with local governments. The Department also coordinates and conducts environmental education activities for the state and offers environmental learning opportunities through a variety of programs and facilities.

The Department is charged with developing rules to implement statutes that protect environmental quality and public health. These rules are approved by several commissions include the Environmental Management Commission, the Marine Fisheries Commission, the Coastal Resources Commission, the Commission for Health Services, the Soil and Water Conservation Commission, the Sedimentation Control Commission, and the Mining Commission. Rules and regulations are developed based on scientific data, public hearings, and technical advisory committee review. Citizen and professional program input and oversight are received through numerous other boards, commissions, and advocacy/professional groups.

In order to meet the needs of maintaining a balance between sustainable wise-use and protection of our natural resources, the responsibilities of the Department are divided among twenty-two divisions arranged into three major groups. The groups are Natural Resources, Environmental Protection and Administration. The Wildlife Resources Commission is autonomous but has some reporting responsibilities to The Department. The Secretary of the Department of Environment and Natural Resources is appointed by the Governor, and has statutory authority to plan and direct the department's programs. Some programs are delivered entirely from Raleigh, while others are delivered through seven regional offices or other locations throughout the state.

Performance / Program Budget

Most of the objectives of the Department of Environment and Natural Resources (DENR) fall within the Environment Program Area, accounting for 93 percent of department expenditures. Two percent of department expenditures support Economic Development Program objectives; five percent support Health Program objectives. DENR shares with the Department of Agriculture the responsibility for protecting ground water and promoting environmental education. It shares with the Department of Administration responsibility for ensuring the proper management of waste. It shares responsibility with the Department of Transportation for preserving and enhancing air quality. It shares responsibility with the Wildlife Commission for protecting natural areas and critical habitats. (For more information, see Program Analysis chapter in Volume I.)

VISITOR REGISTRATION SHEET

APPRO. NER
Name of Committee

3-2-99
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Darrell Arnold	SEANC
Buck Dattmore	NC Industrial Commission
Anne Taylor	DENR - Env. Ed.
Daniel Herlong	State Planning
Gary Ow	DENR
Laura DeVivo	DENR
Cam Cover	BPMHL
Lu-Ann Coe	FFF
Michael Marietty	Gr. Office
Sheila Chavi	State Planning
Kathy Sawyer	Commerce
Natalie English	NC Agribusiness
Rhett B. White	NC AQUARIUMS
Deborah Ross	ACLU

VISITOR REGISTRATION SHEET

APPRO. NER
Name of Committee

3-2-99
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Lyle Aycock	Commerce
Sherrill Harris	DENR
Denny Bott	DENR
Sherri Evans Stanton	DENR
Jane Smith	DENR
Michael Williamson	"
Johnny Gray	OSBM
Rod Davis	DENR
Anita McNeil	BPA DENR
HARLAN FRYE	DENR
LLOYD E. INMAN, JR.	DENR
Bill Golden	DENR
MICHAEL BRYANT	DENR
Sandra P. Washington	DENR
John [illegible]	TDA
Jack Cogut	Parker Poe Adams & Bernstein

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

March 3, 1999

The Joint Appropriations / Subcommittee on Natural and Economic Resources met on Wednesday, March 3, 1999 in Room 423 of the Legislative Office Building at 8:30 A.M. The following House Members were present: Representative Owens, Chairman, Representatives Fox, Warren, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, Tolson, and Warwick. The following Senate Members were present: Martin, Chairman; Weinstein, Cochrane, Horton, Metcalf, Shaw, Robinson and Reeves. Mona Moon, Jennifer Hoffmann, and Jennifer Herrera, Fiscal Staff members were in attendance. A Visitor Registration list is attached and made part of these minutes.

The Chairman called the meeting to order.

The following items were presented to the Committee Members:

- DENR Administration was explained by Mona Moon and the Committee Members reviewed portions of the Governor's Budget (*Attachment 1, Attachment 2, and Attachment 3*). Michael Williamson, Deputy Secretary, DENR was a guest speaker. Mr. Williamson explained the Department's position and questions by the Committee Members were answered.

- Jennifer Herrera (*Attachment 4*) explained the North Carolina Zoo portion of the Governor's Budget. Dr. David Jones, Director, NC Zoo was a guest speaker. Dr. Jones answered questions by the Committee Members.

- Jennifer Herrera (*Attachment 5, Attachment 6, and Attachment 7*) explained the North Carolina Aquariums portion of the Governor's Budget.

- Jennifer Herrera explained the Museum of Natural Sciences portion of the Governor's Budget. Dr. Betsy Bennett, Director, Museum of Natural Sciences was a guest speaker.

There being no further business, the Chair adjourned the meeting at 9:50 A.M.

Respectfully submitted,

Representative W. C. Owens, Jr.
Chairman

Judith M. Veorse
Legislative Assistant

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources 3-3- , 1999

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Ivers: Project Coordinator	NC Aquarium Div. 417. N. Blount St. Rd
Rhett B. White	N.C. Aquariums
Jane Smith	DENR
Michael Williamson	"
Sherri Evans-Stanton	DENR
Johnny Gray	OSBM
Sheila Ackieri	OSBM
Rod Davis	DENR
Harlan Frye	DENR
Bill Golden	DENR
L.E. Inman, Jr	DENR
K. Cozza	DENR
Diane Long	DENR
Ray Boylston	DENR / NC Museum of Natural Science
Beverly Stanford	SciWorks, Grassroots Science Mus.
Betsy Bennett	DENR / NC Museum of Natural Sc.
Scott Mouw	DENR
Anne Taylor	DENR - Env. Ed.
David Herbing	State Planning
Bill Lattimore	NC Industrial Commission
Sandra P. Washington	NC DENR
Joe McCleeb	TDA
[illegible]	DENR
[illegible]	Commerce
Denny Brett	DENR
[illegible]	DENR.
Anita McNeil	BPA DENR
Boyce Hudson	DENR

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — 3-3, 1999

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Laura DeVivo	DENR
John McMillan	NPCS
C. Markham	EQHS
Steve Woodson	NC Farm Bureau
John Cyrus	N.C. State Grange

Department of Environment and Natural Resources

Departmental Administration							
	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized (January)	Governor's Continuation Request* 1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	16,905,533	14,852,292	15,480,070	14,895,427		14,922,430	
Less Receipts	(5,626,540)	(4,591,382)	(5,031,126)	(4,671,314)		(4,671,314)	
State Appropriations	*11,278,993*	*10,260,910*	*10,448,944*	*10,224,113*	-2.2%	*10,251,116*	-1.9%
Positions	288.02	222.70	223.60	223.60		223.60	

* INCLUDES GOVERNOR'S RECOMMENDED REDUCTIONS

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

Executive Offices provide policy guidance for departmental programs, ensure that legislation is carried out, and implement policy directives of the Governor.

Regional Field Offices monitor compliance with regulations and permits, gather and provide information to the department about regional problems and successes in achieving the department's goals.

Administrative Services provide support for Budget, Planning and Analysis, Computer Systems, Fiscal Management, General Services, and Personnel.

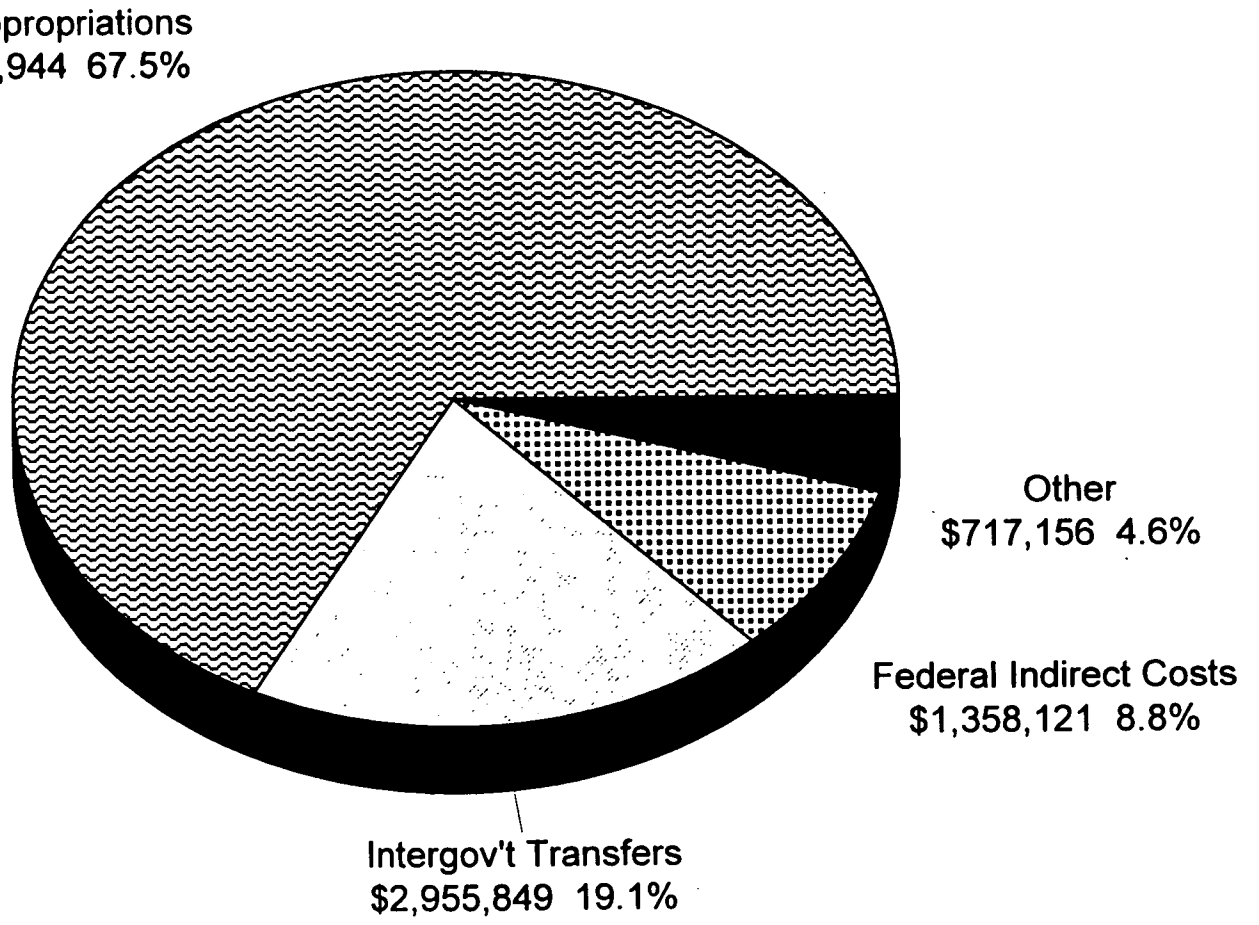
Attachment 1

Fiscal Research Division March 1999

Governor's Budget, Volume 5, pp 140-145

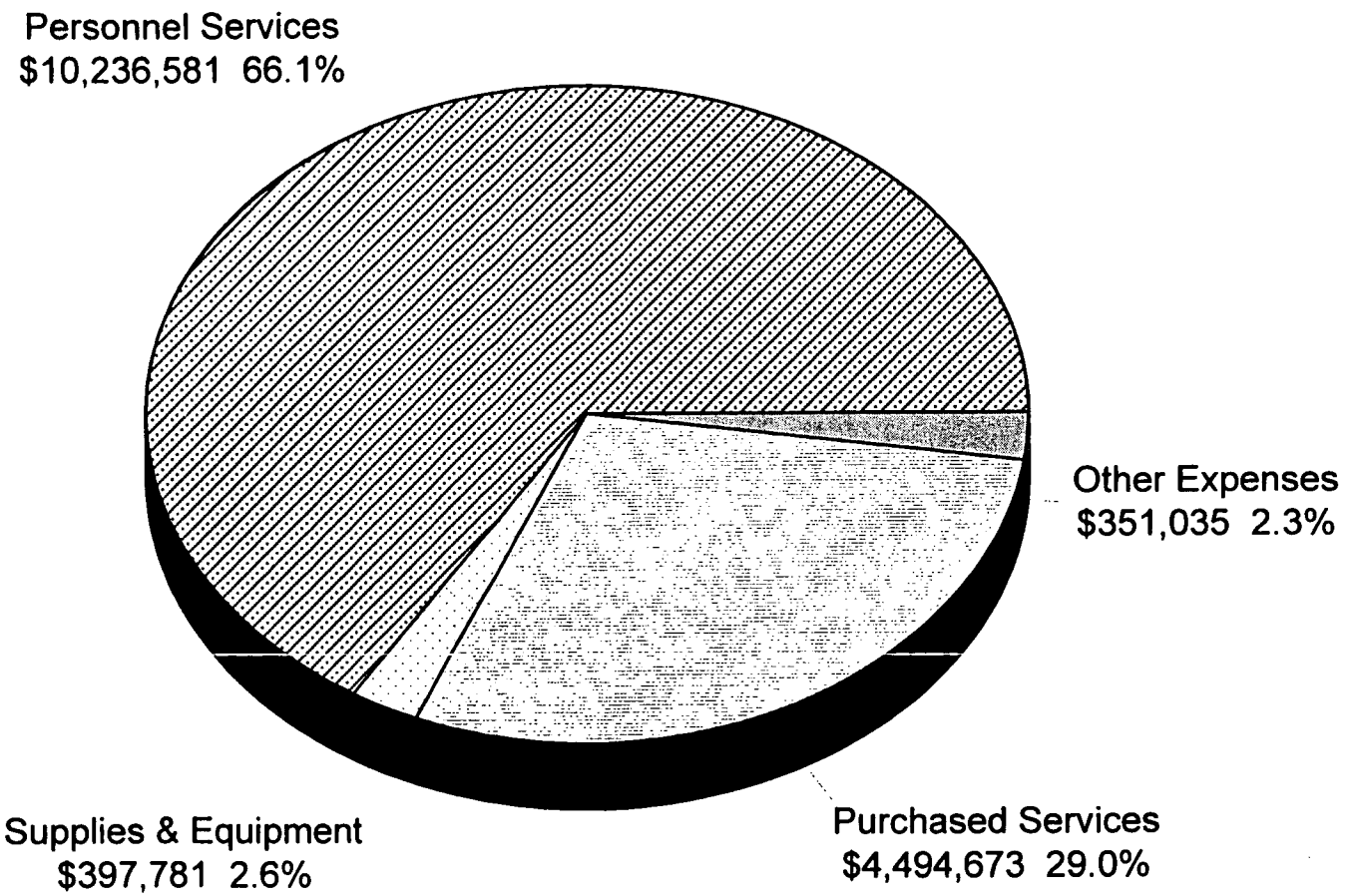
DENR-12

Departmental Administration
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - March 1999

Departmental Administration
FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

DEPARTMENTAL ADMINISTRATION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1) Reduce Salary Reserve – Controller's Office and General Services		($ 15,053) R
2) Eliminate Business Officer III Position		($ 82,134) R (-1.00)
3) Eliminate Assistant Secretary for Administration and Staff Positions		($204,726) R (-3.00)
4) Reduce Operating Funds – Regional Offices		($31,416) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS - NONE

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
Eliminate Vacant Positions	($ 12,970) R	($ 12,970) R
Controller's Office – Internal Auditing Manager I (0.10 FTE)	(1.10)	(1.10)
Information Technology Services – Data Base Administrator (1.00 FTE)		

TOTAL Reduction $5K

Mission Statement

To effectively and efficiently manage and implement the environmental and natural resource statutes, rules, and administrative procedures of the state and to communicate these to the public.

Operations

Secretary's Office

- Management of department operations to ensure effective and efficient program delivery.
- Administration of statutes, rules, and administrative procedures.
- Policy development and implementation.
- Dissemination of information to the public regarding department activities and policies.

Budget, Planning, and Analysis

- Coordinate budget development (continuation, expansion, and capital) for the department.
- Manage the implementation of the budget: Approve all budget revisions.
- Coordinate strategic and business planning activities.
- Conduct fiscal/budgetary analyses.

Information Technology

- Identify and develop strategies that address information technology needs for the department.
- Manage and administer department information technology systems.
- Develop information technology policies and procedures.
- Ensure the integrity and availability of department information technology systems.

Human Resources

- Administer personnel policies, monitor compliance, train in and interpret policies for DENR personnel.
- Facilitate advertising, qualifying and hiring qualified candidate for open positions.
- Provide training and consultative services for department staff on policy, procedure, and skill development.
- Process all payroll, benefits, and personnel documents and transactions.
- Provide job classification services (e.g. re-classification, IRA, SER, etc.).
- Provide employee relations services (e.g. EAP, disciplinary action, mediation, grievances, investigations).
- Identify and provide safety training and personal safety equipment needs to reduce workers comp cost and increase productivity.

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Purchase and Services

- Coordinate and facilitate purchasing.
- Negotiate contracts.
- Manage real estate.
- Manage construction processes.
- Dispose of surplus property and equipment.
- Coordinate mail and courier services.

Controller

- Provide automated financial systems and reporting by implementing the North Carolina Accounting System.
- Manage accounts payable and travel in DENR.
- Ensure contracts and grants are in compliance and well managed.
- Track all fixed assets (land, buildings, equipment, vehicles, etc.) controlled by DENR.
- Manage the payroll and timekeeping process.
- Manage the department's cash control process (deposits, requisitions, expenditures) daily across all budget codes.

Objectives and Key Performance Measures	**1997-98 Actual**	**1998-99 Authorized**	**1999-00 Target**	**2000-01 Target**
Secretary's Office				
Lead the Department in its responsibilities to protect the environment and manage natural resources. *PPB: 5998*				
• Preparation of a biennial strategic plan with an annual implementation plan	yes	yes	yes	yes
Develop performance measures that support decision-making in the department. *PPB: 5998*				
• Percent of divisions that have developed at least five key performance measures	0%	75%	100%	100%
• Development of Environmental Indicators completed	no	yes	yes	yes
Enhance the department's data management system. *PPB: 5998*				
(No measures have been developed.)				
Budget, Planning, and Analysis				
Maintain the department's budget in accord with the Executive Budget Act. *PPB: 5998*				
• Continuation, expansion, and capital budgets prepared following OSBM instructions	yes	yes	yes	yes

Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Budget, Planning, and Analysis - Continued				
Coordinate timely and accurate preparation of planning and performance/program budget material. *PPB: 5998*				
• Performance/program budget material prepared following OSPL instructions	yes	yes	yes	yes
Review Administrative Procedures Act fiscal notes in a timely manner. *PPB: 5998*				
• Percent of fiscal notes reviewed/approved by the requested publication date	100%	100%	100%	100%
Information Technology				
Migrate electronic mail systems to statewide central message store (CMS). *PPB: 5998*				
• Percent of mailboxes moved from individual systems to the statewide central message store (CMS)	0%	5%	100%	100%
Ensure department hardware and software complies with Year 2000 standards. *PPB: 5998*				
• Percent of computers tested for Year 2000 compliance	0%	50%	100%	100%
• Percent of software systems compliant with Year 2000 standards	0%	75%	100%	100%
Increase the percent of department systems in compliance with the Information Resource Management Commission mandates. *PPB: 5998*				
• Percent of systems in substantial compliance with Information Resource Management Commission mandates.	0%	25%	75%	100%
Human Resources				
Coordinate/promote training for department employees. *PPB: 5998*				
(No measures have been developed.)				
Ensure positions are classified correctly so the compensation range is market competitive. *PPB: 5998*				
(No measures have been developed.)				
Hire the best-qualified applicants in a timely manner. *PPB: 5998*				
(No measures have been developed.)				
Improve employee satisfaction with the work environment. *PPB: 5998*				
(No measures have been developed.)				
Ensure administration of the state's benefit package. *PPB: 5998*				
(No measures have been developed.)				
Improve performance through individual workplans and evaluations. *PPB: 5998*				
• Percent of employees rated good, very good, or outstanding	99.54%	99.5%	99.5%	99.5%

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Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Purchase and Services				
Issue purchase orders on all term contract requests within two workdays of receipt. *PPB: 5998*				
• Number of work days to issue a purchase order	2.14	2.00	2.00	1.75
Produce savings on all procurements processed. *PPB: 5998*				
• Percent savings (average minus award) on procurements	14%	14%	16%	16%
Develop functional specifications for office space that meet departmental needs. *PPB: 5998*				
• Percent of lease awards meeting specifications	100%	100%	100%	100%
Select qualified designers for capital construction projects. *PPB: 5998*				
• Percent of designer selection packages prepared within 60 days	100%	100%	100%	100%
Properly dispose of surplus property. *PPB: 5998*				
• Number of surplus property requests processed	320	320	350	380
Controller				
Meet statutory responsibilities and report the department's financial condition accurately and in a timely manner. *PPB: 5998*				
• Submission of annual financial statements by the date specified in statute	yes	yes	yes	yes
• Receipt of clean opinion from the Office of State Auditor	yes	yes	yes	yes
Receive no audit findings for the fiscal year. *PPB: 5998*				
• Number of reportable audit findings for the fiscal year	0	0	0	0

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

Office of the Secretary – Organizational and Staff Changes

The Secretary has made a number of changes in the department's "executive suite" in an effort to improve management focus and program coordination. Several of the department's top-level management positions have undergone both changes in title and responsibilities.

- New Title
- Duties
- Add staff
- Classification
- $ Salary

Secretary's Office -- Summary of Organizational and Staff Changes

July 1998	Modifications to Title/Duties	January 1999
Departmental Deputy Secretary	New title, responsibilities modified	Deputy Secretary for Policy and Programs
Departmental Chief of Staff	New title, responsibilities modified	Deputy Secretary for Operations
Special Assistant to the Assistant Secretary for Natural Resources	Function eliminated, new title, new responsibilities	Quality Director (Management Engineer II)
Special Assistant to the Assistant Secretary of Environmental Protection	Position reassigned to report to the Deputy Secretary for Policy and Programs, new title, new responsibilites	Senior Policy Analyst
----	New position, created by Executive Order	Governor's Management Intern
----	Position transferred from Division of Water Quality, Ground Water Section (former classification: Environmental Regional Supervisor III, Mooresville Regional Office)	Deputy Assistant Secretary for Environmental Protection
Assistant Secretary of Administration	Position eliminated by the General Assembly in 1998, former functions currently assigned to the Deputy Secretary for Operations and the Director of Administrative Services	----
Special Assistant to the Assistant Secretary of Administration	Position eliminated by the General Assembly in 1999	----
----	Position transferred from the Division of Pollution Prevention and Environmental Assistance (former classification: Environmental Supervisor)	Director of Adminstrative Services
Inter-Governmental Liason	New title, new responsibilities	Deputy Director Intergovermental Affairs

Fiscal Research Division March 1999

Department of Environment and Natural Resources

Before

Administration
Secretary's Office
July 1, 1998

Office Asst. IV
Diana Bordeaux
50003 59

Exec. Asst. II
Lori Jones
50002 66

Secretary
Wayne McDevitt
50000 FR

Executive Asst. II
Misty Bonham
50006 66

Deputy Secretary
Henry M. Lancaster II
50004 86

Chief of Staff
Michael Williamson
50037 86

Exec. Asst. II
Beverly Gower
50038 66

Agency General Counsel II
Dan McLawhorn
50007 82T

Director of Legislative and Intergovernmental Affairs
Richard Rogers
50009 80T

Quality Director
Ann Cobb
50016 76

Public Affairs Director II
Don Reuter
51000 76T

Positions eliminated by General Assembly in 1998

Asst. Sec. of Env Prot.
William Holman
50021 84T

Asst. Sec. for Nat. Res.
Sherri Evans-Stanton
50015 82T

Asst. Sec. of Admin.
Lois Arm[illegible] Murray
50018 82[illegible]

Pol. & Plan. Anal. I
Michael Shore
50022 72T

Admin. Sec. III
Margaret Weaver
50023 62

Pol. & Plan. Anal. I
Vacant
50016 72T

Admin. Sec. III
Karen Carpenter
50017 62

Pol. & Plan. Anal. I
Lloyd [illegible]man
50019 72[illegible]

Admin. Sec. III
Brend[illegible] Toudle
50020 6[illegible]

Air Quality
Coastal Management
Environmental Health
Land Resources
Pollution Prevention
Radiation Protection
Waste Management
Water Quality
Water Resources

Aquariums
Forest Resources
Env. Education
Marine Fisheries
Museum of Nat. Sciences
Parks & Recreation
Soil & Water
Zoological Park

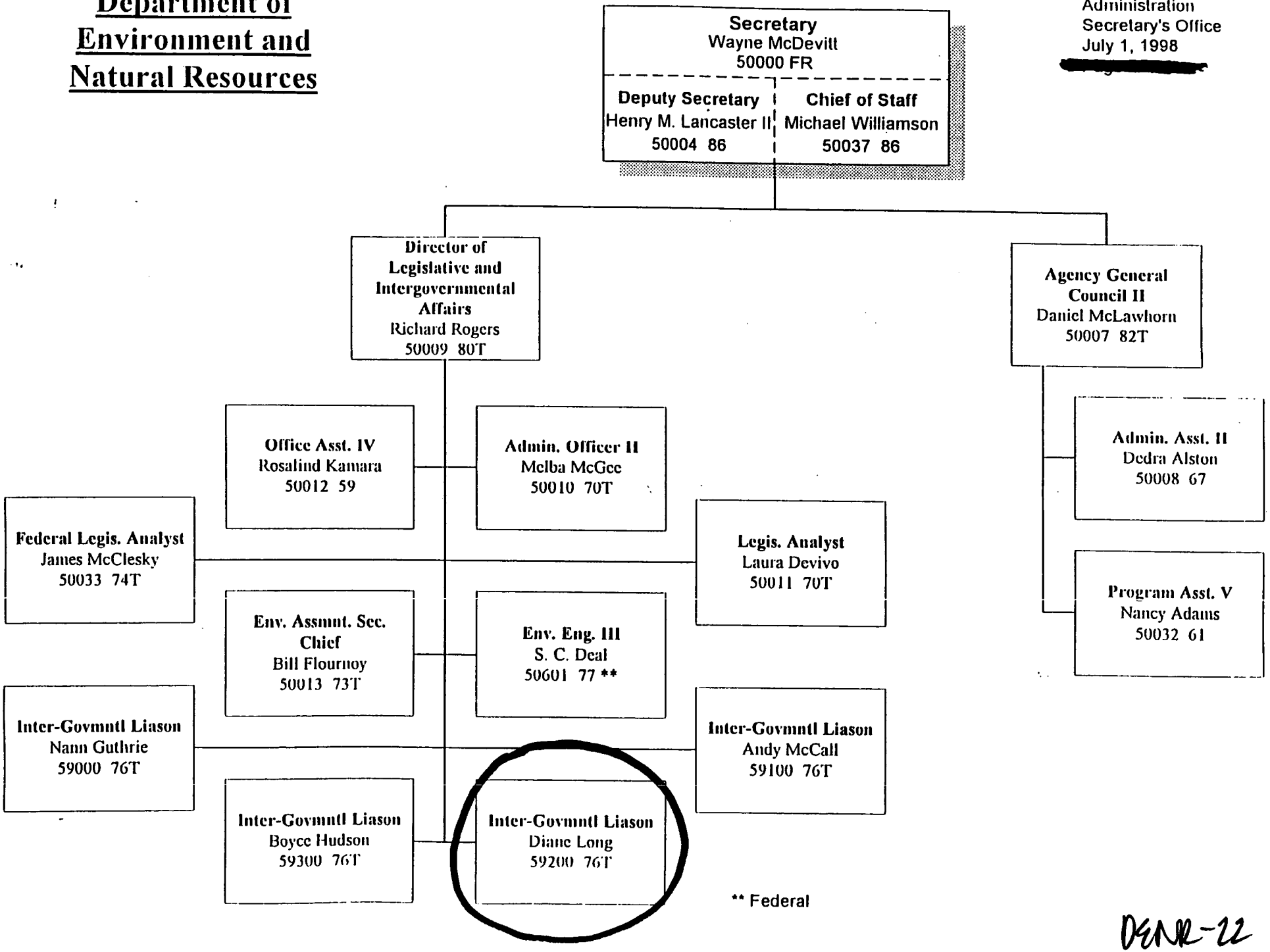
Information Technology
Office of the Controller
Budget, Plan., and Anal.
Purchase & Services
Equal Empl. Opp.
Human Resources
Regional Offices

DENR-21

Before

Department of Environment and Natural Resources

Administration
Secretary's Office
July 1, 1998

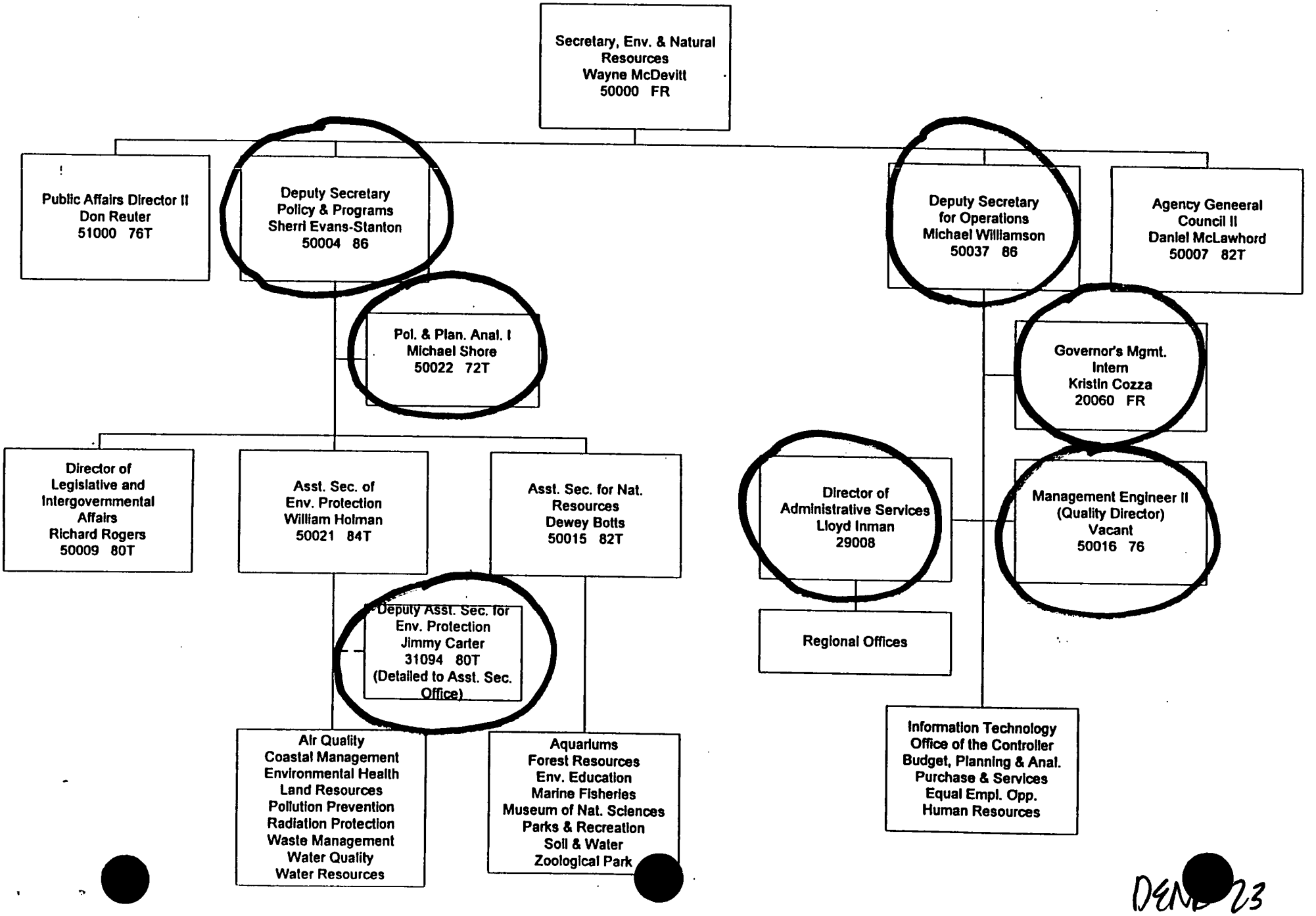


DENR-22

Department of
Environment and
Natural Resources

After

Administration
Secretary's Office
January, 1999



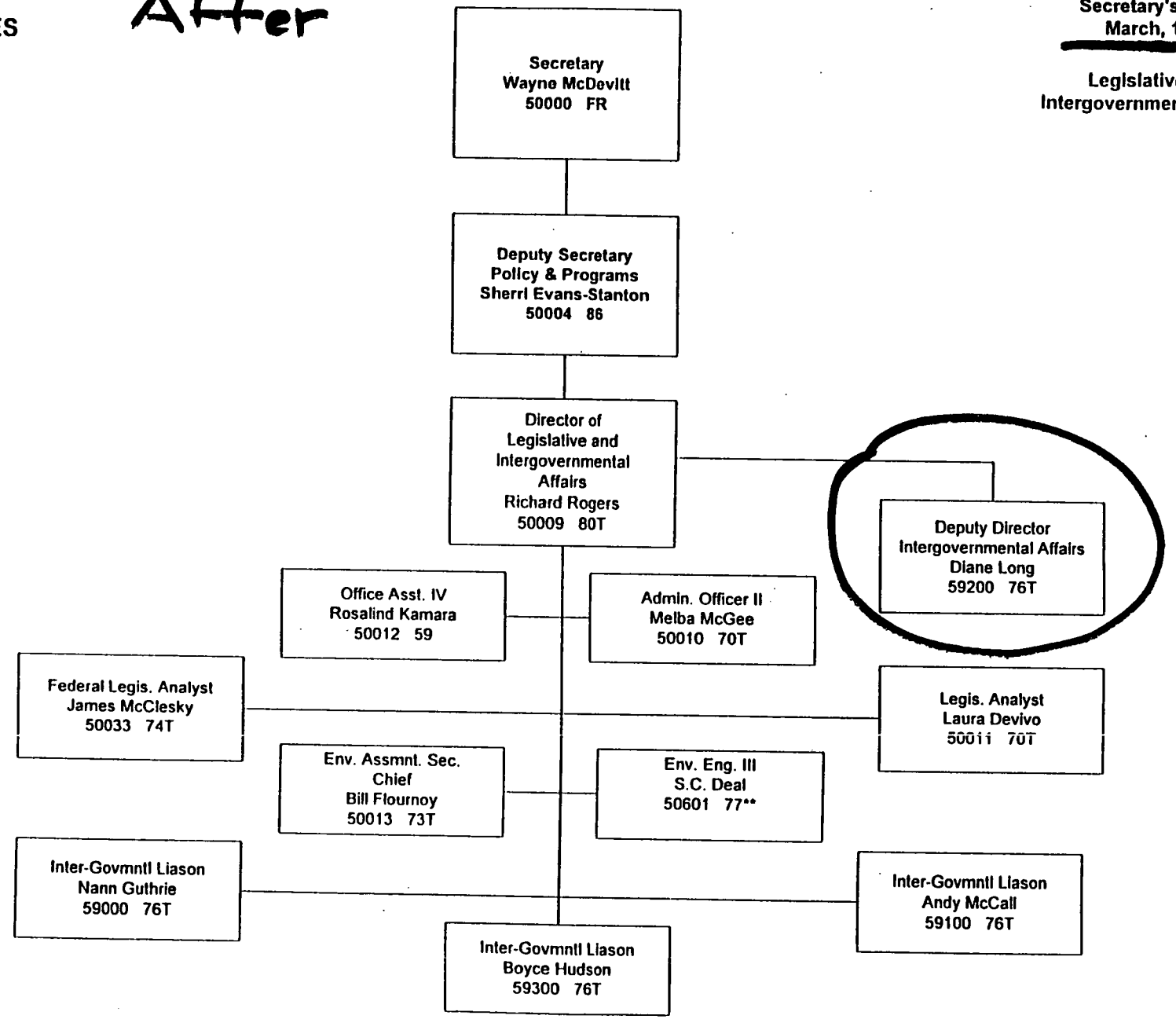
DEND 23

DEPARTMENT OF
ENVIRONMENT AND
NATURAL RESOURCES

After

Administration
Secretary's Office
March, 1999

Legislative and
Intergovernmental Affairs



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DENR-24

Senior Staff Roles and Responsibility
January 20, 1999

Michael Williamson, Deputy Secretary for Operations
Overview:

- This position has direct responsibility for the department's management process and, as the Senior Administrative Officer, is responsible for all of the administrative infrastructure support- e.g. Finance, Budget, Purchase and Services, Human Resources, and Information Technology. The purpose of this position is to improve the department's management process and decision making, as well as the overall effectiveness of how the department achieves its identified objectives. The position will provide counsel and advice to the Secretary and can act on behalf of the Secretary in official capacities.

Sherri Evans-Stanton, Deputy Secretary for Policy and Programs
Overview:

- This position has direct responsibility for the development and implementation of departmental priorities and policies. The purpose of this position is to oversee day-to-day programmatic duties of the department, coordinate and manage cross-divisional policy issues, as well as to provide oversight of the department's legislative strategy. This position is also responsible for interdepartmental policy and programmatic coordination and serves as the Senior Staff liaison with the Departments of Transportation, Commerce, Health and Human Services, and Agriculture. The position provides counsel and advice to the Secretary and can act on behalf of the Secretary in official capacities.

Dan McLawhorn, General Counsel
Overview:

- This position serves as legal advisor to the department on issues relating to environmental and natural resource programs, personnel, procurement, liability, legislative, and other legal issues. As a member of the Senior Staff, this position provides legal advice to the Secretary and the senior team for all policy matters which impact the department and serves as a legal advisor to the Governor's office on environmental matters. This position also serves as the chief legal strategist within the department, for lawsuits brought by and against the department and as the primary contact on legal strategy issues with the Attorney General's office. This position also oversees the departments rule making procedures.

Don Reuter, Director, Office of Public Affairs
Overview:

- This position has the primary responsibility for the department's communications processes and coordinates the agency's public outreach and response efforts. The position provides a liaison to the general public, media, other state, federal and local government agencies, and interest groups. As a member of the DENR senior leadership team, the position serves as special assistant to and reports directly to the secretary and participates in policy setting and decision making for the department. The primary purposes of this position is to improve public understanding of environmental and natural resources issues and to improve and coordinate agency communications. This position provides counsel and advice to the secretary and serves as chief spokesperson for DENR.

S2-20430

Bill Holman, Asst. Secretary for Environmental Protection
Overview:

- This position has direct line responsibilities for the nine environmental protection divisions in the department. The purpose of this position is to review and evaluate the goals, priorities, policies, budgets and operations of the environmental protection programs to ensure consistency with the department's mission and effective utilization of resources. This position recommends policy, develops programs, coordinates inter-divisional projects in the environmental protection areas, and provides leadership in developing solutions to complicated issues. As a member of the senior leadership team, this position represents the Secretary with a variety of constituencies, the legislature, and the general public on environmental protection issues.

Dewey Botts, Asst. Secretary for Natural Resources
Overview:

- This position has direct line responsibility for the eight natural resources divisions in the department. The purpose of this position is to review and evaluate the goals, priorities, policies, budgets and operations of the natural resources programs to ensure consistency with the department's mission and effective utilization of resources. This position recommends policy, develops programs, coordinates inter-divisional projects in the natural resource areas, and provides leadership in developing solutions to complicated issues. This position has significant educational/outreach component through the department's natural resource attractions and other programs. As a member of the senior leadership team, this position represents the Secretary with a variety of constituencies, the legislature, and the general public on natural resource issues.

Richard Rogers, Director of Legislative and Intergovernmental Affairs
Overview:

- This position develops and coordinates strategies and procedures aimed at encouraging positive General Assembly action on substantive legislation, budgetary needs and policy matters. This position serves as the department's liaison to the General Assembly, identifies sponsors for legislation, tracks bills throughout the legislative process, and is responsible for ensuring appropriate and effective representation of senior staff and divisions at legislative meetings. This position oversees the intergovernmental liaison activities with local governments as well as state and federal agencies; and manages and supervises the Office of Legislative and Intergovernmental Affairs staff. The purpose of this position is to provide an integrated departmental perspective on issues, policies, procedures and information through research, analysis, planning and issue development related to legislation, and the impact of programs and policies at the local level. This position serves as a member of the Senior Staff.

Jimmy Carter, Deputy Assistant Secretary for Environment
Oveview:

- This position serves as the Deputy to the Assistant Secretary for Environmental Protection and is responsible for the day-to-day administration of the Environmental Protection units. The Deputy shares responsibilities for staff development and performance management; planning meetings and delegating assignments; and setting priorities and goals. The Deputy is also responsible for analyzing the existing organization and in conjunction with Division Directors, designing strategies, goals, policies, procedures, measures, and guidelines to support the accomplishment of the Department's mission and vision and the Governor's "Agenda for Action". The Deputy will also work to improve customer service delivery and provide leadership to the Division Directors in developing practical solutions to customer needs and environmental decisions.

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Lloyd Inman, Director for Administration
Overview:

- The primary purpose of this position is to manage the Department's seven (7) Regional Offices, provide grant coordination, oversee the delegation of authority and the development of internal policies and procedures. This position also is responsible for the maintenance of the departmental record retention system. This position leads the Administration Office Managers and Regional Office Program Supervisors in all substantive program and policy decisions and quality initiatives for the Regional Offices. This position also works with the Governor's Office and federal agencies in compiling and disseminating grant opportunities to the twenty-two (22) divisions in the Department, creating a comprehensive clearinghouse of grant information and a directory of grant information and sources to help potential grantees keep aware of funding sources. This position serves as a member of the Secretary's Senior Management Team for the Department of Environment and Natural Resources.

Quality Director
Overview:

- This position is responsible for organizing, implementing, and managing an organization-wide, comprehensive quality improvement program that improves organizational performance, resource development, customer service, and employee involvement. This position is responsible for the effectiveness of the department's Quality Improvement Program; advises the Secretary and senior management on quality improvement issues; and recommends and implements the appropriate organizational infrastructure to ensure its aggressive development and implementation. The position is also responsiblefor establishing and maintaining an organizational culture centered around team based problem solving and process improvement

Michael Shore, Senior Policy Analyst
Overview:

- This position reports to the Deputy Secretary for Policy and Programs. The primary purpose of the position is, as a member of the Senior Staff, to assist the Department in developing and implementing priority initiatives. The position will facilitate implementation of the Governor's initiatives on the environment and the Department's strategic plan. The position will advise the Senior Staff on substantive program, policy, and management decisions. The position will play a leadership role in strategic planning efforts of the department and will lead cross-divisional teams to resolve key policy issues. The position will represent the Department externally and will coordinate with state and federal agencies and other organizations.

Kristin Cozza, Governor's Management Intern
Overview:

- This position reports to the Deputy Secretary for Operations and fulfills the criteria of the Governor's Public Management Intern Program (GPMIP) outlined in Executive Order 133. The GPMIP is designed to provide an entry path into state government management and research positions for highly qualified recent MPA and MPP graduates. This position provides the intern with a broad-based understanding of the Department through cross-divisional assignments and communication with all levels of management as required by the GPMIP. This position will increase the effectiveness of the department by conducting research and analysis that can be used to identify key department objectives and quantify outcomes. This position will plan and implement department initiatives focused on continuous improvement and strategic planning. As needed, this position will conduct research and advise Senior Staff on Natural Resource management issues.

Job Responsibilities Deputy Director Intergovernmental Affairs.

Summary

Intergovernmental Affairs Deputy Director is a departmental liaison with local and federal governments. The position requires the maintenance and development of positive relations with local, state and federal officials and promotes the department's mission and programs. The position also informs the Secretary and Senior Staff of local concerns and issues.

Key Responsibilities:

- **Intergovernmental Liaison** - Represents the department with local and state governments and serves as departmental representative on boards, commissions, and committees. Makes contact with elected officials to discuss departmental issues and responds to immediate concerns. Attends appropriate meetings to represent the department. Meets frequently with local and state elected and appointed officials, and represents the Secretary and the Department special events.

- **Environmental Equity Coordinator** - Develops a coordinated cross-departmental initiative to address environmental equity issues and works with stakeholder groups external to DENR. The Coordinator will act as the departments liaison regarding environmental equity issues.

- **HUB Coordinator** - Develops a coordinated strategy to ensure compliance with departmental goals in the utilization of historically underutilized businesses (HUBs). The Coordinator will organize any informational workshops that may be held to educate HUBs about the opportunities that exist in DENR and increase participation in state purchasing and contracting.

- **Expand/Coordinate Leader Groups** - Coordinates and expands DENR's opportunities for stakeholder involvement with DENR leadership. This effort will focus on the expansion of the departmental leaders list that include state leaders in the areas of business, agriculture, local government and the environment. Duties require coordination of quarterly meetings with each of these stakeholder groups and follow up reports to leader groups on issues that are raised at these meetings.

DENR-28

Department of Environment and Natural Resources

North Carolina Zoological Park							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	11,175,760	13,358,275	14,061,886	13,791,481		13,805,110	
Less Receipts	(4,644,697)	(4,889,350)	(4,618,289)	(4,542,745)		(4,542,745)	
State Appropriations	*6,531,063*	*8,468,925*	*9,443,597*	*9,248,736*	-2.1%	*9,262,365*	-1.9%
Positions	252.30	264.80	269.50	269.50		269.50	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized State Appropriations.

DIVISION ACTIVITIES

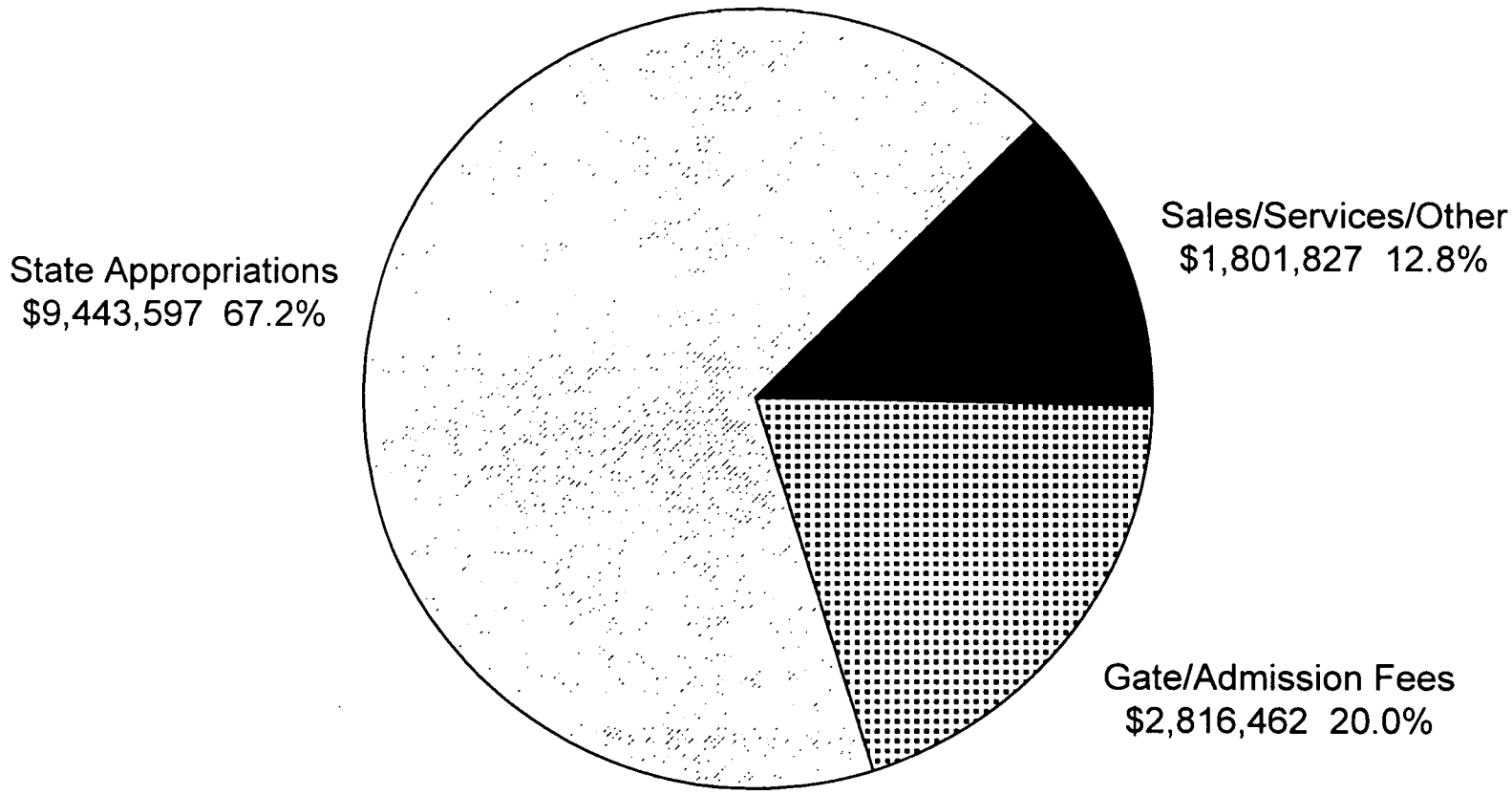
The purpose of the North Carolina Zoo is to develop, maintain and operate a major habitat zoological park that provides a meaningful and accessible recreational and educational outlet for citizens and tourists. Located in Asheboro, the Zoo provides unique educational opportunities for the state school system and the general public, identifies, and makes available to the scientific community research concerning plant and animal life.

Attachment 2

Governor's Budget, Volume 5, pp 148-150

North Carolina Zoological Park

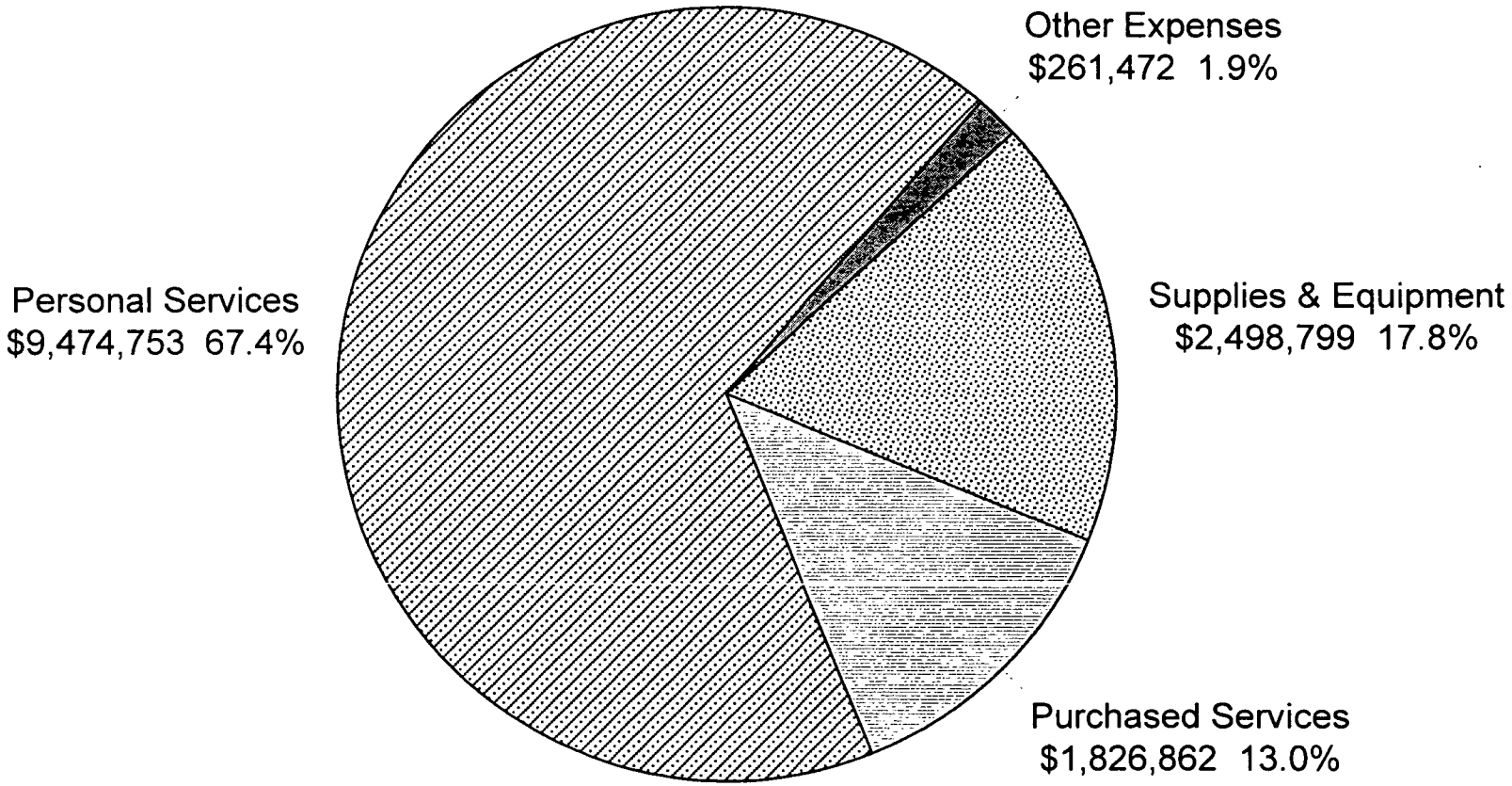
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - March 1999

North Carolina Zoological Park

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

DENR-31

NORTH CAROLINA ZOO
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1) Adjust Equipment/Vehicle Replacement Schedule		($133,079) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

Mission Statement

To connect people and the natural world with the objective of making links between human needs, economic stability, quality of life, and the sound management of natural resources.

Operations

- Operate the Zoological Park to high standards of customer service.
- Design, build, and interpret natural habitat exhibits.
- Maintain a diverse and healthy stock of animals and plants for display.
- Develop and provide environmental educational programs consistent with the mission of the Zoological Park for school groups, teachers, community leader(s) and the general public.
- Develop and conduct innovative ways of protecting habitats and species both locally and globally.
- Develop and lead partnerships of like minded organizations and individuals aimed at encouraging sustainable lifestyles and actions.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase educator's environmental awareness and understanding by increasing participation in workshops. *PPB: 5100*				
• Number of educators participating in environmental education instructional workshops (with CEU credits)	4,059	2,840	2,925	2,965
• Number of contact hours with participants in structured environmental education programs (without CEU credits)	266,487	175,881	87,940	205,775
Increase environmental awareness and understanding of the general public by increasing participation in structured programs. *PPB: 5100*				
• Number of participants in classes/programs (teachers, students, adults) at the NC Zoo	15,000	15,000	17,000	17,000
Increase the general public's awareness of North Carolina's environmental education programs, resources, and facilities. *PPB: 5100*				
• Number of Zoo school group visitors	129,921	125,000	132,000	132,000
• Number of habitat clusters/exhibits/interpretives at the NC Zoo	11/88/6	10/85/6	10/86/6	11/88/6
• Number of partnerships/tourism activities	5	5	6	6
• Number of conservation activities (SSPs, TAGs, Studbooks, field programs, research projects)	70	70	75	75
Increase the general public's environmental awareness by increasing visitor attendance at the zoo, the Museum of Natural Sciences, and the aquariums. *PPB: 5100*				
• Number of zoo visitors	738,605	700,000	700,000	700,000

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Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Operate the zoo as a place of fun and discovery with high standards of exhibitry, interpretation, and customer service in a manner that maximizes income and minimizes costs. *PPB: 5100*				
• Zoo admission revenues (in millions)	$3.136	$2.700	$3.200	$3.200
• Zoo other revenues (in millions)	$1.753	$1.600	$1.700	$1.700
• Cost per visitor/participant at the NC Zoo	$17.54	$17.05	$16.50	$16.50
• Size of plant collection at the NC Zoo	61,862	61,862	61,862	61,862
• Size of animal collection at the NC Zoo	1,005	1,000	1,025	1,025
• Number of habitat clusters/exhibits/interpretives at the NC Zoo	11/88/6	10/85/6	10/86/6	11/88/6
• Tons composted and diverted from landfill.	1,067	1,100	1,300	1,300

Department of Environment and Natural Resources

North Carolina Aquariums							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	3,846,471	3,950,315	4,125,037	5,685,755		8,571,491	
Less Receipts	(1,539,421)	(1,656,740)	(1,496,906)	(1,435,301)		(1,434,551)	
State Appropriations	*2,307,051*	*2,293,575*	*2,628,131*	*4,250,454*	61.7%	*7,136,940*	171.6%
Positions	50.25	50.55	48.00	75.00		124.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized State Appropriation.

DIVISION ACTIVITIES

The North Carolina Aquariums are three state-supported facilities that provide a variety of educational opportunities including aquariums, exhibits, field experiences, lectures, films and school programs. Activities at the Aquariums are designed to create an awareness, understanding, and appreciation of coastal North Carolina's diverse cultural and natural resources.

The Aquariums are located in Dare, New Hanover and Carteret counties.

Fiscal Research Division - March 1999

Governor's Budget, Volume 5, pp 151-153

Attachment 3

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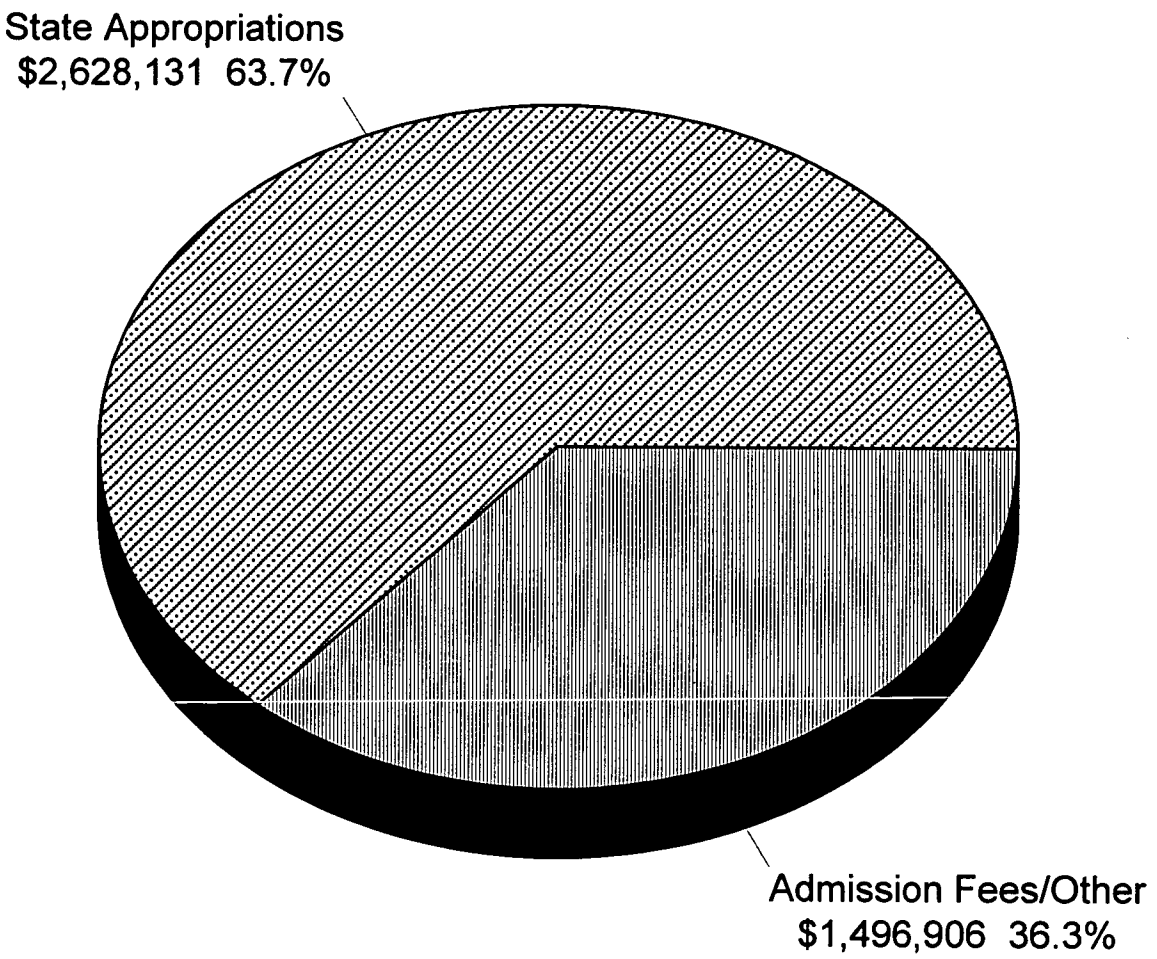
North Carolina Aquariums

FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - March 1999

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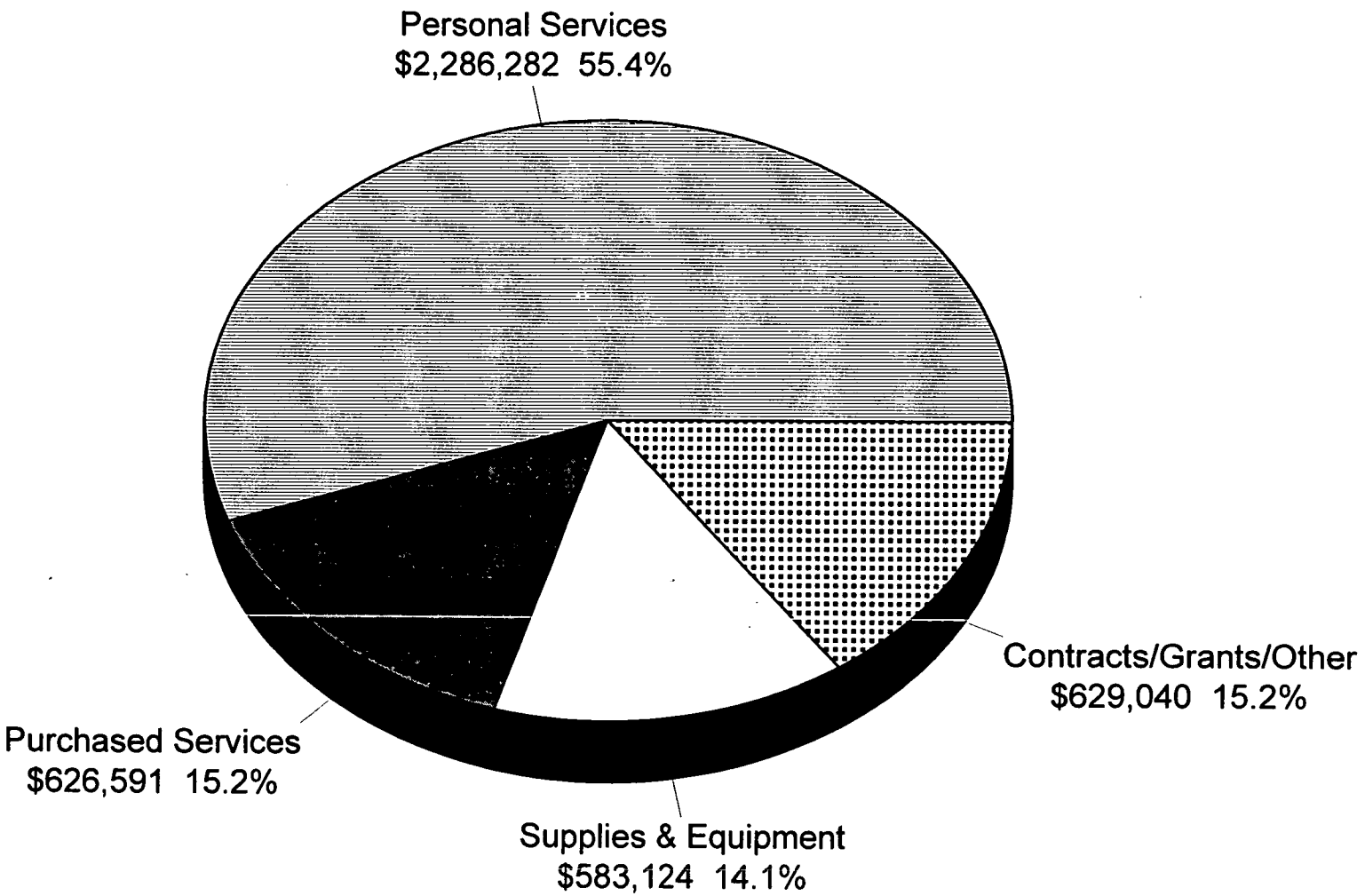
North Carolina Aquariums

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

DENR37

NORTH CAROLINA AQUARIUMS
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
None		

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
Capital Improvements – Expansion of one aquarium (Roanoke Island)	$11,500,000 NR	
Capital Improvements – Roanoke Island facility cost supplement		$2,000,000 NR
Capital Improvements – Central Piedmont Aquarium – Planning		$ 500,000 NR

Note: SB 1366, Section 29.17 requires the Director of the Budget to make available $30 million for the renovation and construction of State aquariums at Pine Knoll Shores and Fort Fisher when sufficient lapsed salary funds have accrued to the General Fund in FY 1998-99.

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
None		

Fiscal Research Division - March 1999

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MAJOR CONTINUATION BUDGET RECOMMENDATIONS

	1999-2000	2000-2001
Reserves – Roanoke Island Aquarium	$1,486,814 R	$1,694,286 R
Reserves - Pine Knoll Shores Aquarium		$1,300,349 R
Reserves – Fort Fisher Aquarium		$1,424,899 R

PROGRAM UPDATE

The Governor's recommended continuation budget includes an increase of $1,486,814 in FY 1999-2000 and $4,419,534 in FY 2000-2001 in reserves to fund the operations of the three aquariums. These reserves will support 24 new positions at the Roanoke Island facility and 3 positions in the Raleigh central office in FY 1999-2000, and 49 positions (25 at Pine Knoll Shores and 24 at Fort Fisher) in FY 2000-2001 for a grand total of 76 new positions over the biennium. The Committee may wish to have the department comment on:

1. the status of construction and renovations at each facility;
2. the status of the $30 million capital provision allowed in the 1998 Appropriations Act, and;
3. the appropriateness of increased operating and staffing levels at each facility should the $30 million in lapsed salary funds not become available.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Esposito, Creech, Crawford

AQUARIUM CONSTRUCTION FUNDS

Section 29.17. At such time as sufficient lapsed salary funds have accrued to the General Fund for the 1998-99 fiscal year, the Director of the Budget shall certify that the sum of thirty million dollars ($30,000,000) is available to implement this section. The Director of the Budget shall then allocate these funds to the Department of Environment and Natural Resources for the renovation and construction of the State aquariums at Pine Knoll Shores and Fort Fisher.

Mission Statement

To promote an awareness, understanding, appreciation. and conservation of the diverse natural and cultural resources associated with North Carolina's ocean, estuaries, rivers, streams, and other aquatic environments.

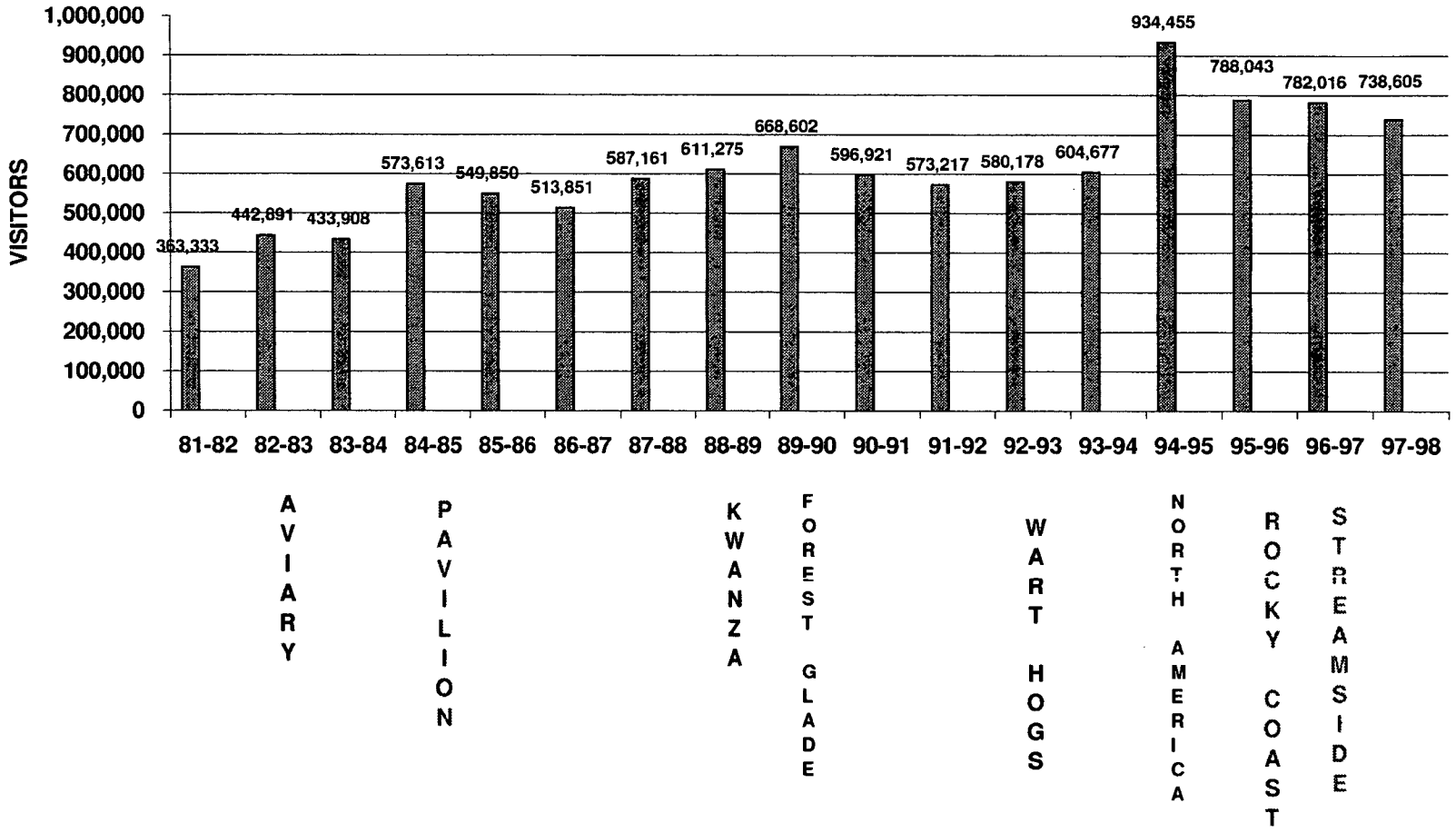
Operations

- Provide displays and exhibits about the natural and cultural resources associated with the state's ocean, estuaries, rivers, streams, and other aquatic environments.
- Conduct environmental education programs for school groups and the general public.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase educator's environmental awareness and understanding by increasing participation in workshops. *PPB: 5100*				
• Number of programs conducted by the aquariums	4,478	2,955	1,477	3,458
• Number of aquarium program participants	177,658	117,254	58,267	137,187
• Number of aquarium outreach programs	119	131	137	143
• Number of aquarium outreach program participants	4,708	5,178	5,414	5,649
Increase environmental awareness and understanding of the general public by increasing participation in structured programs. *PPB: 5100*				
• Number of contact hours with participants in structured environmental education programs (without CEU credits)	266,487	175,881	87,940	205,775
• Number of programs conducted by the aquariums	4,478	2,955	1,477	3,458
• Number of aquarium program participants	177,658	117,254	58,267	137,187
Increase the general public's awareness of North Carolina's environmental education programs, resources, and facilities. *PPB: 5100*				
(No measures have been developed.)				
Increase the general public's environmental awareness by increasing visitor attendance at the zoo, the Museum of Natural Sciences, and the aquariums. *PPB: 5100*				
• Aquarium visitors	851,661	562,096	281,048	651,661

DENR 40

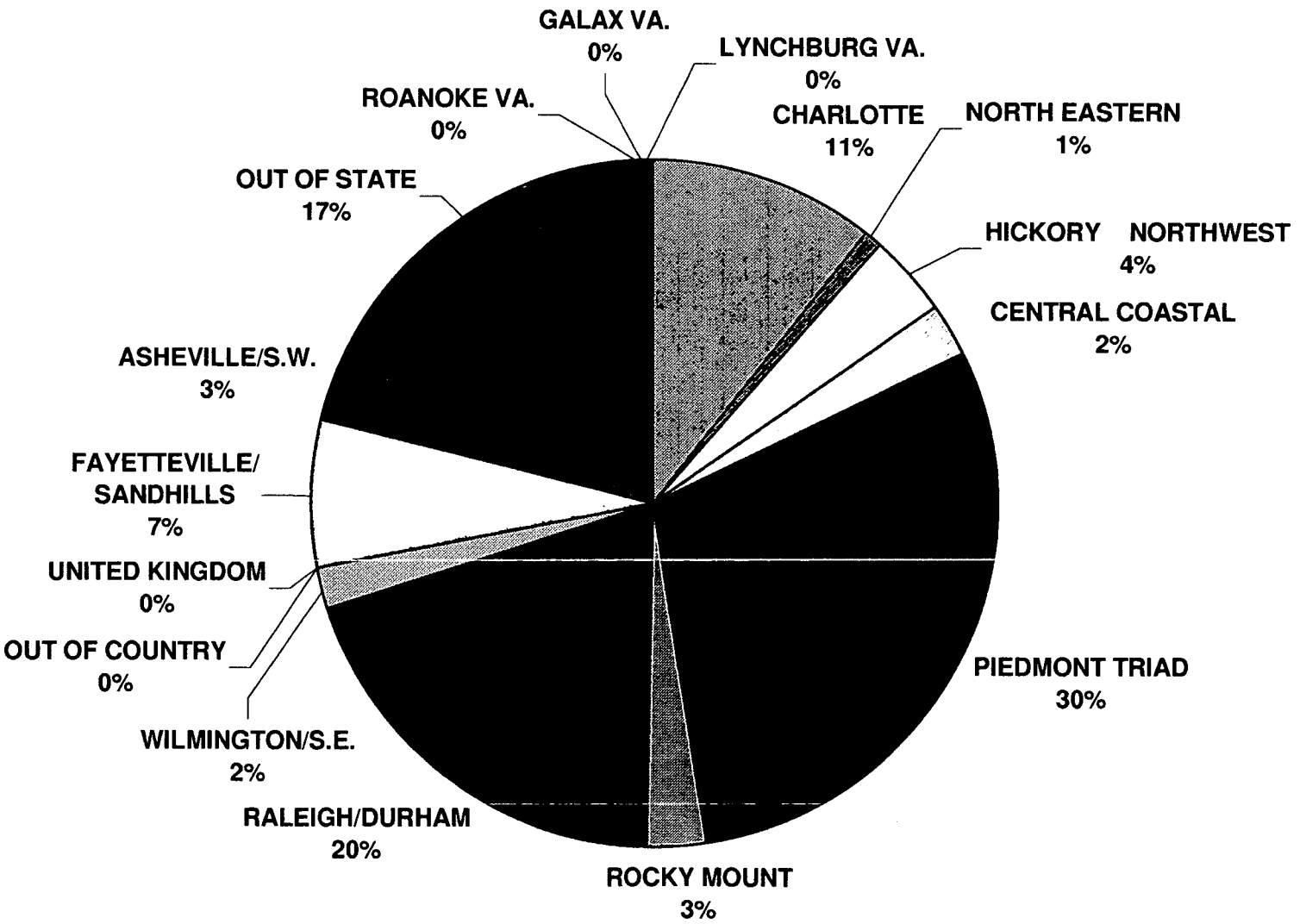
NORTH CAROLINA ZOOLOGICAL PARK
VISITOR SERVICES DIVISION
FISCAL YEAR ATTENDANCE HISTORY



AS OF FEB. 1999

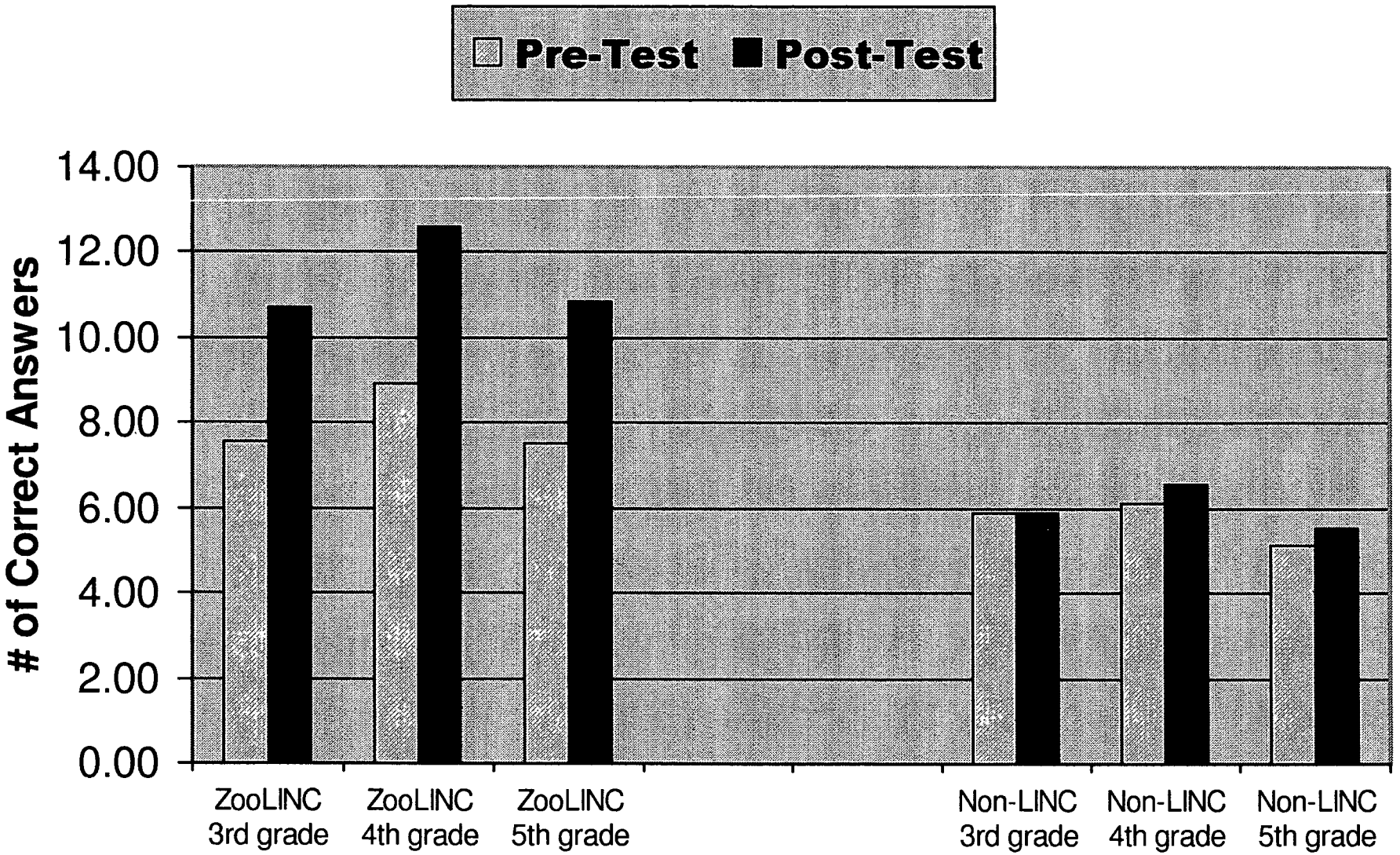
Attachment 4

NORTH CAROLINA ZOOLOGICAL PARK
VISITOR SERVICES DIVISION
ZIP CODE PATTERNS
FISCAL YEAR 1998-1999



AS OF FEB. 1999

Environmental Knowledge Survey



THE ZOOLOGICAL PARK AND PARTNERSHIPS

The following are examples of some of the partnerships that the zoological park has initiated and developed to strengthen rural development, regional tourism and conservation, both of the natural and built heritage.

1. Chairmanship of the Yadkin-Pee Dee Lakes Project, the Piedmonts foremost rural economic and heritage conservation group.

2. Board membership of both the Piedmont Land Conservancy and the Land Trust of Central North Carolina. Participation in land use planning, purchase of environmentally and scenically sensitive areas.

3. Foundation and chairmanship of the Rural Heritage Forum. A statewide group of rural economic development and conservation groups interested in a balance between the economic future of the countryside and protection of natural resources.

4. Work with the Uwharrie Capital Corp., (Bank of Stanly) and other community banking interests in the development of model open space and recreation sites in the Yadkin-Pee Dee Lakes Basin.

5. Working closely with the Department of Travel and Tourism, particularly in the development and promotion of new rural tourism opportunities.

6. Working with the Rare Plants Program of the Department of Agriculture and involved with several countywide plant surveys in the Piedmont.

North Carolina Aquariums

Mission Statement

- To promote an awareness, understanding, appreciation and conservation of the diverse natural and cultural resources associated with North Carolina's ocean, estuaries, rivers, streams, and other aquatic environments.

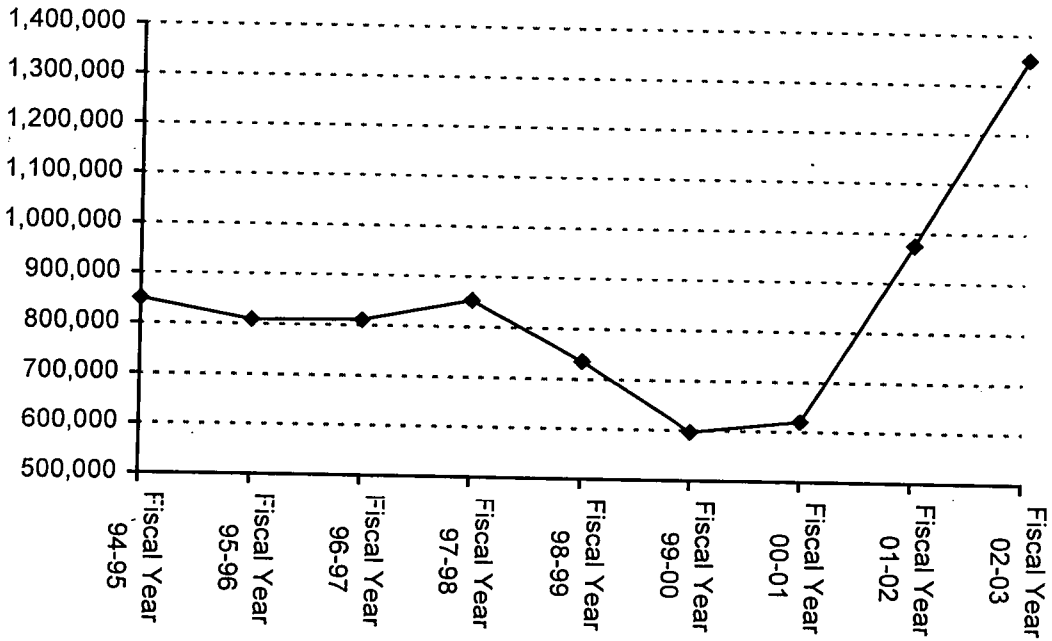
Operations

- Provide displays and exhibits that interpret the natural and cultural resources associated with the State's estuaries, rivers, streams, and other aquatic environments (op_id:275)
- Conduct environmental education programs for school groups and the general public (op_id:276)

North Carolina Aquariums

Objectives and Key Performance Measures:

Increase the general public's environmental awareness by increasing visitor attendance at the zoo, the Museum of Natural Sciences and the aquariums. (obj id:169) *PPB:5100*



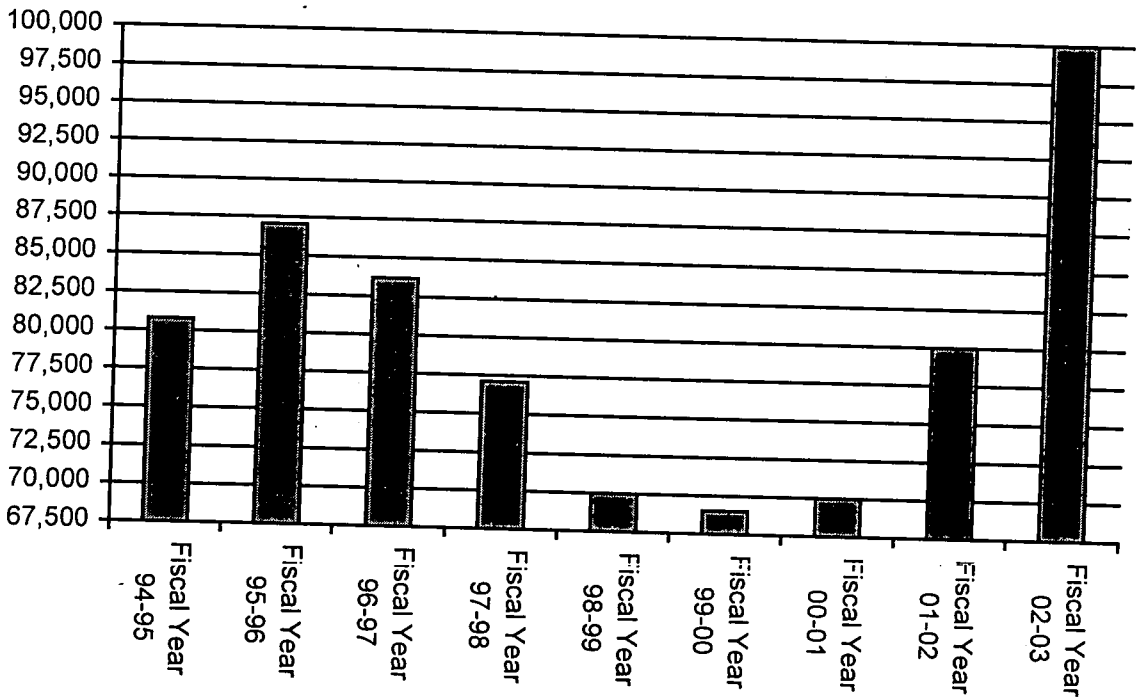
Aquarium Visitors

Note that expansion construction beginning in 1998-99 is expected to negatively impact performance measures.

North Carolina Aquariums

Objectives and Key Performance Measures:

Increase environmental awareness and understanding of the general public by increasing participation in structured programs. (obj._id:167)*PPB:5100*



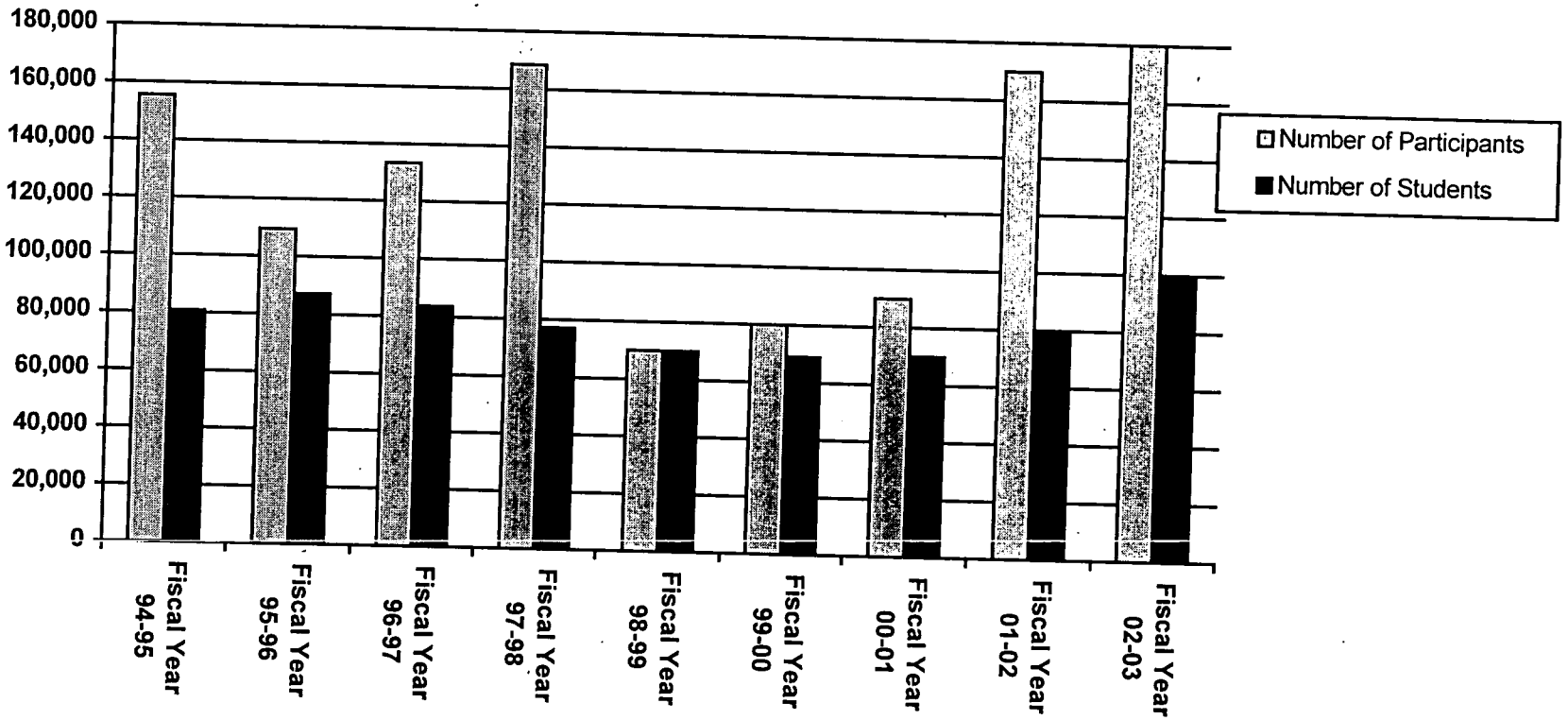
Number of Students

Note that expansion construction beginning in 1998-99 is expected to negatively impact performance measures.

North Carolina Aquariums

Objectives and Key Performance Measures:

Increase educator's environmental awareness and understanding by increasing participation in workshops.
(obj._id:166)PPB:5100

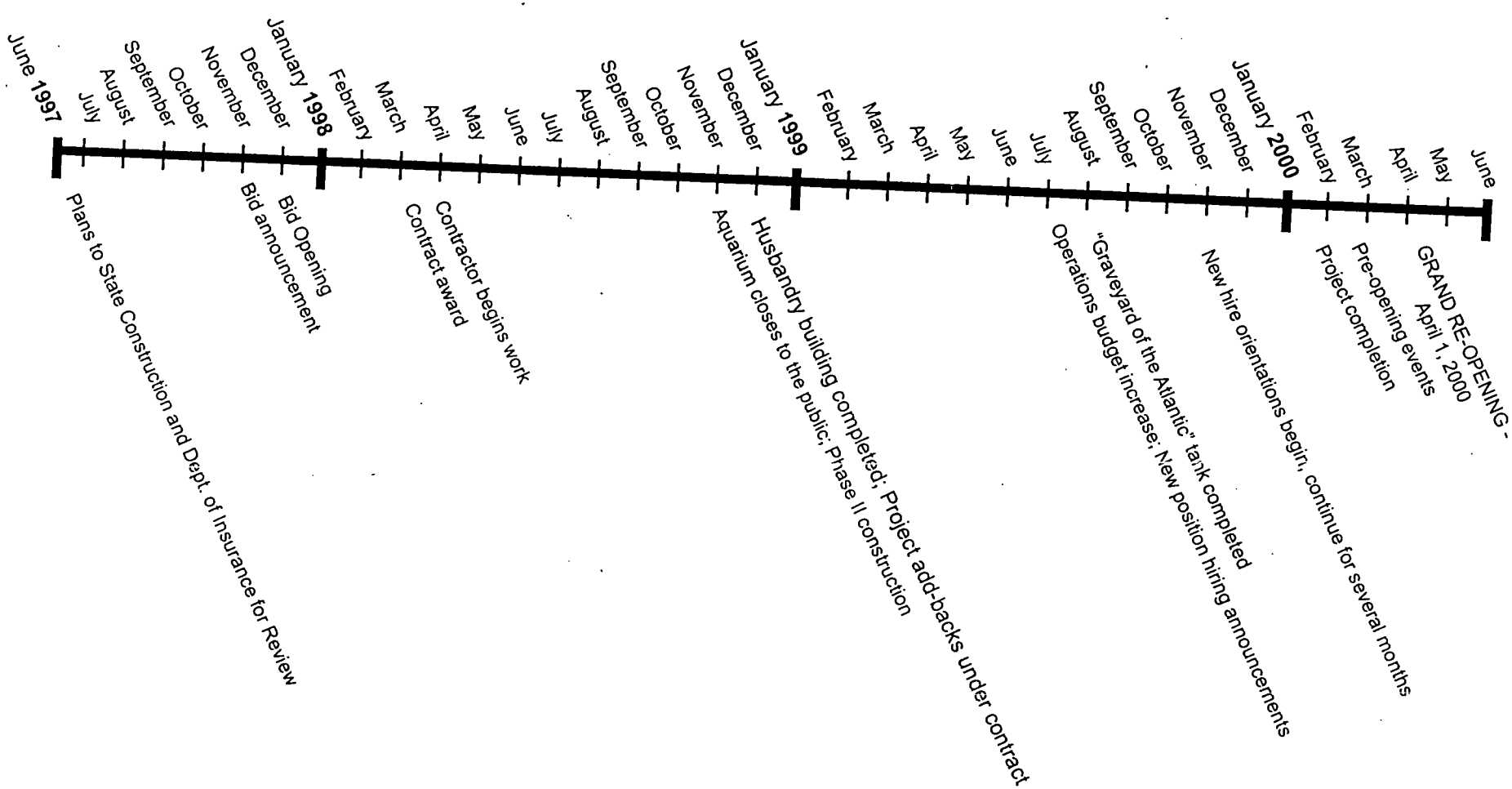


Number of Participants/Students in Programs Conducted by the Aquariums

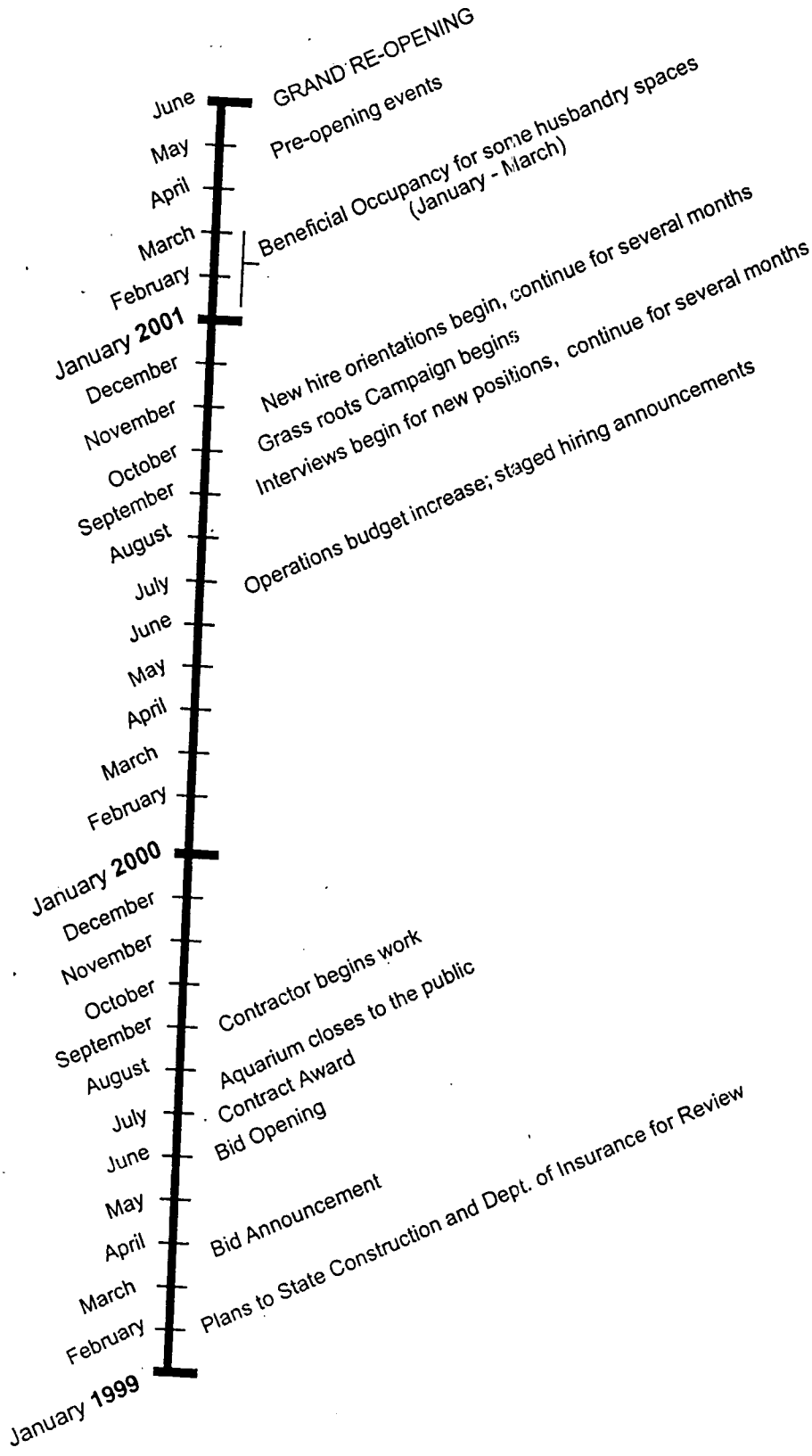
Note that expansion construction beginning in 1998-99 is expected to negatively impact performance measures.

North Carolina Aquariums
Construction Timeline

Roanoke Island

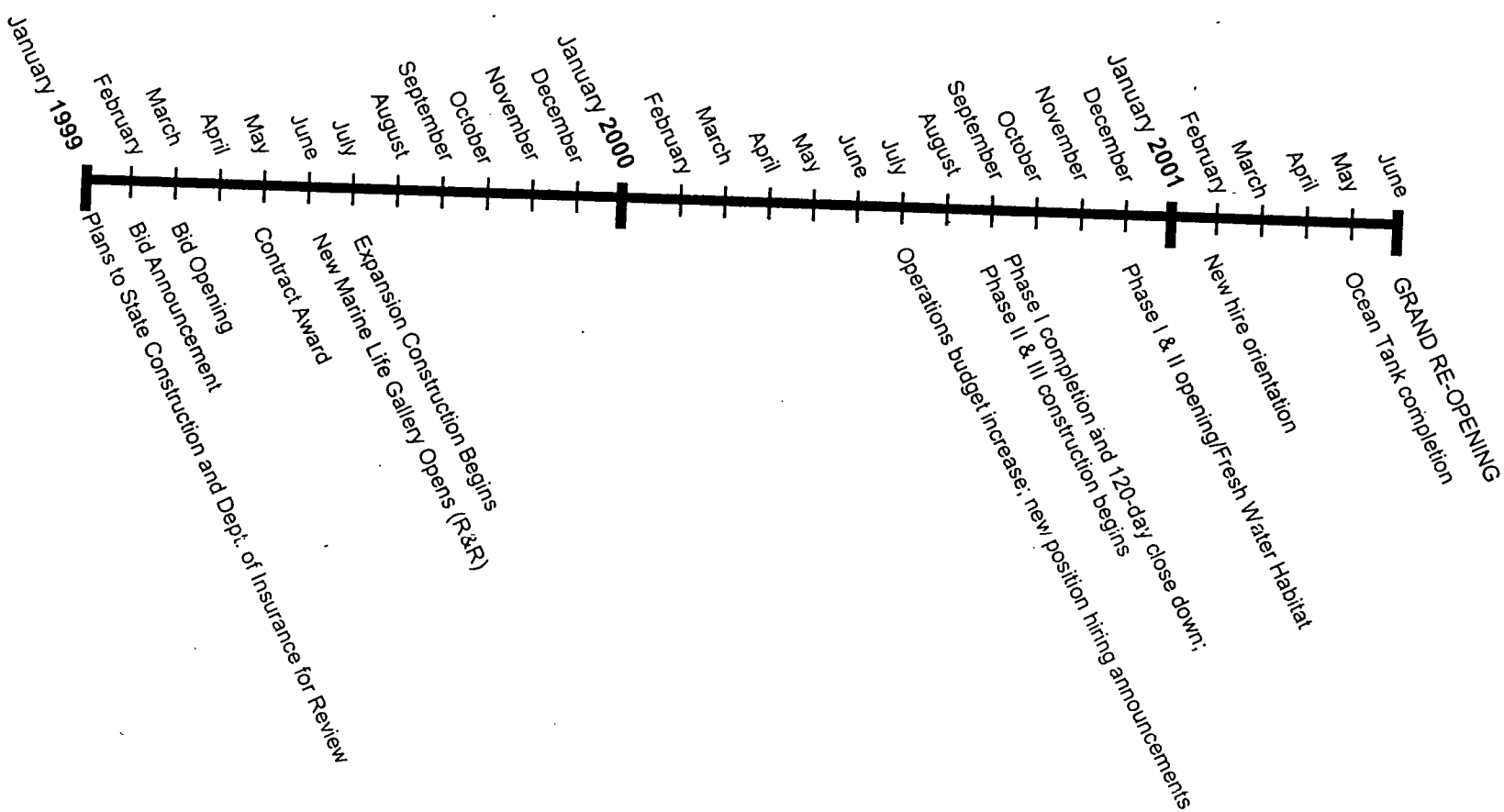


North Carolina Aquariums
Construction Timeline
Pine Knoll Shores



North Carolina Aquariums
Construction Timeline

Fort Fisher



Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 4, 1999
Sen. Bob Martin, Presiding

1. Chairman's comments

2. DENR Budget Presentations – Continued

   North Carolina Aquariums - complete
   Jennifer Herrera, Fiscal Research
   Rhett White, Director, NC Aquariums

   Marine Fisheries
   Mona Moon, Fiscal Research
   Pres Pate, Director, DMF

   Museum of Natural Sciences
   Jennifer Herrera, Fiscal Research
   Dr. Betsy Bennett, Director, Museum of Natural Sciences

   Office of Environmental Education
   Mona Moon, Fiscal Research
   Anne Taylor, Director, OEE

3. Committee Discussion

4. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, March 4, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, March 4, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Mitchell, Baker, Culp, Russell, Tolson, and Warwick were present.

Senator Martin called the meeting to order. The DENR budget presentations continued with Jennifer Herrera, Fiscal Research, presenting the North Carolina Aquariums. This is Attachment A of these minutes. Ms. Herrera introduced Mr. Rhett White, Director of the North Carolina Aquariums, for a presentation on the Aquariums. He gave an overview of the three aquariums: Manteo, Pine Knoll Shores, and Fort Fisher. A copy of his remarks was not available.

Mona Moon, Fiscal Research, continued with a presentation of the Division of Marine Fisheries. This is Attachment B of these minutes. After her presentation, Ms. Moon introduced Mr. Pres Pate, Director of Division of Marine Fisheries, for a presentation of Marine Fisheries. A copy of his remarks was not available.

Ms. Herrera continued with the presentation of the Museum of Natural Sciences. This is Attachment C of these minutes. Dr. Betsy Bennett, Director of the Museum of Natural Sciences, provided information on the day to day operations of the Museum. These are Attachments D and E of these minutes. Dr. Beverly Sanford, Executive Director of SciWorks, spoke to the Committee on the Grassroots Science Museum Collaborative. Dr. Sanford's remarks are Attachment F of these minutes.

The meeting adjourned at 10:00 a.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Attachment A

Department of Environment and Natural Resources

North Carolina Aquariums							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	3,846,471	3,950,315	4,125,037	5,685,755		8,571,491	
Less Receipts	(1,539,421)	(1,656,740)	(1,496,906)	(1,435,301)		(1,434,551)	
State Appropriations	*2,307,051*	*2,293,575*	*2,628,131*	*4,250,454*	61.7%	*7,136,940*	171.6%
Positions	50.25	50.55	48.00	75.00		124.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized State Appropriation.

DIVISION ACTIVITIES

The North Carolina Aquariums are three state-supported facilities that provide a variety of educational opportunities including aquariums, exhibits, field experiences, lectures, films and school programs. Activities at the Aquariums are designed to create an awareness, understanding, and appreciation of coastal North Carolina's diverse cultural and natural resources.

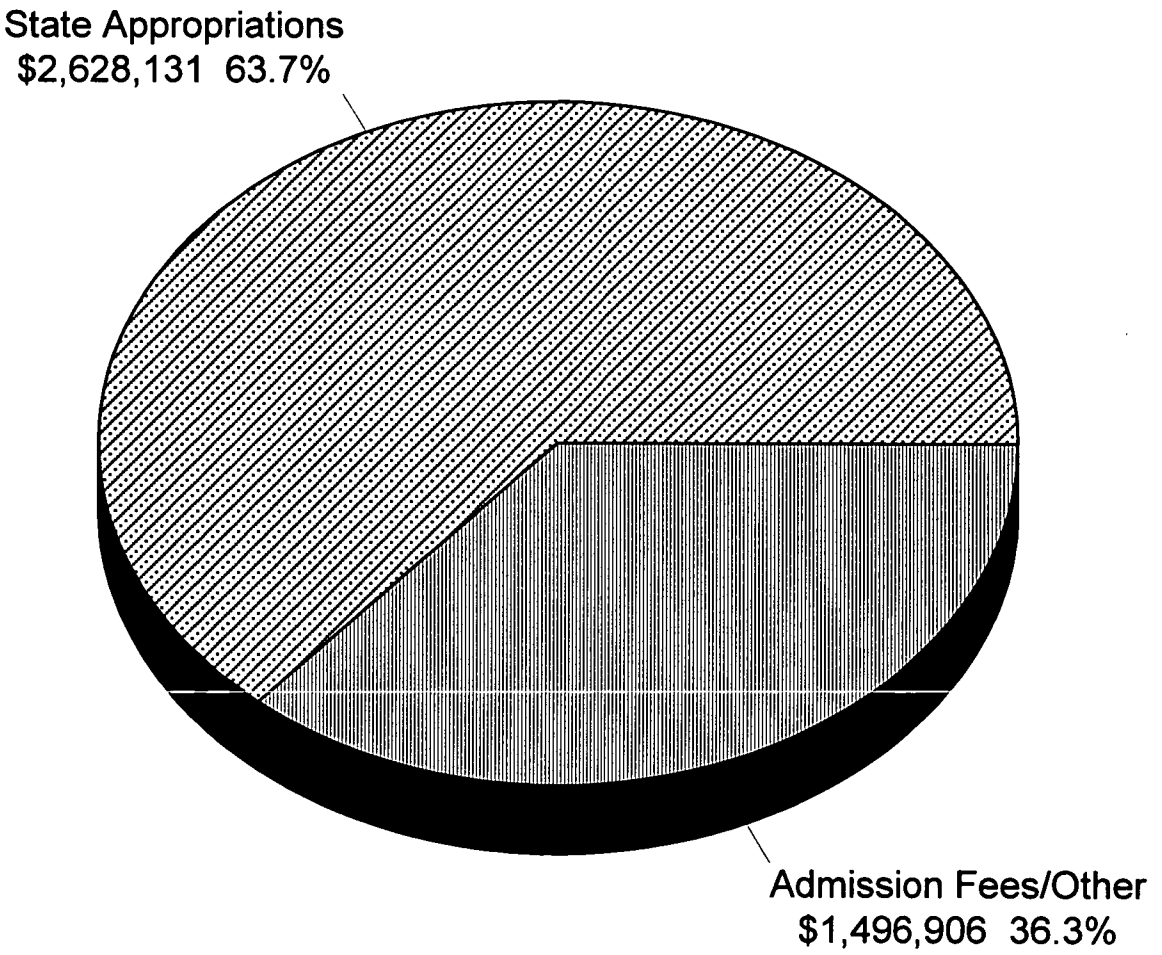
The Aquariums are located in Dare, New Hanover and Carteret counties.

Fiscal Research Division - March 1999

Governor's Budget, Volume 5, pp 151-153

North Carolina Aquariums

FY 1998-99 (Authorized) Fund Sources

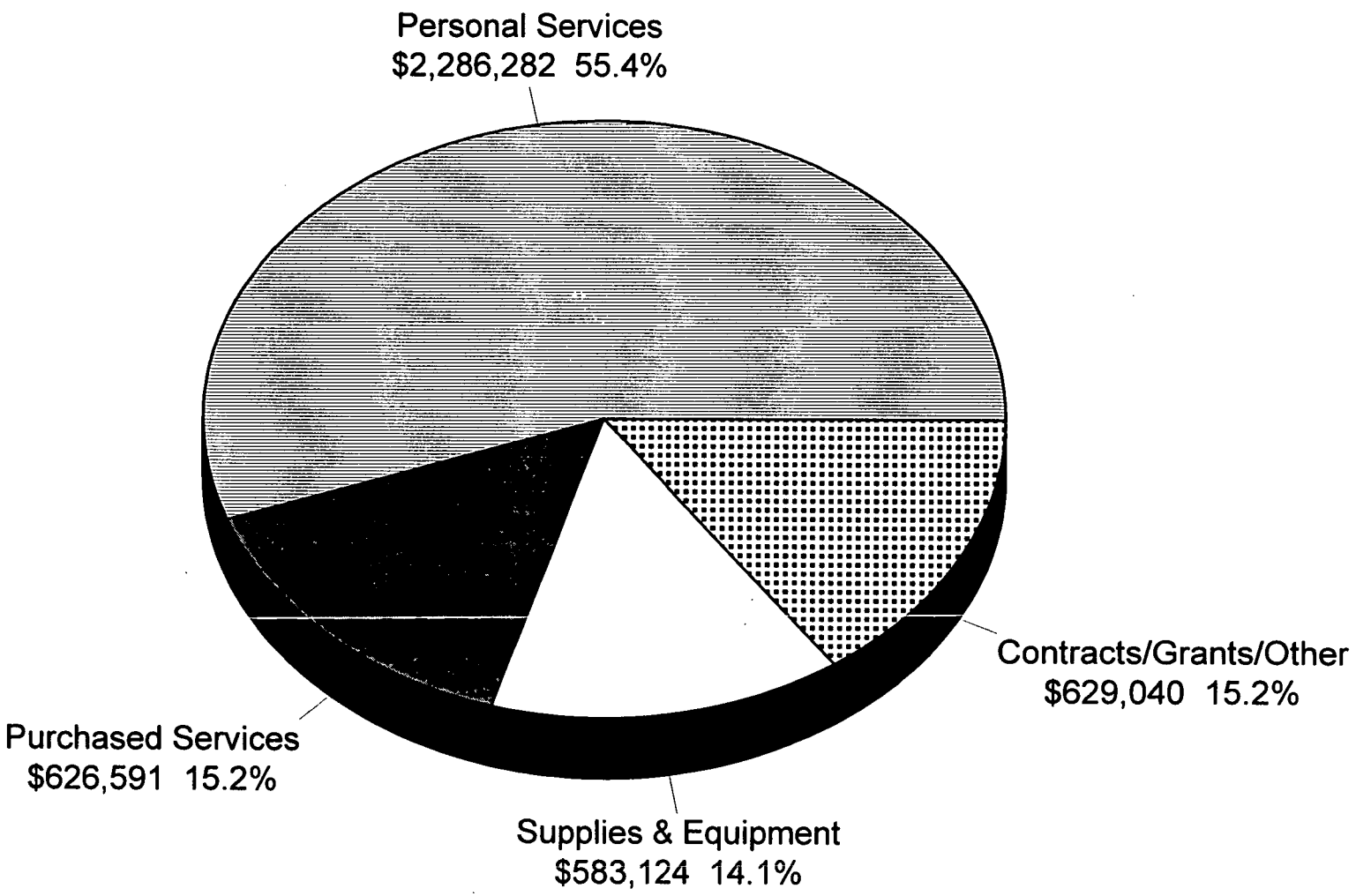


Fiscal Research Division - March 1999

DENR 36

North Carolina Aquariums

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

DENR37

NORTH CAROLINA AQUARIUMS
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
None		

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
Capital Improvements – Expansion of one aquarium (Roanoke Island)	$11,500,000 NR	
Capital Improvements – Roanoke Island facility cost supplement		$2,000,000 NR
Capital Improvements – Central Piedmont Aquarium – Planning		$ 500,000 NR

Note: SB 1366, Section 29.17 requires the Director of the Budget to make available $30 million for the renovation and construction of State aquariums at Pine Knoll Shores and Fort Fisher when sufficient lapsed salary funds have accrued to the General Fund in FY 1998-99.

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
None		

Fiscal Research Division - March 1999

MAJOR CONTINUATION BUDGET RECOMMENDATIONS

	1999-2000	2000-2001
Reserves – Roanoke Island Aquarium	$1,486,814 R	$1,694,286 R
Reserves - Pine Knoll Shores Aquarium		$1,300,349 R
Reserves – Fort Fisher Aquarium		$1,424,899 R

PROGRAM UPDATE

The Governor's recommended continuation budget includes an increase of $1,486,814 in FY 1999-2000 and $4,419,534 in FY 2000-2001 in reserves to fund the operations of the three aquariums. These reserves will support 24 new positions at the Roanoke Island facility and 3 positions in the Raleigh central office in FY 1999-2000, and 49 positions (25 at Pine Knoll Shores and 24 at Fort Fisher) in FY 2000-2001 for a grand total of 76 new positions over the biennium. The Committee may wish to have the department comment on:

1. the status of construction and renovations at each facility;
2. the status of the $30 million capital provision allowed in the 1998 Appropriations Act, and;
3. the appropriateness of increased operating and staffing levels at each facility should the $30 million in lapsed salary funds not become available.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Esposito, Creech, Crawford

AQUARIUM CONSTRUCTION FUNDS

Section 29.17. At such time as sufficient lapsed salary funds have accrued to the General Fund for the 1998-99 fiscal year, the Director of the Budget shall certify that the sum of thirty million dollars ($30,000,000) is available to implement this section. The Director of the Budget shall then allocate these funds to the Department of Environment and Natural Resources for the renovation and construction of the State aquariums at Pine Knoll Shores and Fort Fisher.

Mission Statement

To promote an awareness, understanding, appreciation. and conservation of the diverse natural and cultural resources associated with North Carolina's ocean, estuaries, rivers, streams, and other aquatic environments.

Operations

- Provide displays and exhibits about the natural and cultural resources associated with the state's ocean, estuaries, rivers, streams, and other aquatic environments.
- Conduct environmental education programs for school groups and the general public.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase educator's environmental awareness and understanding by increasing participation in workshops. *PPB: 5100*				
• Number of programs conducted by the aquariums	4,478	2,955	1,477	3,458
• Number of aquarium program participants	177,658	117,254	58,267	137,187
• Number of aquarium outreach programs	119	131	137	143
• Number of aquarium outreach program participants	4,708	5,178	5,414	5,649
Increase environmental awareness and understanding of the general public by increasing participation in structured programs. *PPB: 5100*				
• Number of contact hours with participants in structured environmental education programs (without CEU credits)	266,487	175,881	87,940	205,775
• Number of programs conducted by the aquariums	4,478	2,955	1,477	3,458
• Number of aquarium program participants	177,658	117,254	58,267	137,187
Increase the general public's awareness of North Carolina's environmental education programs, resources, and facilities. *PPB: 5100*				
(No measures have been developed.)				
Increase the general public's environmental awareness by increasing visitor attendance at the zoo, the Museum of Natural Sciences, and the aquariums. *PPB: 5100*				
• Aquarium visitors	851,661	562,096	281,048	651,661

DENR 40

Attachment B

Department of Environment and Natural Resources

Division of Marine Fisheries							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	13,229,526	14,611,769	17,192,123	15,479,611		15,460,278	
Less Receipts	(2,270,392)	(2,365,003)	(2,928,677)	(2,691,385)		(2,692,585)	
State Appropriations	*10,959,134*	*12,246,766*	*14,263,446*	*12,788,226*		*12,767,693*	
Less State 1998-99 NR			*(1,650,308)*	-		-	
Adjusted Appropriations			*12,613,138*	*12,788,226*	1.4%	*12,767,693*	1.2%
Positions	203.50	206.80	232.00	231.00		231.00	

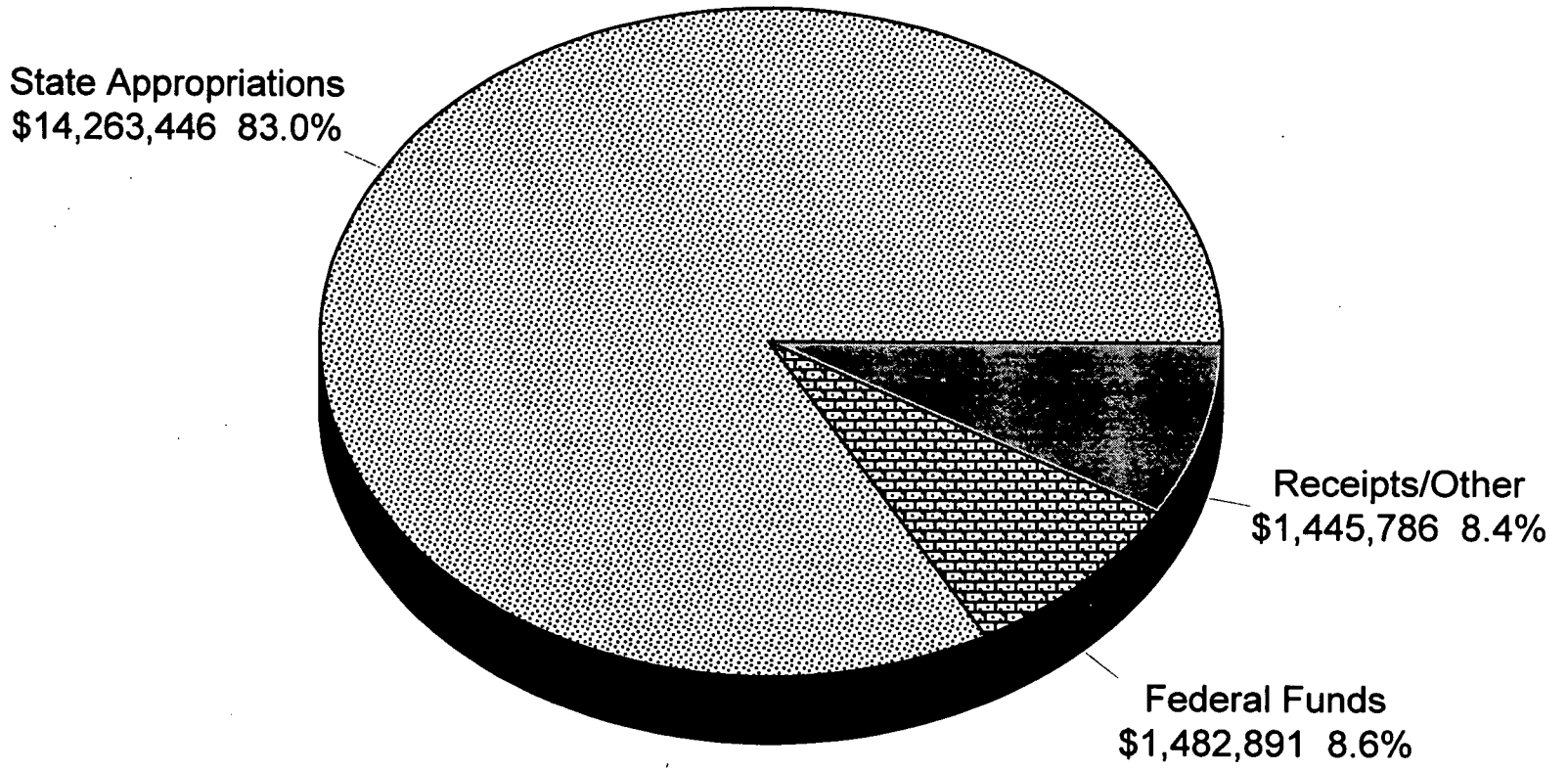
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted appropriations.

DIVISION ACTIVITIES

- Fisheries Management/Habitat Protection
- Resource Enhancement
- Marine Fisheries Patrol
- Public Education and Awareness
- Administration of Coastal Fishing Licenses

Governor's Budget, Volume 5, pp. 166 to 169

Division of Marine Fisheries
FY 1998-99 (Authorized) Sources of Funding

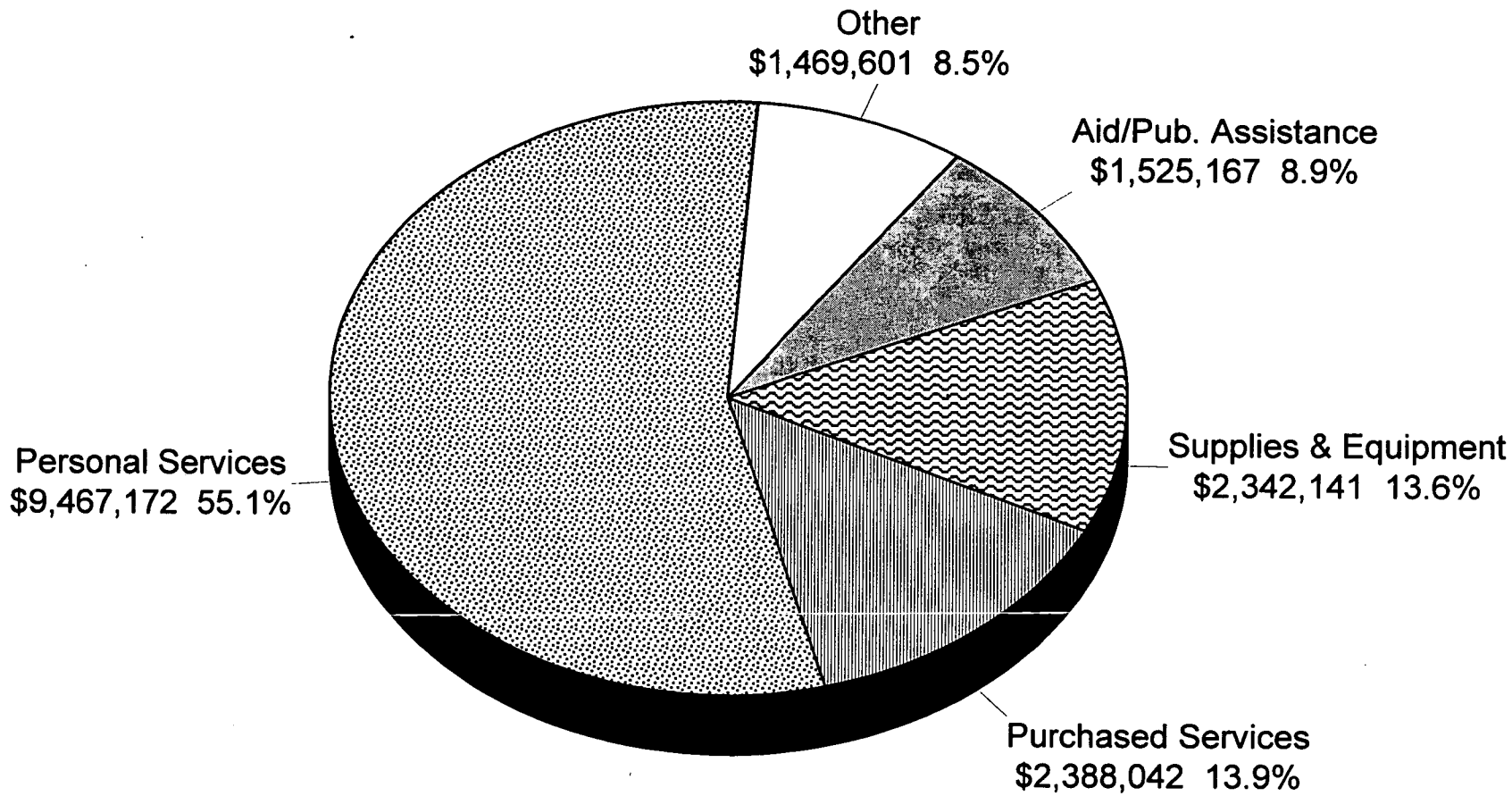


Fiscal Research Division - March 1999

DENR49

Division of Marine Fisheries

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

DIVISION OF MARINE FISHERIES

OVERVIEW OF BUDGET ACTIONS -- CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98		FY 1998-99	
1. Eliminate Funding for Moratorium Steering Committee	($25,000)	R	($25,000)	R
2. Reduce Marine Fisheries Patrol Equipment	($187,321)	R	($187,321)	R
3. Reduce Operating Support			($130,000)	R
SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS				
1. Marine Fisheries Commission Advisory Committees and Staff	$230,475	R	$230,475	R
	$17,000	NR		
	2.00		2.00	
2. Information Technology and Data Management Funds	$155,000	R	$227,223	R
	$500,000	NR	$1,492,508	NR
	2.00		4.00	
3. License Administration Funds			$246,088	R
			6.00	
4. Fisheries Management Plans			$540,158	R
			$142,500	NR
			10.00	
5. Coastal Habitat Protection Plans			$160,170	R
			$15,300	NR
			3.00	

DIVISION OF MARINE FISHERIES

PROPOSED RECOMMENDATIONS FOR THE UPCOMING 1999-2001 BIENNIUM

CONTINUATION BUDGET ITEMS	FY 1999-00	FY 2000-01
1. Purchased services inflationary increase	$92,554	$92,554
2. Supplies inflationary increase	$19,722	$19,722
3. Equipment replacement	$209,022	$189,689

GOVERNOR'S RECOMMENDED REDUCTIONS		
1. Eliminate Vacant Position Research Vessel Crewmember	($25,555) -1.00	($25,555) -1.00

DGMR52

Mission Statement

To ensure sustainable marine and estuarine fisheries for the benefit of the people of North Carolina.

Operations

- Prepare and Implement Fisheries Management Plans (FMPs).
- Prepare and Implement Coastal Habitat Protection Plans (CHPPs).
- Enforce regulations regarding marine conservation and the seafood industry, including fish dealers and restaurants.
- Conduct fisheries and fishing gear research, monitor marine fisheries resources, and collect biological and statistical information.
- Administer commercial and recreational commercial gear fishing licenses.
- Open and close fishing areas and seasons, manage harvest and fishing gear.
- Enhance marine and estuarine habitats.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase the number of viable coastal fisheries stock from 13 to 18 by the year 2002. *(PPB: 5310)*				
• The number of viable/recovering marine fisheries stocks annually	14	14	16	16
Reduce the number of coastal fisheries with unknown stock status from 10 to 7 by 2002. *(PPB: 5310)*				
• Number of marine fisheries with unknown stock status	10	10	10	9

DENR 53

Attachment C

Department of Environment and Natural Resources

Museum of Natural Sciences							
			Current Fiscal Year	Governor's Continuation Request*			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	4,118,268	7,586,172	8,394,594	6,945,321		6,945,321	
Less Receipts	(245,050)	(302,771)	(607,189)	(561,351)		(561,351)	
State Appropriations	*3,873,218*	*7,283,401*	*7,787,405*	*6,383,970*		*6,383,970*	
Less State NR 1998-99			*(1,625,000)*	-		-	
Adjusted Appropriation			6,162,405	6,383,970	3.6%	6,383,970	3.6%
Positions	69.00	81.00	118.00	120.00		120.00	

*INCLUDES GOVERNOR'S RECOMMENDED REDUCTIONS

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Adjusted State Appropriation.

DIVISION ACTIVITIES

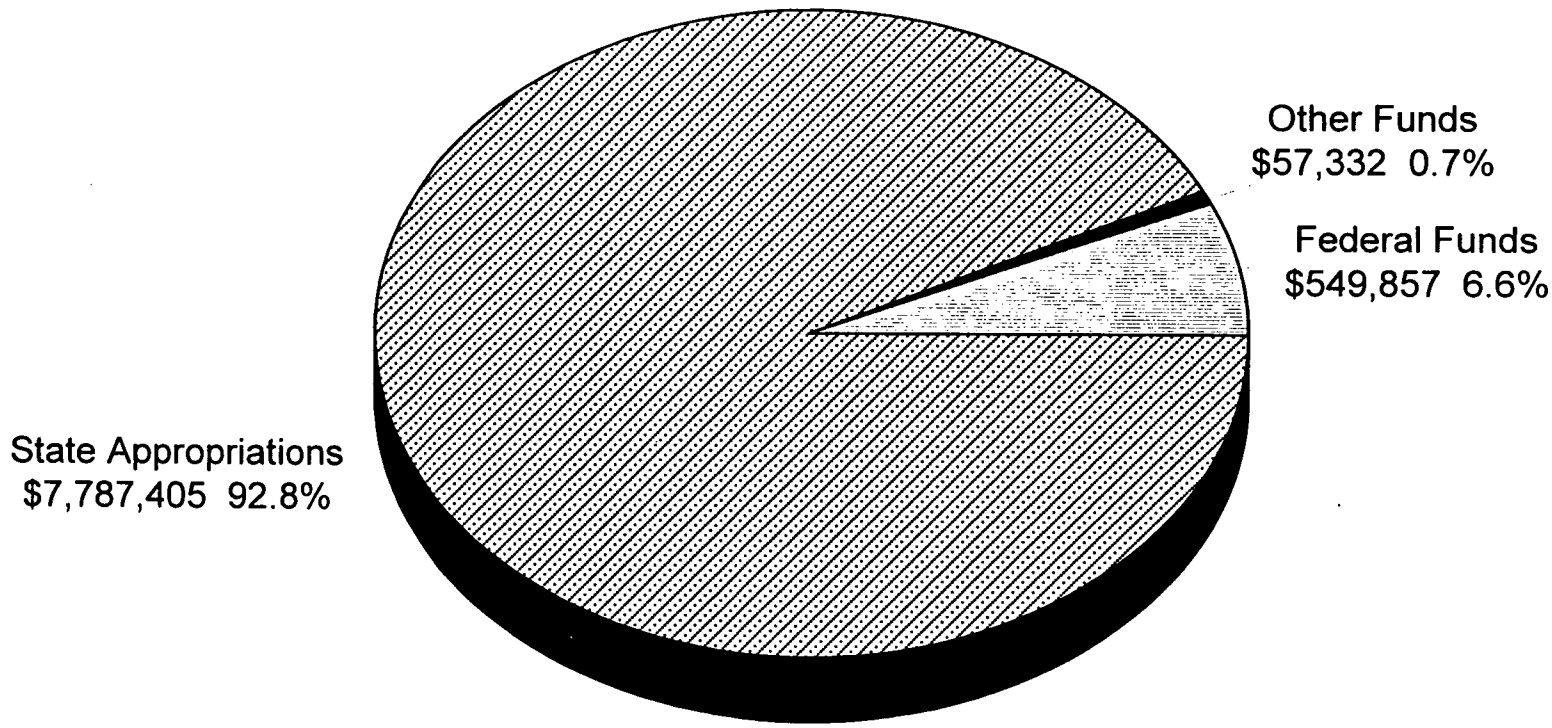
The Museum of Natural Sciences maintains the state's collections and disseminates knowledge and conducts research regarding the natural history of North Carolina. The Museum supports "hands on" natural sciences programs statewide for students, teachers, and the general public as well as workshops, interpretive exhibits, publications and media contacts, and biological research and survey work.

Fiscal Research Division - March 1999

Governor's Budget, Volume 5, 154-156

Museum of Natural Sciences

FY 1998-99 (Authorized) Fund Sources

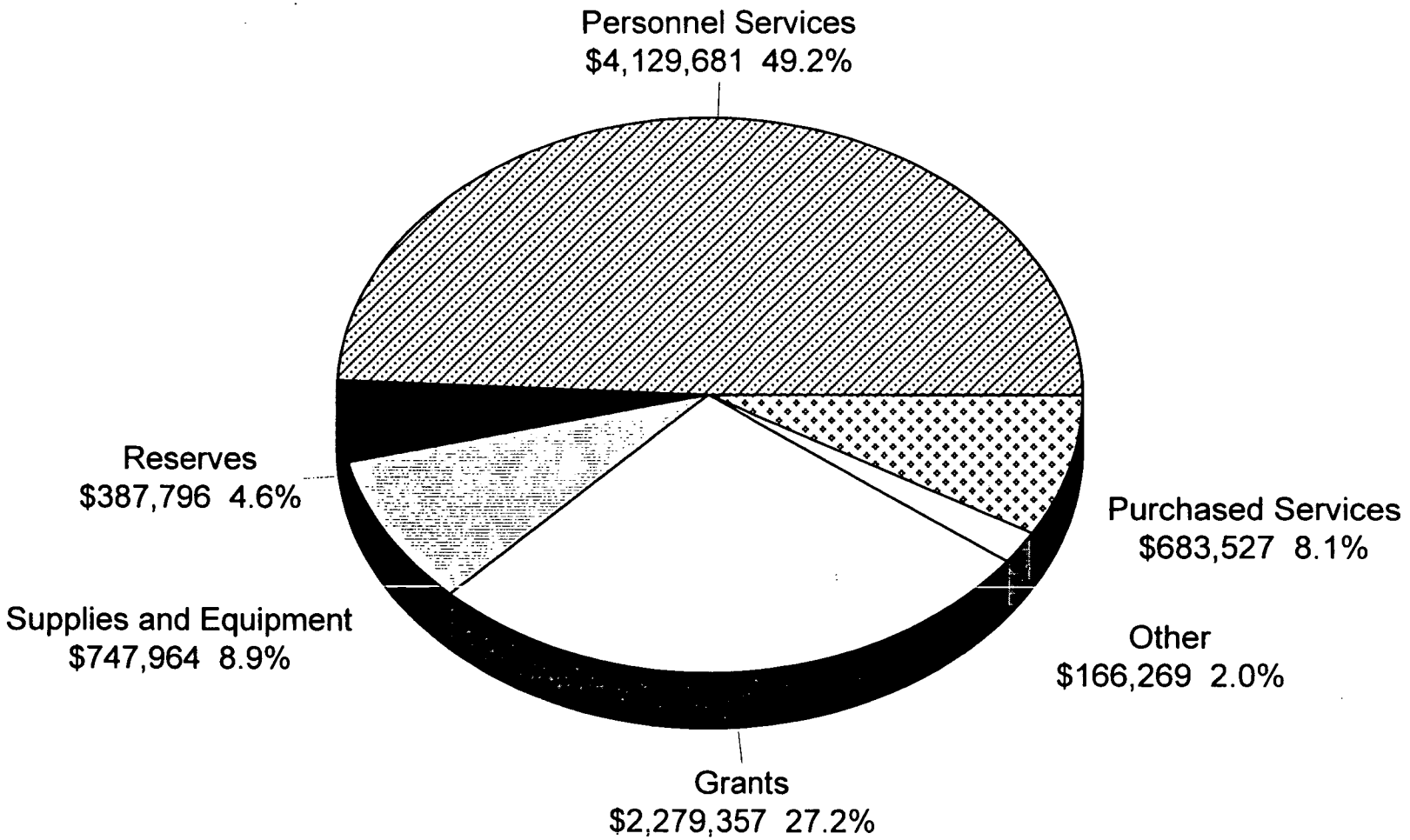


Fiscal Research Division - March 1999

DENR

Museum of Natural Sciences

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

MUSEUM OF NATURAL SCIENCES
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Reduce Supplies		($ 39,513) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Grassroots Science Museums	$ 100,000 R $2,650,000 NR	$ 35,000 R $1,625,000 NR
2. Capital Funding for Exhibits	$7,600,000 NR	$1,000,000 NR

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Eliminate Vacant Position – Program Assistant IV	($44,810) R -1.00	($44,810) R -1.00

Fiscal Research Division - March 1999

DENR 4

Mission Statement

To enhance the public's understanding and appreciation of the natural environment in ways that emphasize the biodiversity of North Carolina and the southeastern United States, and relates the region to the natural world as a whole.

Operations

- Maintain the state's natural heritage of collections of animals, fossils, rocks, and minerals.
- Conducts research regarding the natural heritage of the state.
- Provides facilities and programs to disseminate knowledge and information about the state's natural heritage.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase educator's environmental awareness and understanding by increasing participation in workshops. *PPB: 5100*				
• Number of educators participating in environmental education instructional workshops (with CEU credits)	4,059	2,840	2,925	2,965
• Number of participants in Museum of Natural Sciences teacher education workshops	525	825	825	825
Increase environmental awareness and understanding of the general public by increasing participation in structured programs. *PPB: 5100*				
• Number of participants in Museum of Natural Science Public Programs classes, workshops, and youth programs	42,665	29,000	30,450	45,000
• Number of participants in Museum of Natural Sciences sponsored community outreach programs	39,607	26,000	27,300	45,000
• Number of participants in Museum of Natural Science exhibit hall presentations	45,293	56,750	56,750	99,000
• Number of participants in Museum of Natural Science special events	26,162	15,000	35,000	50,000
• Number of participants in Museum of Natural Sciences off-site special events	120,000	131,000	144,100	158,510
• Number of interpretive exhibits constructed by the museum of Natural Science	6	15	30	15

DENR 45

Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase the general public's awareness of North Carolina's environmental education programs, resources, and facilities. *PPB: 5100*				
• Number of media items about Museum of Natural Science activities (excluding public service announcements)	637	701	900	900
• Number of responses to public information requests relating to natural history	2,685	3,000	3,150	3,300
• Collection records added per year by the Museum of Natural Science	37,772	30,000	30,000	40,000
• Collection records automated per year by the Museum of Natural Science	17,457	18,000	18,000	40,000
• Research publications by staff of the Museum of Natural Science	81	80	80	100
Increase the general public's environmental awareness by increasing visitor attendance at the zoo, the Museum of Natural Sciences, and the aquariums. *PPB: 5100*				
• Number of Museum of Natural Sciences general public visitations	271,590	271,590	380,226	456,271
• Number of Museum of Natural Sciences visitors within school and other groups	74,139	81,552	106,017	116,618
• Average number of days to close wage and hour cases	121	111	101	91
• Number of participants in Museum of Natural Sciences off-site special events	120,000	131,000	144,100	158,510

MAJOR CONTINUATION BUDGET RECOMMENDATIONS	1999-2000	2000-2001
1. Operating Reserves - Museum	$ 398,726 R	$398,726 R

PROGRAM UPDATE/ITEMS FOR COMMITTEE DISCUSSION

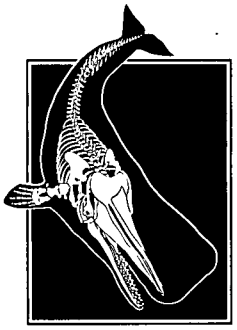
The Committee may recall that the Governor's 1997-99 budget recommendation for the Museum of Natural Sciences included reserves of $926,431 in FY 1997-98 and $1,943,480 in FY 1998-99. These reserves were related to capital appropriations for the new museum, and used to hire additional personnel and for operating expenses associated with the opening of the new museum in 1999. For the 1999-2001 biennium, the Governor's recommended budget again includes a reserve of $398,726 for each fiscal year. This reserve will support 3 new staff positions and additional operating costs for the museum.

In February 1999, the Department announced that the opening of the new Museum of Natural Sciences would be delayed until April 7, 2000. This will provide contractors more time to complete construction and give the animals additional time to become acclimated to their new surroundings. The committee may wish to ask the department to:

1. Further elaborate on the scheduled delay, including the estimated completion date prior to opening to the general public for construction, exhibit installation, and estimated arrival of animals;

2. Explain the need to fully fund the operating reserve in the first year of the biennium, given that the official opening will be delayed until April of 2000.

AH. B



NORTH CAROLINA
MUSEUM of NATURAL SCIENCES

NORTH CAROLINA STATE MUSEUM OF NATURAL SCIENCES
Betsy Bennett, *Director*

NORTH CAROLINA MUSEUM OF NATURAL SCIENCES

A division of the Department of Environment and Natural Resources

Mission Statement

To enhance the public's understanding and appreciation of the natural environment in ways that emphasize the biodiversity of North Carolina and the southeastern United States and relates the region to the natural world as a whole.

Facts and Performance Measures

1. **Provides facilities and programs to disseminate knowledge and information about the State's natural heritage**

a) The new Museum building is 90% complete, exhibits fabrication has begun and the new Museum will open to the public April 7, 1999.
b) Visitation has continued to increase since 1994 and despite our crowding and institutional slow-down for getting ready for the new building, visitation has increased by 19% in the last fiscal year.
c) Statewide outreach programs continue to increase since 1994 and last calendar year reached a record high of 180,510 participants. (Includes week-long residential workshops and special events)

2. **Maintains the State's natural heritage of collections of animals, fossils, rocks, and minerals**

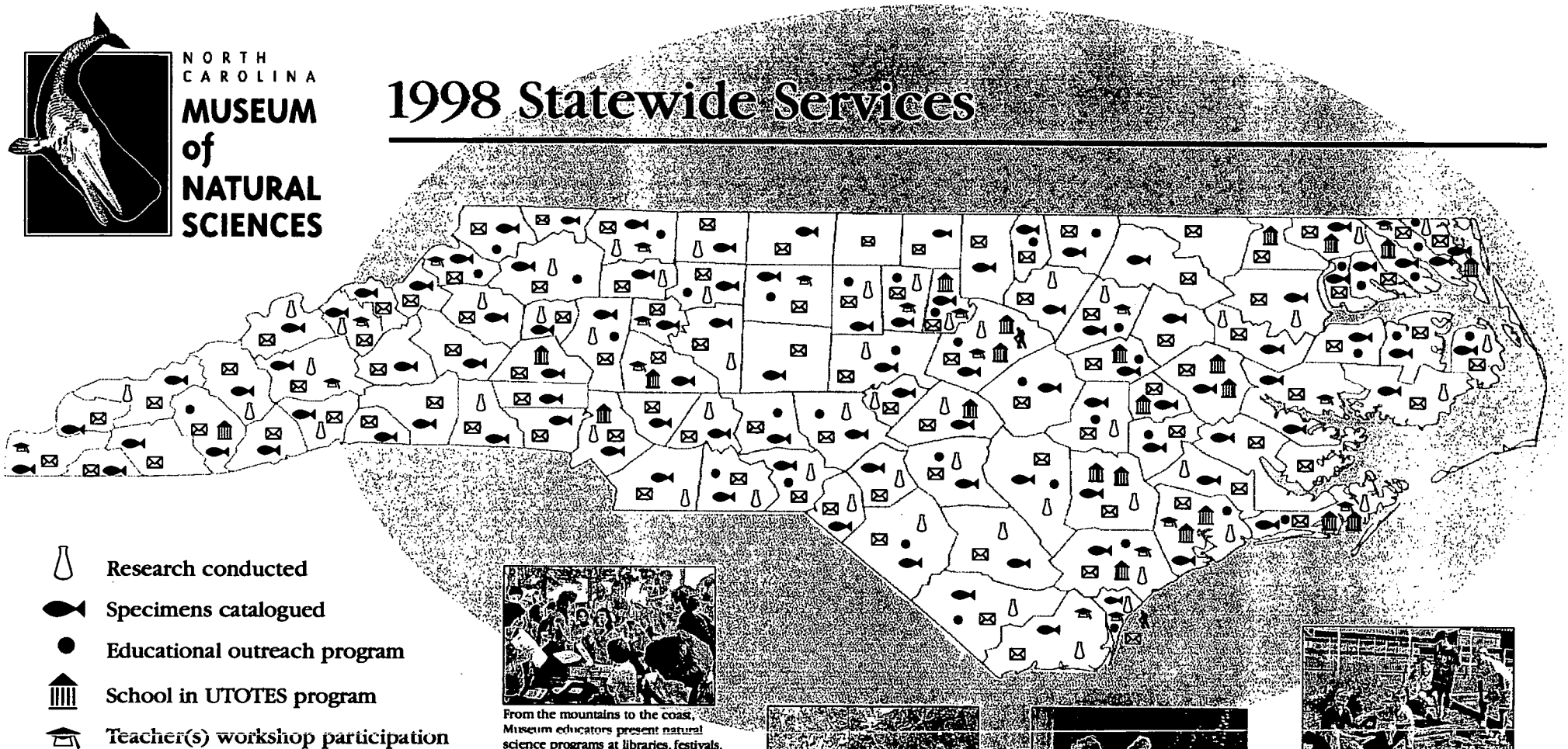
a) Completed 20,000 square foot Research Laboratory facility in July, 1998 to house natural resource collections and staff to conduct environmental research and support resource management.
b) Computerization of collections to make data more accessible to researchers and the public to address environmental issues is underway. The crustacean collections are 100% complete, mammals and birds are 95% complete.

3. **Conducts research regarding the natural heritage of the State**

a) The Museum's Biological Survey Research continues to inform natural resources management. (For example: The Museum's Seabird studies off the North Carolina continental shelf contributed to the reports to the Legislative subcommittee conferring on off-shore drilling legislation and issues.)

NORTH CAROLINA
MUSEUM of NATURAL SCIENCES

1998 Statewide Services



- Research conducted
- Specimens catalogued
- Educational outreach program
- School in UTOTES program
- Teacher(s) workshop participation
- Educational resource materials
- Naturalist in the Schools

From the mountains to the coast, Museum educators present natural science programs at libraries, festivals, and community centers throughout the state.

The Museum's Teacher Treks provide teachers from around the state with opportunities to explore the natural world and integrate these experiences into their classrooms.

Mary Kay Clark, the Museum's curator of mammals, tracks and monitors bats in Chowan County. From salamander pools in the Appalachians to bird rookeries on the Outer Banks, Museum research curators travel the state seeking new information about North Carolina's natural world.

Students from Buncombe County's Glen Arden Elementary School create a wildflower garden through the Museum's program, "Using the Outdoors to Teach Experiential Science" (UTOTES).

Attachment 2

What They Are Saying About Outreach

"The children liked being able to touch the animals and those who didn't want to touch were made to feel O.K. about it. This program was wonderful. We appreciate the opportunity to share the experience with the children in our community!"
-Wayne Co. Public Library, Goldsboro

"...When she arrived, it was raining buckets. She was calm and very flexible. She had a crowd around her table from the moment she arrived to the moment she left! ...Thank you for a great program!"
-Cape Fear Museum, New Hanover County

"The presentation, which was informative and interesting, was very good! I have highly recommended this program to my colleagues. I certainly hope that this program will continue to be available. It is a wonderful opportunity to connect kids and animals with hands on science. I certainly hope you will be able to return this program to our library on another occasion."
-McGirt-Hortan Branch Library, Greensboro

"Erin addressed our group with such patience. She even encouraged their 4-H Activities! This coordinated perfectly since it was a combination of our youth and youth 4-H Church group."
-Weldon

"The variety of live animals and the information given kept the children's interest an hour (I can read/tell stories only ½ hr. or so without the loss of their attention) so the program as well as the presentation were perfect for diverse ages. The children's Dept. has received many complements on the program."
-Robeson County Library

What They Are Saying About UTOTES

Using the Outdoors to Teach Experiential Science (UTOTES)
The award-winning project provides 24 schools a year with intensive training in how to use their school grounds to teach science. Teachers, administrators, parents and community leaders participate in the 2 year, hands-on training.

An outside research firm, Horizons Research, is studying the impacts of the UTOTES program. In the "95 – '96 school year, participants were given a pre-questionnaire and a post-questionnaire. From those questionnaires, we saw a significant increase in the use of their school grounds to teach science and other subjects experientially. The following numbers indicate the percentage that agreed/strongly agreed with the statements based on survey responses by 395 participants.

99% - created a more positive attitude toward living things.

99% - increased my awareness of plants and animals in local environment.

95% - increased frequency of using the outdoors to teach

93% - increased frequency and comfort level in using hands-on activities.

99% - enhanced school grounds as a place for wildlife and learning.

Att. F

Comments to NER Joint Appropriations Committee

1. For the new folks on this committee the Grassroots Science Museum Collaborative is a group of 15 science museums and nature centers across the state. Brochures have been distributed along with a brief description of the association, and mission.

2. It is a unique initiative—each institution is passionate about the role each plays in environmental and science education for all people. To say it another way, we are institutions whose major role is to enhance the public understanding of science. And, we are all very supportive of each other and feel that we are developing a museum-going public - a public that seeks out these informal learning experiences.

3. Working through the Museum of Natural Sciences under the Department of Environment and Natural Resources, this collaboration works to strengthen the capacity and the effectiveness of each institution to meet its educational mission.

4. These institutions actively involve the business community in their programs at a grassroots level.

5. ~~The additional handouts show the impact that state support had on these institutions in the 97-98 fiscal year.~~ State support to these institutions is leveraged by the grassroots institutions at a rate of 10-12 to 1.

6. All North Carolina counties are served annually through programs from one or more of these institutions.

7. In addition to the accountability for the use of these funds, each institution is also accountability to its governing structure, whether it be a municipality or the Board of Directors. It may be difficult at the state level to look at the "bottom line" as a measure of accountability. At the grassroots level, it is a day to day reality.

8. The Grassroots Science Museums ~~are~~ part of the department's continuation budget ~~at a basic level and each year we request increased support, which we will do again this year.~~ ~~Art museums, history museums, and cultural initiatives across the state receive funding through the Department of Cultural Resources. This department is the only one that science museums can go to for operating support~~.

Accomplishments:

1. NC has been nationally recognized for its improved math and science scores. I truly believe that the opportunities that our children have had in informal science education have had an impact. The strong visibility and involvement of our centers with the formal educational systems can be traced to the mid-1980's.
2. Over 2 million people were served by these institutions in both in-house and off-site programs.
3. Through a grant from the Board of Science and Technology the institutions will be coordinating 5th grade students in a water quality testing project. April 12-23 the pilot project will be conducted with 3500 students participating. There results will be documented and will provide student-collected data that they will then be able to analyze, interpret, hypothesize—the possibilities are endless.
4. This year each institution has provided programs and services to families and children, students in school groups, teachers, and young people in informal groups such as scouts. Many of the institutions offer programs for very young children.
5. Finally, the educational programs in environmental and science education offered by these institutions make us a terrific delivery system throughout the state to support the goals and initiatives of this department.

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources 3-4 **, 1999**

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Preston Pate	NC Marine Fisheries
[illegible]	UNC-GA / NCSU Ag Pgms.
[illegible]	DENR
[illegible]	Commerce
[illegible]	N.C. Rec. & Park Society
[illegible]	NFFF.
Betsy Bennett	WLSMNS
Beverly Sanford	Grassroots Science Museums
Ray Boylston	DENR NC State Museum of Natural Scienc
[illegible]	DENR DEH
[illegible]	DENR NCSMNS
[illegible]	BPM HL
Anne Taylor	DENR - Env. Education -
David Herlong	State Planning
[illegible]	DENR. Radiation Protection
[illegible]	DENR
Leslie McCormick	NC Forestry Association
Linda Sewell	DENR, DEH
[illegible]	NCDA&CS
[illegible]	OSBM
JW Reed	OSBM
[illegible]	OSBM
[illegible]	DENR
[illegible]	City of Hickory
[illegible]	DENR
[illegible]	DENR BPA
Chris Ivers	N.C. Aquarium Division - Project Coordinator
[illegible]	FFF

VISITOR REGISTRATION SHEET

e of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Susan Markham	EGHS
Natalie English	NC Aquiculture Council

Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

March 9, 1999 – 2:30 p.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Thursday, March 9, 1999 at 2:30 p.m. in Room 423 of the Legislative Office Building. Eight House Members were present as follows: Representatives Stan Fox, Chair; Bill Owens, Chair; Edith Warren, Vice Chair; Rex Baker, Arlie Culp, Carolyn Russell, Joe Tolson, and Nurham Warwick.

Representative Stan Fox, House Chair, called the meeting to order. He recognized Mona Moon, Fiscal Research Division, who reviewed DENR's Division of Water Quality (DENR pages 72-82 and pages 83-96 handouts). Senator Martin asked who is the Water Quality Division Director, and Ms. Moon stated Preston Howard is the current Director, but he will be leaving March 11. The Committee may want to be provided with an update on the status of expansion funds appropriated in the 1998 Session for increased compliance, water quality monitoring, groundwater pollution control and rapid response teams as noted on DENR page 78. Representative Owens asked how many of the 45 positions proposed for the two-year biennium are out in the field and how many are here in Raleigh? Mr. Tommy Stevens, Deputy Director, DWQ, was recognized, and he stated in the Division there is a total of 267 positions and 103 of them are in regional offices. Many of the positions in the central office also work in the field – approximately 75 percent are involved in field activities. At the Raleigh Central Office the staff is involved with wetlands, 401 certification, permitting, processing and issuing permits. Representative Owens asked if you have a project around Raleigh, would the district office and the central administrative both handle those problems. Mr. Stevens said primarily the projects are handled by the regional office staff, but there is involvement in our overall program from people working out of the central office. Representative Culp asked if the Wetlands Restoration Fund has acquired much land, and what does it cost to buy an acre of wetlands? Mr. Ron Ferrell, Wetlands Restoration Fund, stated location determines the price of land, and we are beginning the implementation stages of the project and are working with local governments, community colleges, and state parks so we do not actually have to purchase property. We are in the process of restoring about 104 acres of wetlands. Representative Baker asked about the new wetland rule and the document that said that wetlands that were subject to these rules amounted to 25 percent of surface land in NC. This percent is down from 50 percent, and he wants documentation as to whether or not these numbers are correct, and if they are correct, he would like to see a map. Mr. Ferrell said if you look at the percentage of hydric soils in NC, there are three characteristics of wetlands soils. Hydric soil is soil saturated by water for a long period of time that develops certain characteristics such as

grayish color and may have a surphur odor. At one time 10,000,000 acres were designated as wetlands in the past, maybe hundreds of years ago. Today the Army Corps of Engineers considers 5,000,000 acres wetlands. We have lost 50 percent of the wetlands that we had historically. If you look from Interstate 95 east he is confident that 25 percent is an accurate number, maybe on the low side. When you get to the Piedmont and Mountains, respectfully one percent and three percent of the land are wetlands, so the 25 percent figure may not be accurate. We will get the correct information to the committee. The Fish and Wildlife Services Division did the best map available in the 1980's, but it is not perfect. The Division of Coastal Management is working on a map of the Coastal Plains, with a goal of having a complete wetland map of the state, which should be ready within a year. Representative Baker stated within the definition of wetlands, a significant portion of the population is at risk of fines because they do not know they live in a wetland. Mr. Ferrell said a public information effort has been made to inform people of the new policy concerning wetland drainage. In the 20 coastal counties there is a very accurate map through Coastal Area Management Act (CAMA) office and also each county can identify exact areas of wetlands.

Mr. Bill Holman, DENR's Assistant Secretary for Environment, addressed Representative Baker's concerns by stating no one will be intrusive when someone wants to put a driveway or ditch on their land. Senator Martin asked whom can someone go to find out if they are in a wetlands area, and can you clean out a ditch if you are in one? Mr. Ferrell stated we defer to Corps of Engineers whether an area is a wetland so the appropriate governing agency would be the Corps of Engineers or the Natural Resources Conservation Survey.

Chair Fox asked Ms. Moon why1997-98 receipts compared to 1998-99 almost doubled. Ms. Moon said the 1997-98 numbers are actual receipts and 36 percent of the budget comes from federal funds. A lot of times a request for federal funds is made, and all the money will not actually be received. If you look back at 1996-97 receipts were actually about $13,000,000. There does seem to be a discrepancy in actual receipts to what is actually budgeted. Maybe they need to go back and revisit some of the grant funds and receipts. They can only spend what they receive, but there does seem to be a discrepancy in actual receipts vs. what is being budgeted.

The Chair recognized Mr. Tommy Stevens, Deputy Director, Division of Water Quality, who thanked the committee for the chance to speak. The Water Quality Program is very complex, and he will focus on two items. The first has to do with the Surface Water Program. NC General Statutes state that water resources of the state do belong to the people, and the state is responsible for the preservation of these waters. The mission of the Water Quality Section is, therefore, to maintain, protect and enhance water quality in NC and that responsibility is undertaken in several different program elements. To insure we follow a roadmap, the permitting of wastewater treatment and disposal systems, the field of wetlands, the disturbance of streams and other developmental activities that may affect those waters are viewed and regulated under various permitting programs. There has been considerable effort spent toward compliance and enforcement. During the past year greater than 4,500 inspections were done at all facilities, including

municipal, industrial and agricultural. He discussed the Groundwater Section (Attachment 1) which is responsible for programs to prevent groundwater pollution, establish groundwater quality protection rules, review permits for facilities that may discharge to groundwater and develop and implement groundwater cleanup requirements. Note map on back of attachment 1, which shows contamination incidents in NC. In the 1998 expansion budget 18 new positions were appropriated for the Water Quality Division. The current status is all positions have been filled except one. Eight went to the Neuse Tar-Pamlico Rapid Response Team, seven went to Regional Compliance positions, three positions went to the Neuse Buffer Rule – one in the Raleigh Regional Office, one in the Washington Regional Office and one in the Wetlands Area. There were 12 new expansion positions in the Groundwater Section –seven positions went to Regional Offices, three in the Central Office and those working out of central office are field positions, and two additional positions in the Central Office.

Representative Tolson stated last year we looked at a water quality system to monitor by computer, and he asked the status of it. Mr. Stevens referred to the computer data base management which is a long-term project for which funding was received last year. That effort is moving along through contractual work being done. There are currently three automated monitoring platforms. The Division has a contract with US Geological Survey for the platforms, and staff is not eliminated because platforms have to be serviced. It provides us with continuous monitoring and information at critical times when we do not have staff out on water - for example during Hurricane Bonnie.

Senator Martin asked how many new employees have been added to DWQ during the past five years. Mr. Stevens did not know the number, but he will get information. The Regional Office is located on Barrett Drive near North Hills. Senator Metcalf asked if activity with the Groundwater Section would include activity with municipal landfills. Mr. Stevens said it would be coordinated. Representative Owens shared a Pasquotank County incident ten or fifteen years ago where an additional $50,000 had to be spent because Solid Waste told us how to close out a landfill, we did exactly what was requested, and then Water Quality folks said we did it wrong. He hopes this type incident does not happen now. Mr. Stevens said a concerted effort is made to coordinate activities and communications.

Senator Cochrane stated we see a lot going into the budget process, with both personnel and dollars for cleanup in Eastern NC, and we understand the need. In Western NC, which is the headwaters of much of what ends up in the East, what is our quality of water and are we doing what needs to be done to maintain the quality there so that when we finish with our focus to clean up the water in the east we will be in pretty good shape. Mr. Stevens said we address those issues statewide through the Water Quality Basin Plans we develop in each basin. Senator Metcalf asked if any of the contamination sites are the result of contamination from a municipal landfill. Mr. Stevens said the sites are not related to underground storage tanks, but there are other sources of contamination. He will get a better breakdown and share it.

Representative Owens asked about the other 445 positions. Mr. Stevens stated in the Surface Water Quality Section there are 267 positions, Groundwater has 76 positions, Administrative/Central Office has 29, Laboratory Services has 49 positions, Construction Grants has 27 positions and the Division of Water Quality Surface Water Programs has 267 positions. Chair Fox asked what is the cost of putting in a monitoring system, and Mr. Stevens said we contract that service through USGS. It is a high cost item, and he will get information on cost. Representative Baker asked about water quality rules with respect to chip mills and has any progress been made with respect to this? Mr. Stevens stated the Department has undertaken a study of chip mill operations, but the study is not yet completed. When it is completed hopefully it address some of the issues including wet decking operations.

Senator Martin asked where the 267 Surface Water positions would be placed, do the counties pay any part in surface water runoffs, and do you police the whole state from the regional offices? Mr. Stevens said for the most part his office does police the whole state. There is an arrangement with Wake County to do complaint investigative work and Mecklenburg County Environmental Health does some compliance inspections on smaller package waste treatment plants, but for majority of state we are served out of regional offices. We have 115 field staff out in the regions.

Senator Horton asked if Division of Water Quality had anything to do with the wetland ditching of 6,000 acres near Cape Fear that dropped through the cracks in terms of supervision and who is responsible. Mr. Stevens said his division is involved in investigating this along with several other divisions in the Department. Mr. Bill Holmon mentioned the 1996 Session debate about state strategy to protect wetlands. Our system relied heavily on Corps of Engineers and their permitting process. We underestimated how much damage would be done while we delayed enforcement, and we are now enforcing standards.

The Chair recognized Mona Moon who shared Division of Air Quality DENR 97 with the committee. The Governor's Recommended Continuation Budget for the Division of Air Quality includes almost $900,000 in state appropriations. Total budget requirements are $27.2 M with receipts of about $26.3 M. The position total for 1998-99 should be 280.8 positions. She reviewed Division Activities. Mr. Alan Klimek, Director of Division of Air Quality, was available to address the committee, but time did not permit him to do so.

The meeting adjourned at 3:40 to reconvene on March 11, 1999 at 8:30 a.m.

Respectfully submitted,

Stan Fox

Representative Stan Fox, Chair

Mary Capps

Mary Capps, Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 9, 1999 (Afternoon)
Rep. Stan Fox, Presiding

1. Chairman's comments

2. DENR Budget Presentations – Continued

   Division of Water Quality
   Mona Moon, Fiscal Research
   Tommy Stevens, Deputy Director, DWQ

   Division of Air Quality
   Mona Moon, Fiscal Research
   Alan Klimek, Director, DAQ

   Office of Environmental Education
   Mona Moon, Fiscal Research
   Anne Taylor, Director, OEE

3. Committee Discussion

4. Adjourn

Department of Environment and Natural Resources

Division of Water Quality

	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized January	Governor's Continuation Request 1999-2000 Recommended	%Δ	2000-20001 Recommended	%Δ
Expenditures	25,943,015	26,051,414	40,413,441	36,747,129		36,269,448	
Less Receipts	(13,046,245)	(12,670,574)	(21,881,537)	(21,448,422)		(21,429,522)	
Cash Balance +/-	61,572	(615,606)	-	-		-	
State Appropriations	*12,958,342*	*12,765,234*	*18,531,904*	*15,298,707*		*14,839,926*	
Less NR 1998-99			*(3,384,341)*	-		-	
Adjusted Appropriation			15,147,563	15,298,707	1.0%	14,839,926	-2.0%
Positions	420.98	426.50	452.00	445.00		445.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted appropriations.

DIVISION ACTIVITIES

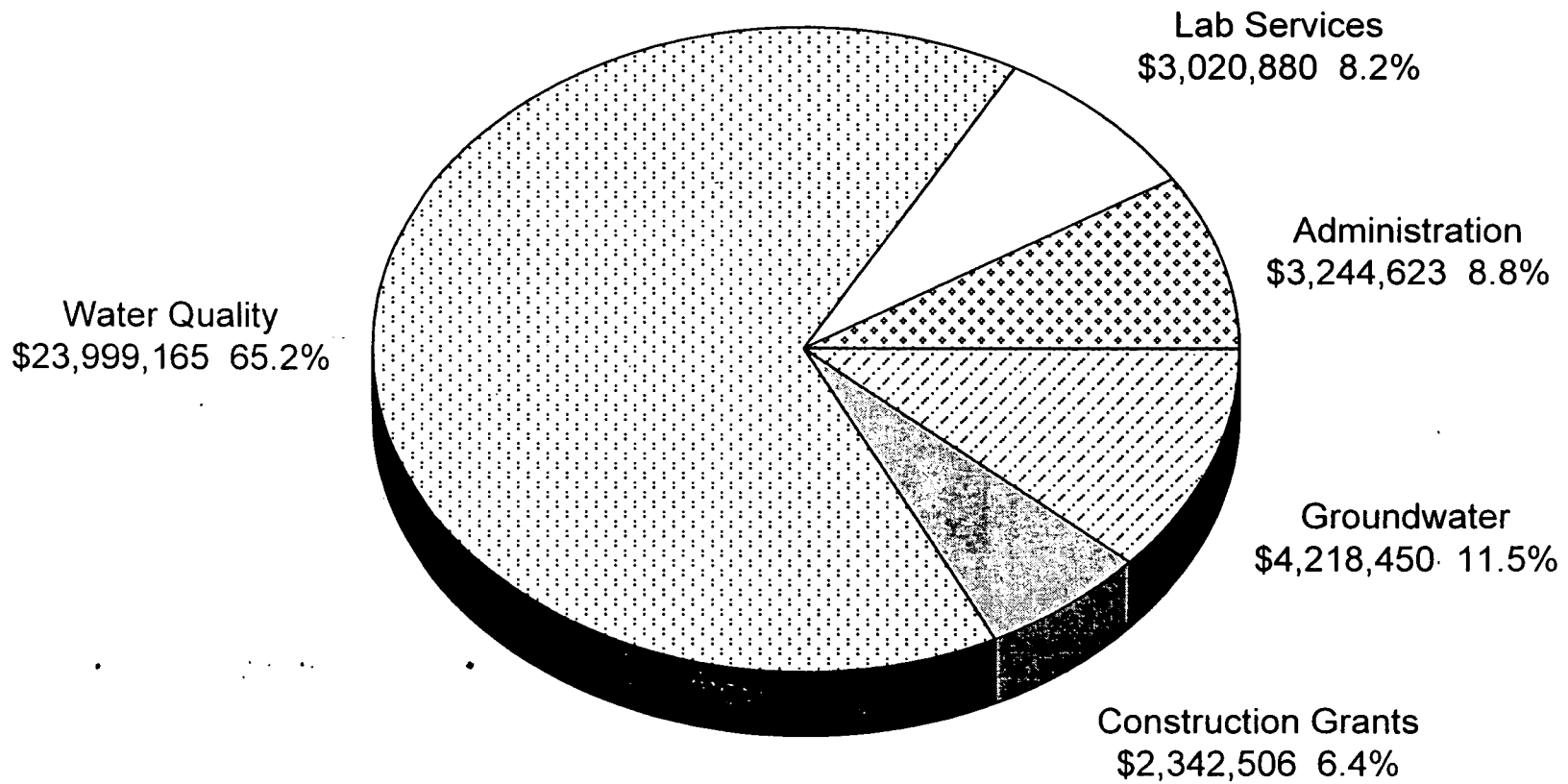
- Issues permits to control sources of pollution
- Monitors compliance at permitted facilities
- Evaluates environmental quality
- Pursues enforcement action for violations of environmentally regulations
- Provides financial and technical assistance for publicly owned wastewater treatment facilities
- Operates an environmental laboratory

Governor's Budget, Volume 5, pp. 170 to 185

Division of Water Quality

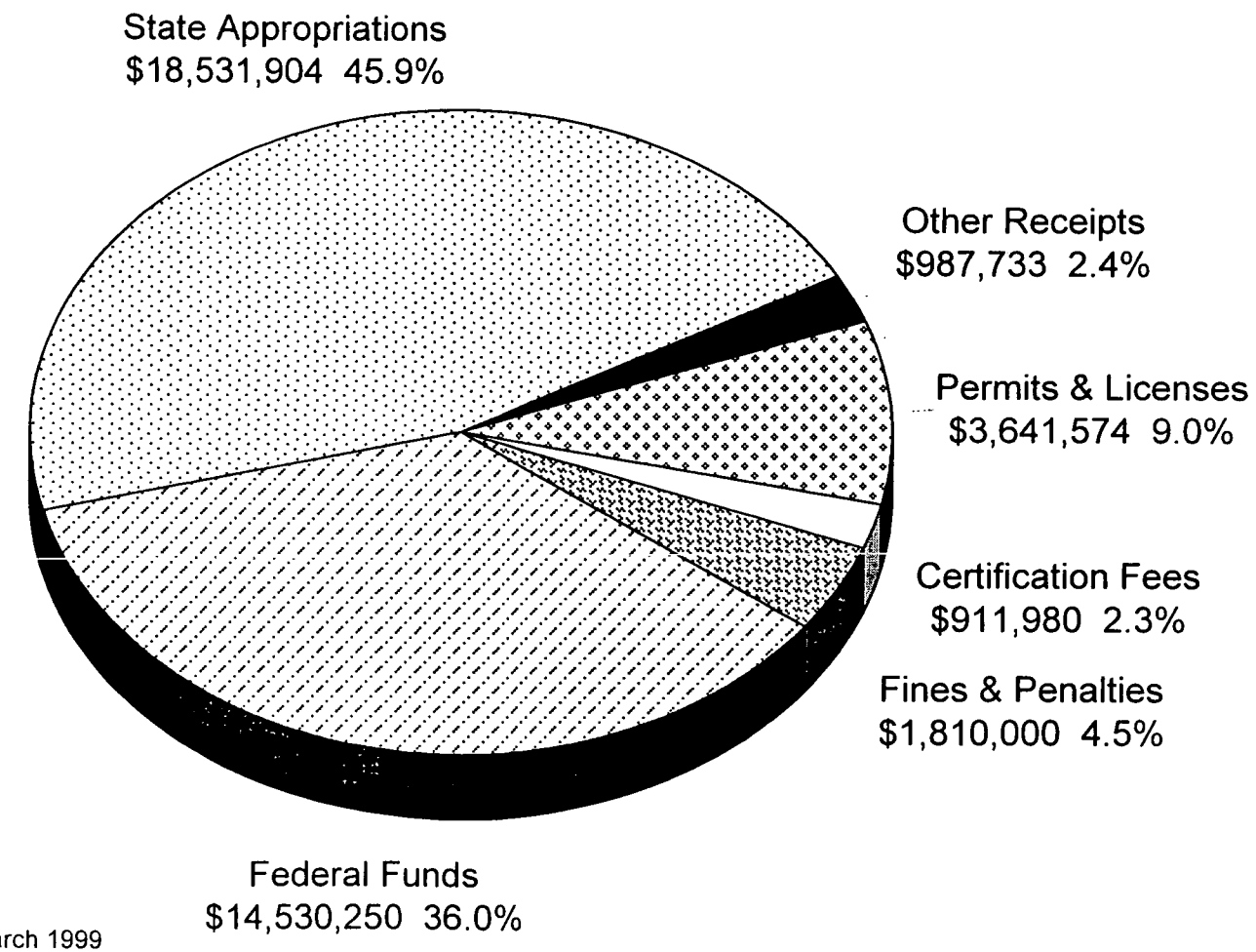
Total Budget by Program Area

FY 1999-2000 Recommended



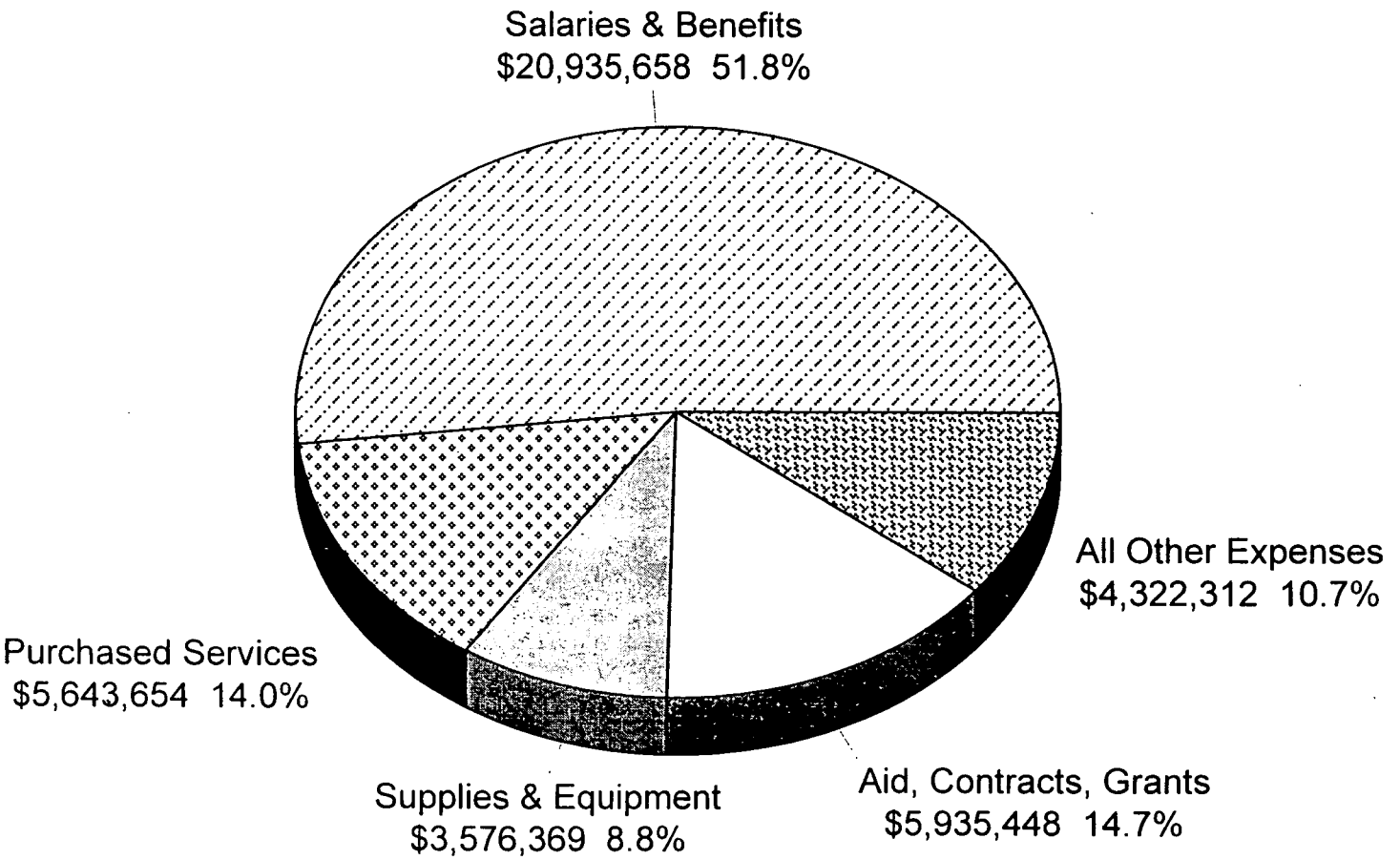
Fiscal Research Division -- March 1999

Division of Water Quality
Fund Sources
FY 1998-99 Authorized



Fiscal Research Division -- March 1999

Division of Water Quality
Expenditures by Category
FY 1998-99 Authorized



Fiscal Research Division -- March 1999

DIVISION OF WATER QUALITY

Overview of Budget Actions for the Current Biennium (1997-99)

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
None		

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98	FY 1998-99
1. Basinwide Data Management System Development	$260,846 R 1.00	$375,153 R 3.00
2. Wastewater Treatment System Operator Training	$474,795 NR 5.00	
3. Maintenance of Existing Water Quality Programs	$1,000,000 NR	
4. Operating Support		$250,533 R
5. Increase Compliance and Reduce Spills		$332,280 R $28,000 NR 7.00
6. Neuse and Tar-Pamlico Rapid Response Teams		$544,634 R $226,774 NR 8.00

	FY 1997-98	FY 1998-99	
7. Water Quality Monitoring/Basinwide Data Management		$164,080	R
		$2,872,980	NR
		4.00	
8. Groundwater Pollution Prevention and Control		$721,479	R
		$256,587	NR
		12.00	

Proposed Recommendations for the Upcoming 1999-2001 Biennium

CONTINUATION BUDGET ITEMS	FY 1999-2000	FY 2000-01
1. Rent increase per lease agreement	$4,516	$8,039
2. Equipment replacement	$582,304	$120,000
3. Inflationary increase for streamflow and water quality measurement stations	$3,600	$3,600

GOVERNOR'S RECOMMENDED REDUCTIONS (FROM SUMMARY VOLUME)		
1. Eliminate Vacant Positions		
Community Planner II	($40,814)	($40,814)
	-1.00	-1.00
Environmental Specialist II	($37,681)	($37,681)
	-1.00	-1.00

Update on Wetlands Restoration Program and Fund

See program summary and excerpt from the November 1998 annual report.

Items for Possible Committee Discussion

The committee may wish to have the division provide an update on the status of expansion funds appropriated in the 1998 Session for increased compliance, water quality monitoring, groundwater pollution control and rapid response teams, as highlighted above.

Mission Statement

To preserve, protect, and enhance North Carolina's surface and ground water resources.

Operations

- Manage and administer water quality programs.
- Develop water quality policy and proposed rules.
- Issue reports on the state's water quality.
- Identify and prioritize wetland and stream restoration sites.
- Restore wetlands and streams.
- Analyze water quality and air quality samples.
- Certify laboratories who submit analyses data in compliance with permits.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Develop a comprehensive wetlands plan to minimize loss of wetlands. *PPB: 5600*				
• Acres of wetlands restored	0	250	500	1,000
Complete laboratory analysis of all environmental samples on time. *PPB: 5600*				
• Air Quality Chemical Analyses	11,099	10,000	10,000	10,000
• Surface Water Chemical Analyses	135,422	140,000	140,000	140,000
• Groundwater Chemical Analyses	147,274	148,000	148,000	148,000

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Mission Statement

To preserve, protect, and enhance the quality of North Carolina's surface water resources.

Operations

- Monitor surface water quality in the state.
- Issue permits for disposal of waste water.
- Inspect permitted facilities for compliance with state and federal water quality standards.
- Take appropriate enforcement action to encourage compliance with state and federal environmental laws.
- Prepare plans for adjusting standards to maintain surface water quality.
- Evaluate and model impacts of proposed dischargers on surface waters.
- Investigate environmental emergencies such as chemical spills and fish kills.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase waters meeting their designated uses by 20 percent from 1992-93 to 2002-03. *PPB: 5610*				
• Percent of rivers and streams meeting use support	77%	77%	78%	78%
• Percent of major discharge facilities inspected	97.9%	99%	99%	100%
• Percent of minor discharge facilities inspected	63.8%	65%	68%	68%
• Percent of animal operations inspected	100.0%	100%	100%	100%
Issue all surface water discharge permits within 180 days. *PPB: 5610*				
• Percentage of permits not issued on schedule	10%	9%	8%	6%

DENR 08

Mission Statement

To award grants and loans for public wastewater treatment projects.

Operations

- Evaluate operation of publicly owned wastewater treatment plants.
- Review loan applications for assistance in construction.
- Review 201 facility plans/amendments.
- Close out wastewater treatment construction projects.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase waters meeting their designated uses by 20 percent from 1992-93 to 2002-03. *PPB: 5610*				
• Percent of rivers and streams meeting use support	77%	77%	78%	78%

Mission Statement

To preserve, protect, and enhance the quality North Carolina's ground water resources.

Operations

- Certify state well drillers.
- Monitor ground water quality in the state.
- Issue Underground Injection and Soil Remediation permits.
- Inspect permitted facilities for compliance with state and federal ground water standards.
- Take appropriate enforcement action to encourage compliance with state and federal environmental laws.
- Prepare plans for adjusting standards to maintain ground water quality.
- Evaluate and model impacts of proposed dischargers on ground water.
- Determine origins of ground water contamination incidents and eliminate or reduce pollution of ground water that is a drinking water source.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Ensure that 100 percent of permitted Class V injection well facilities are in compliance with groundwater quality standards. *PPB: 5620*				
• Percentage of Class V injection wells in compliance with qroundwater quality standards	98%	98%	98%	98%
• Permitted underground injection facilities monitored	67	74	74	74
• State well drillers certified	0	0	550	1,500
Reduce violations of groundwater standards at non-discharge facilities. *PPB: 5620*				
• The percentage of violations of groundwater standards at permitted nondischarge facilities	25%	25%	20%	15%
Prevent groundwater contamination from pesticides. *PPB: 5620*				
• Percent of pesticide monitoring well samples with concentrations of pesticides that exceed groundwater quality standards	40.9%	30%	30%	20%
• Groundwater mapping	2	2	2	2
Reduce impact to citizens from incidents of contaminated ground water. *PPB: 5620*				
• Groundwater pollution investigations	425	400	50	50
• Groundwater degradation	2,236	2,400	500	500

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Wetlands Restoration Fund

- **Created** - 1996

- **Purpose** - To provide for the acquisition, maintenance, restoration, enhancement and creation of wetlands and riparian resources throughout the state to improve and protect water quality.

- **Source of Funding** - $9.2 million, one-time transfer from the Clean Water Management Trust Fund; investment earnings [G.S. 143-214.12(a)]; payments in lieu of compensatory mitigation [G.S. 143-214.12(b)]

- **Statutory Authority** - G.S. 143-214.8 through G.S. 143-214.13

- **Governance** - Administered by the Division of Water Quality, Department of Environment and Natural Resources

- **Allocation of Funds** - Funds may be used only for activities that directly contribute to the acquisition, restoration and maintenance of wetlands and riparian areas for the purpose of implementing the basinwide restoration plans required in G.S. 143-214.10.

- **Administrative Costs** - Continuation budget for the Division of Water Quality includes a General Fund appropriation for the Wetlands Restoration Program staff.

- **Reporting Requirement** - Annually by November 1st to ERC, FRD

Prepared by the Fiscal Research Division, March 1999

EXECUTIVE SUMMARY

During the fiscal year 1997-1998, the North Carolina Wetlands Restoration Program (NCWRP) has been involved in many activities geared toward fulfilling the Program's mandates. These activities cover a wide range of program areas – from basinwide planning to project implementation – which will enable the NCWRP to fulfill its goals and objectives. These accomplishments form the important base of policies, procedures, and methods crucial to the program's effective administration.

The following list summarizes and briefly describes the major achievements completed:

Completion of Basinwide Wetlands and Riparian Restoration Plans for each of the seventeen major river basins.

- The Plans present a watershed-wide approach to wetlands and riparian restoration planning and provide a detailed methodology for identifying and selecting high priority restoration projects that address water quality problems and other resource needs of each river basin.

Adoption of rules to guide the administration of the NCWRP.

- Permanent rules governing the operation of the NCWRP were developed and adopted by the Environmental Management Commission. These rules cover topics such as the Basinwide Wetlands and Riparian Restoration Plans, compensatory mitigation, mitigation banks, donation of property, the Wetlands Restoration Fund and Schedule of Fees. These rules became effective on August 1, 1998.

Procurement of two EPA grants for wetland restoration planning and implementation.

- The NCWRP was awarded a grant for $262,297 to develop a wetlands restoration plan and restore two sites in cooperation with a coalition of local governments in the Falls Lake watershed of the upper Neuse River Basin.
- The NCWRP was awarded a grant for $140,816 to conduct a shoreline stabilization and wetland restoration demonstration project at the new North Carolina Maritime Museum site in Beaufort, North Carolina.

Identification of restoration projects to address basin needs and achieve program goals. These projects include:

- Wetlands restoration in a floodplain of the Neuse River at Johnston Community College, Johnston County;
- Stream restoration along the East Prong of the Roaring River within Stone Mountain State Park in the upper Yadkin Basin, Wilkes County;
- Restoration in the headwaters of Jumping Run Creek in the White Oak River basin, Carteret County;
- A combination of Piedmont wetlands and stream restoration in the Catawba River basin, Alexander County;
- A salt marsh restoration project adjacent to the new Maritime Museum in the White Oak River basin, Carteret County;
- Restoration of a mountain stream in the Newfound Creek watershed of the French Broad River basin, Buncombe County;
- Urban stream restoration in the City of Wilson in the Neuse River basin, Wilson County;
- Restoration of an upper Piedmont stream, wetlands, and riparian buffer system along the South Fork of the Mitchell River in the Yadkin River basin, Surry County;
- Mountain stream restoration in the Watauga River basin, Avery County.

Completion of negotiations with the U.S. Army Corps of Engineers to develop a Memorandum of Understanding (MOU).

- The MOU will facilitate the implementation of the NCWRP by providing a frame-

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work for payment of in-lieu mitigation fees to the NCWRP for 404 impacts. Public notice of the proposed agreement was published on June 18, 1998. The MOU becomes effective in November 1998.

Development of procedures for acquiring conservation easements.

- The NCWRP has established a process for the acquisition of conservation easements. These procedures are described in an information packet that has been prepared for landowners.

Establishing the North Carolina Wetlands Partnership.

- The NC Wetlands Partnership provides a forum for agencies and non-governmental groups to engage in cooperative planning, design review, and implementation of wetland, riparian and watershed conservation and restoration projects in North Carolina. The NCWRP has been instrumental in the development of a MOU for cooperation among partners and will continue to fully support and participate in the Partnership's efforts. The MOU will be signed during FY 98-99.

Completion of an innovative Geographic Information System (GIS) based restoration site prioritization and identification procedure.

- The system provides a comprehensive compilation of a wide range of resource information into digital spatial maps. These digital maps will be used to identify potential restoration sites and to monitor the progress of implementing watershed restoration projects.

Selection of contractors to perform restoration activities.

- Thirty-eight letters of interest were submitted to the NCWRP by prospective contractors to implement restoration work. After careful review and evaluation, ten contractors were approved by the State Building Commission to implement the NCWRP restoration projects.

Completion of public outreach projects as a top priority to increase program awareness.

- A general brochure about the NCWRP was prepared.
- A website describing the program, program goals and objectives, and displaying NCWRP priority subbasins was developed.
- A comprehensive wetlands assistance guide for landowners is being prepared.

Development of site monitoring and success criteria.

- The NCWRP has been working intensively to develop site monitoring and success criteria that will more accurately assess the ecological benefits of restoration projects.

Development of a strategy to address the cumulative effects of small (less than one acre) permitted impacts.

- One of the stated purposes of the NCWRP is to compensate for permitted impacts that are less than one acre in size, for which no compensatory mitigation is required. These impacts resulted in a loss of 127 acres of wetlands during the 1997-98 fiscal year. Restoration projects are being implemented by the NCWRP to compensate for these losses in acreage, function and value.

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ACCOMPLISHMENTS SINCE JULY 1997

November 1997	Contract Issued for Development of GIS Mapping Tool
December 1997	Selection of Priority Subbasins
February 1998	Public Hearings and approval of NCWRP Rules
May 1998	Basinwide Wetlands and Riparian Restoration Plans for the Neuse, Tar-Pamlico and Yadkin-Pee Dee River Basins complete
July 1998	Basinwide Wetlands and Riparian Restoration Plans for the Cape Fear, White Oak, French Broad, Lumber River Basins complete EPA grants approved for: • Upper Neuse River Basin • New Maritime Museum site in Beaufort, NC
August 1998	EMC approval of NCWRP Rules Began project implementation for Johnston Community College site, Johnston County, NC
September 1998	Basinwide Wetlands and Riparian Restoration Plans for the Chowan, Pasquotank, Hiwassee, Roanoke and Watauga River Basins complete DWQ signed NC Wetlands Partnership MOU
October 1998	Basinwide Wetlands and Riparian Restoration Plans for the Broad, Little Tennessee, New and Savannah River Basins complete Development of the NCWRP Website and General Program and Landowner Assistance Brochure Initiated restoration projects

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Section III

WETLANDS RESTORATION FUND

Income / Receipts

The NCWRP's Wetlands Restoration Fund (WRF) provides a repository for funding from two sources: 1) the General Assembly (Account 2980) and 2) fees paid by permittees in lieu of compensatory mitigation (Account 2981). From the original allocation of $9,200,000 from the North Carolina General Assembly to the NCWRP, accrued interest during fiscal year 1997-98 was $1,064,874.34. Compensatory mitigation payments to the WRF total $469,530 and includes one $18,000 payment made in fiscal year 1996-97 and 17 payments in fiscal year 1997-98 totaling $451,530. A breakdown of payments made by river basin to the WRF is depicted in Figure 3.1.

As an additional source of funding, during the 1997-98 fiscal year the NCWRP applied for two Wetlands Program Development Grants from the EPA. Both of these grants were approved in the 1997-98 fiscal year, which together total $403,113. Each of these grants required a 25 percent match from NCWRP.

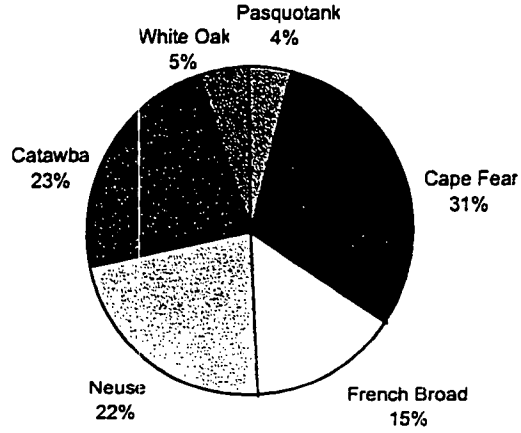

Figure 3.1 Percentage of Compensatory Mitigation Payments made to WRF by River Basin through June 30, 1998.

Expenditures

By statute, the NCWRP was prohibited from spending any funds for restoration work until Basinwide Wetlands and Riparian Restoration Plans for each of the 17 major river basins in North Carolina were completed. Therefore, initial spending focused on plan development. At the end of the 1997-98 fiscal year, Basinwide Wetlands and Riparian Restoration Plans for the Cape Fear, Catawba, French Broad, Lumber, Neuse, Tar-Pamlico, White Oak, and Yadkin-Pee Dee River Basins were completed and published. Since June 30, 1998, the remaining Plans for the Broad, Catawba, Chowan, Hiwassee, New, Pasquotank, Roanoke, Savannah, Watauga and Little Tennessee River Basins have been completed.

Since the Wetlands and Riparian Restoration Plans for all the river basins have been completed, the NCWRP Implementation Group members will be able to proceed with restoration work at a rapid pace. Implementation members have already performed site inspections and assessments and have identified the initial NCWRP restoration projects.

In developing the Basinwide Wetlands and Riparian Restoration Plans, the NCWRP made payments to Arcadis Geraghty & Miller, totaling $48,560.00, for contractual GIS mapping services. The NCWRP also made payments of $9,380 under a contract to Research Triangle Institute in the 1997-98 fiscal year to develop a use support/stream classification database of classified surface waters.

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In addition to the above payments to contractors, the NCWRP went through an extensive review process to screen contractors for implementation of wetland and stream restoration projects.The NCWRP received 38 letters of interest. After careful review of the letters, the NCWRP recommended 10 firms for contractual work. A total of $3,000,000 has been allocated to the 10 qualified companies to implement restoration projects during fiscal year 1998-99. This process will be repeated as necessary to implement projects during the next years.

For a detailed break down of WRF income and expenses refer to Tables 3.1 (Account 2980) and 3.2 (Account 2981).

Table 3.1

ACCOUNT NUMBER 2980 (WETLANDS TRUST FUND)

1997-98 Fiscal Year

DATE		INCOME	EXPENSES	BALANCE
Beginning Balance as of July 1, 1997				$9,316,314.73
3/19/98	Payment of Contract EW8022 (Research Triangle Institute) Develop use support/stream classification database of NC waterbodies.		9,380.00	
4/19/98	Payment on Contract EW8019 (Arcadis) GIS Mapping		5,827.20	
5/19/98	Payment on Contract EW8019 (Arcadis) GIS Mapping		13,596.80	
6/9/98	Transfer of funds to Coastal Management (produce wetland maps of 20 counties)		33,234.00	
6/30/98	Interest for the fiscal year	1,064,874.34		
Balance as of June 30, 1998				$10,319,151.07
Encumbrances:				
	Contract EW8019 Arcadis		29,136.00	
	Contract EW9002 Natural Areas Ecosystem		200,000.00	
	Contract EW9003 Soil & Environmental		250,000.00	
	Contract EW9004 Arcadis		250,000.00	
	Contract EW9005 KCI Associates		300,000.00	
	Contract EW9006 Blue, Land & Water		300,000.00	
	Contract EW9007 Rust Environmental		300,000.00	
	Contract EW9008 HDR Engineering		400,000.00	
	Contract EW9009 EcoScience		400,000.00	
	Contract EW9010 PBS & J		400,000.00	
	Contract EW9011 Kimley-Horn		200,000.00	
	Conservation Reserve Enhancement Program		1,155,000.00	
Balance after encumbrances as of June 30, 1998				$6,135,015.07

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Table 3.2

ACCOUNT NUMBER 2981 (COMPENSATORY MITIGATION)

1997-98 Fiscal Year

Date		Income	Expenses	Balance
Beginning Balance as of July 1, 1997				$18,000.00 (Project # 960710)
9/5/97	Project #95102	12,000.00		
9/9/97	Project #960320	18,000.00		
10/3/97	Project #970440	32,500.00		
10/14/97	Project #970729	6,000.00		
11/3/97	Project #970123	37,500.00		
12/11/97	Project #970075	44,280.00		
1/30/98	Project #970227	56,250.00		
2/3/98	Project #950410	30,000.00		
2/13/98	Project #970809	27,500.00		
3/19/98	Project #970575	22,750.00		
4/13/98	Project #960219	9,000.00		
4/14/98	Project #970915	28,125.00		
4/28/98	Project #971020	24,000.00		
5/19/98	Project #970964	25,250.00		
6/2/98	Project #980064	32,500.00		
6/22/98	Project #980210	21,875.00		
6/23/98	Project #971016	24,000.00		
Total for 1997-98 Fiscal Year		$451,530.00		
Balance as of June 30, 1998				$469,530.00

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Appendix C

SUBCHAPTER 2R - WETLANDS RESTORATION PROGRAM

SECTION .0100 - PURPOSE AND DEFINITIONS

0101 PURPOSE

This Section establishes the North Carolina Wetlands Restoration Program pursuant to G.S. 143-214.8 through 143-214.13.

History Note: Authority G.S. 143-214.8; 143-214.9; 143-215.3; Eff. August 1, 1998.

0102 DEFINITIONS

The definition of any word or phrase used in this Subchapter shall be the same as given in G.S. 143, Article 21.

The following words and phrases, which are not defined by statute, shall be interpreted as follows:

(1) "Mitigation bank" means a site where wetlands or other aquatic resources are restored, created, enhanced, or preserved expressly for the purpose of providing compensatory mitigation in advance of authorized impacts to similar resources.

(2) "Non-riparian wetlands" means Class WL wetlands as defined in 15A NCAC 2B .0101 (c) (8) whose major source of water is precipitation. Wetland types generally considered to be non-riparian include wet flats, pocosins and ephemeral wetlands.

(3) "Riparian area" means an area that does not meet the definition of wetlands found at 15A NCAC 2B .0202 and that is located within 300 feet of any perennial or intermittent water body as shown by the most recently published version of the United States Geological Survey 1:24,000 (7.5 minute) scale topographic map or other site specific data.

(4) "Riparian wetlands" means Class WL wetlands as defined in 15A NCAC 2B .0101(c) (8) whose major source of water is ground water or surface water. Wetland types generally considered to be riparian include freshwater marshes, swamp forests, bottomland hardwood forests, headwater forests, bog forests, mountain bogs and seeps.

History Note: Authority G.S. 143-214.8; 143-214.9; 143-214.11;143-215.3; Eff. August 1, 1998.

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SECTION .0200 - BASINWIDE RESTORATION PLANS

0201 PURPOSE

The purpose of the Basinwide Restoration Plans is to identify wetlands and riparian areas within each of the 17 major river basins of the state that have the potential, through restoration, enhancement, creation or preservation, to contribute to the goals of the Wetlands Restoration Program.

History Note: Authority G.S. 143-214.10; 143-215.3; Eff. August 1, 1998.

0202 COMPONENTS

(a)The Basinwide Restoration Plans for each of the 17 major river basins shall consist of the following components:

(1) an assessment of the existing wetlands and riparian area resources within each basin;

(2) an assessment of the existing needs of the river basin as identified by the Department with input from other state and federal agencies, local governments, institutions of higher learning, non-profit organizations and the general public;

(3) identification of areas that have the potential, if restored or enhanced, to contribute to the goals of the Basinwide Restoration Plans;

(4) identification of wetland and reparian areas that have the potential, if preserved, to contribute to the goals of the Basinwide Restoration Plans;

(5) prioritization of the areas identified in Subparagraphs (3) and (4) of this Paragraph based on the area's ability to contribute to the specific goals of the Basinwide Restoration Plans and the needs of each river basin as identified in Subparagraph (2) of this Paragraph; and

(6) an outline of the specific goal to be accomplished through implementation of the Basinwide Restoration Plan.

(b) During the period July 1, 1997 through June 30, 2002, the Department may develop and implement Basinwide Restoration Plans that include only the following information:

(1) an assessment of the existing needs of the river basin as identified by the Department with input from other state and federal agencies, local governments, institutions of higher learning, non-profit organizations and the general public;

(2) identification of areas that have the potential, if restored or enhanced, to contribute to the specific goals of the Basinwide Restoration Plans;

(3) prioritization of the areas identified in Subparagraph (2) of this Paragraph based on the area's ability to contribute to the goals of the Basinwide Restoration Plans and the needs of each river basin as identified in Subparagraph (b)(1) of this Rule;

(4) identification of wetland and riparian areas that have the potential, if preserved, to contribute to the goals of the Basinwide Restoration Plans; and

(5) an outline of the specific goals to be accomplished through implementation of the Basinwide Restoration Plan.

History Note: Authority G.S. 143-214.10; 143-215.3; Eff. August 1, 1998.

.0203 PUBLIC INVOLVEMENT; AVAILABILITY

(a) The Secretary, or the Secretary's designee, shall provide interested parties an opportunity to review and comment on the proposed Basinwide Restoration Plans.

(b) The Basinwide Restoration Plans shall be available for review in the offices of the Wetlands Restoration Program, Division of Water Quality, 512 North Salisbury Street, Raleigh, NC 27604.

History Note: Authority G.S. 143-214.10; 143-215.3; Eff. August 1, 1998.

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SECTION .0300 - COMPENSATORY MITIGATION

0301 GENERAL

All projects implemented for the purpose of satisfying compensatory mitigation requirements of certifications issued by the Department under 33 USC 1341; and permits or authorizations issued by the United States Army Corps of Engineers (Corps) under 33 USC 1344, shall be consistent with the Basinwide Restoration Plan for the appropriate river basin. A project is consistent with the Basinwide Restoration Plan if the project is located within an area that is identified as a priority for restoration in the Basinwide Restoration Plan; or is located at a site that is otherwise consistent with the goals outlined in the Basinwide Restoration Plan for the appropriate river basin; or is approved by the United States Army Corps of Engineers.

History Note: Authority G.S. 143-214.11; 143-214.12; 143-215.3; Eff. August 1, 1998.

.0302 MITIGATION BANKS

(a) All sponsors of mitigation banks that submit a prospectus to the United States Army Corps of Engineers after the effective date of this Rule must provide the Secretary, or the Secretary's designee, documentation that the proposed mitigation bank is consistent with the approved Basinwide Restoration Plan for the appropriate river basin and meets the requirements of G.S. 143-214.11(f). A mitigation bank is consistent with the Basinwide Restoration Plans if the mitigation bank is located within an area that is identified as a priority for restoration in the Basinwide Restoration Plan; or is located at a site that is otherwise consistent with the goals outlined in the Basinwide Restoration Plan for the appropriate river basin; or is approved by the United States Army Corps of Engineers. The Secretary, or the Secretary's designee, shall provide comments concerning this documentation through participation on the Mitigation Bank Review Team in accordance with "Federal Guidance for the Establishment, Use and Operation of Mitigation Banks," found in Volume 60, Number 228 of the Federal Register, November 28, 1995. The signature of the Secretary, or the Secretary's designee, on the Mitigation Banking Instrument, described in the above guidance, shall be considered as a finding by the Department that the mitigation bank is consistent with the Basinwide Restoration Plan.

(b) Each credit in a proposed mitigation bank must include a minimum of one acre of restoration or creation as defined in 15A NCAC 2H .0506(h)(4).

History Note: Authority G.S. 143-214.11; 143-214.12; 143-215.3; Eff. August 1, 1998.

SECTION .0400 – WETLANDS RESORATION FUND

.0401 PURPOSE

This Section establishes the Wetlands Restoration Fund pursuant to G.S. 143-214.12.

History Note: Authority G.S. 143-214.11; 143-214.12; 143-215.3; Eff. August 1, 1998.

.0402 SCHEDULE OF FEES

(a) The amount of payment into the Fund necessary to achieve compliance with compensatory mitigation requirements shall be determined in accordance with Subparagraphs (1) through (3) of this Paragraph. The fee will be based on the acres and types of compensatory mitigation specified in the approved certifications issued by the Department under 33 USC § 1341; and permits or authorizations issued by the United States Army Corps of Engineers under 33 USC § 1344. Payments shall be rounded up in increments of linear feet for streams and in 0.25 acre increments for wetlands, e.g. for streams, 520.3 linear feet of compensatory mitigation would be considered as 521 feet, and for wetlands, 2.35 acres of required compensatory mitigation would be considered as 2.5 acres for the purpose of calculating the amount of payment.

(1) Classified surface waters other than wetlands as defined in 15A NCAC 2B .0202. The payment shall be one hundred twenty-five dollars ($125.00) per linear foot of stream.

(2) Class WL wetlands as defined in 15A NCAC 2B .0101(c)(8). The payment shall be:

(A) Twelve thousand dollars ($12,000) per acre for non-riparian wetlands.

(B) Twenty four thousand dollars ($24,000) per acre for riparian wetlands.

(3) Class SWL wetlands as defined in 15A NCAC 2B .0101(d)(4). The payment shall be one hundred twenty thousand dollars ($120,000) per acre.

(b) The fees outlined in Subparagraphs (a)(1) through (a)(3) of this Rule shall be reviewed annually and compared to the actual cost of restoration activities conducted by the Department, including planning, monitoring and maintenance costs. Based upon this annual review, revisions to Paragraph (a) of this Rule will be recommended when adjustments to this Schedule of Fees are deemed necessary.

History Note: Authority G.S. 143-214.11; 143-214.12; 143-215.3; Eff. August 1, 1998.

.0403 DONATION OF PROPERTY

(a) If approved by the Council of State, donations or declications of interests in real property, for the purposes of restoration, enhancement, or preservation, may be accepted by the Secretary, or the Secretary's designee, if the property is consistent with the Basinwide Restoration Plan for the appropriate river basin subject to the factors listed in Paragraphs (b) and (c) of this Rule, or if the property interest is being donated to satisfy a condition of a certification issued by the Department under 33 USC § 1341. The property is consistent with the Basinwide Restoration Plan if the property is located within an area that is identified as a priority for restoration in the Basinwide Restoration Plan or is located at a site that is otherwise consistent with the goals outlined in the Basinwide Restoration Plan for the appropriate river basin.

(b) The factors that shall be considered by the Secretary, or the Secretary's designee, in determining whether to accept donations or dedications of interests in real property for the purposes of wetland or riparian area restoration or enhancement include the following:

(1) whether the property is adjacent to, or will become a part of, a Department approved restoration or preservation project; or is adjacent to or includes a sensitive natural resource, as identified in the Basinwide Restoration Plan; or is adjacent to or includes property with known occurrences of rare species as

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identified by the North Carolina Natural Heritage Program in the "Natural Heritage Program List of Rare Animal Species of North Carolina" or the "Natural Heritage Program List of the Rare Plant Species of North Carolina"; or is adjacent to or includes a Significant Natural Heritage Area as identified by the North Carolina Natural Heritage Program in the "North Carolina Natural Heritage Program Biennial Protection Plan, List of Significant Natural Heritage Areas." Copies of these documents may be obtained from the Department of Environment and Natural Resources, Division of Parks and Recreation, Natural Heritage Program, PO Box 27687, Raleigh, North Carolina 27611;

(2) whether the size of the property is at least five contiguous acres;

(3) the likelihood that the site can be successfully restored or enhanced, based on hydrology, soils, and vegetation;

(4) the extent of activities required to successfully restore or enhance the site. Sites requiring extreme measures for successful restoration, such as removal of structures or infrastructure, will not be accepted;

(5) absence of cultural and historic resources;

(6) prior, current, and future land use of the donated property and adjacent properties;

(7) existence of federally or state-listed sensitive, endangered, or threatened species, or their critical habitat;

(8) the potential for enhancement of natural resource values of public lands;

(9) absence of hazardous substance and solid waste;

(10) whether the property is adjacent to non-supporting, partially supporting, or support-threatened waters as designated by the Division of Water Quality pursuant to 40 CFR 131.10(a) through (g). This material is available for inspection at the Department of Environment and Natural Resources, Division of Water Quality, Water Quality Section, 512 North Salisbury Street, Raleigh, North Carolina;

(11) absence of encumbrances and conditions on the transfer of the property interests; and

(12) provisions have been made for the long term maintenance and management of the property.

(c) The factors that shall be considered by the Secretary, or the Secretary's designee, in determining whether to accept donations or dedications of interests in real property for the purpose of preservation of existing wetland and riparian areas include the following:

(1) whether the property has clearly identifiable unique wetland or riparian area functions or values, such as federally or state-listed sensitive, endangered or threatened species, or their critical habitat;

(2) the potential for enhancement of natural resource values of public lands;

(3) whether the property is adjacent to, or will become a part of a Department approved restoration or preservation project; or is adjacent to or includes a sensitive natural resource, as identified in the Basinwide Restoration Plan; or is adjacent to or includes property with known occurrences of rare species as identified by the North Carolina Natural Heritage Program in the "Natural Heritage Program List of Rare Animal Species of North Carolina" or the "Natural Heritage Program List of the Rare Plant Species of North Carolina"; or is adjacent to or includes a Significant Natural Heritage Area as identified by the North Carolina Natural Heritage Program in the "North Carolina Natural Heritage Program Biennial Protection Plan, List of Significant Natural Heritage Areas." Copies of these documents may be obtained from the Department of Environment and Natural Resources, Division of Parks and Recreation, Natural

Heritage Program, PO Box 27687, Raleigh, North Carolina 27611;

(4) whether the size of the property is at least five contiguous acres;

(5) whether the property is under imminent threat of degradation;

(6) prior, current, and future land use of the donated property and adjacent properties;

(7) absence of extensive structures and infrastructure;

(8) absence of hazardous substance and solid waste;

(9) absence of cultural and historic resources;

(10) whether the property is adjacent to non-supporting, partially supporting, or support-threatened waters as designated by the Division of Water Quality pursuant to 40 CFR 131.10(a) through (g). This material is available for inspection at the Department of Environment and Natural Resources, Division of Water Quality, Water Quality Section, 512 North Salisbury Street, Raleigh, North Carolina;

(11) absence of encumbrances and conditions on the transfer of the property interests; and

(12) provisions have been made for the long term maintenance and management of the property.

(d) At the expense of the applicant or donor, the following information must be submitted with any proposal for donations or dedications of interest in real property:

(1) documentation that the property meets the criteria outlined in Paragraph (b) and (c) of this Rule;

(2) US Geologic Survey 1:24,000 (7.5 minute) scale topographic map, county tax map, USDA Natural Resource Conservation Service County Soil Survey Map, and county road map showing the location of the property to be donated along with information on existing site conditions, vegetation types, presence of existing structures and easements;

(3) a current property survey performed in accordance with the procedures of the North Carolina Department of Administration, State Property Office as identified by the State Board of Registration for Professional Engineers and Land Surveyors in "Standards of Practice for Land Surveying in North Carolina." Copies may be obtained from the North Carolina State Board of Registration for Professional Engineers and Land Surveyors, 3620 Six Forks Road, Suite 300, Raleigh, North Carolina 27609;

(4) a current appraisal of the value of the property performed in accordance with the procedures of the North Carolina Department of Administration, State Property Office as identified by the Appraisal Board in the "Uniform Standards of Professional North Carolina Appraisal Practice." Copies may be obtained from the Appraisal Foundation, Publications Department, PO Box 96734, Washington, D.C. 20090-6734;

(5) a title certificate; and

(6) documentation that the property does not contain structures that present health or safety problems to the general public. If wells, septic, water or sewer connections exist, they shall be filled, remediated or closed at owner's expense, and in accordance with state and local health and safety regulations.

(e) In addition to the factors outlined in Paragraphs (b) through (d) of this Rule, the Secretary, or the Secretary's designee, shall consider the following factors when determining whether to accept a donation of interest in real property to satisfy compensatory mitigation requirements:

(1) whether restoration of the property will offset the adverse impacts of the permitted project; and

(2) whether the adverse impacts of the permitted project are within the same subbasin as the property proposed for donation.

(f) Donations of interests in real property for

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the purpose of satisfying compensatory mitigation requirements will only be considered for acceptance when the proposed donation will offset an impact for which an application has already been made to the United States Army Corps of Engineers under 33 USC § 1344 or to the Department under 33 USC § 1341.

(g) For the purposes of satisfying compensatory mitigation requirements through the donation of interests in real property, for property requiring restoration, enhancement, or preservation, the size of property to be donated must equal or exceed the acreage of wetland required to be mitigated under the approved permit and every parcel must be a minimum of five contiguous acres in size.

(h) Donation of real property interests to satisfy compensatory mitigation requirements will only be accepted if such property meets the requirements of Paragraphs (a) through (i) of this Rule and 15A NCAC 2H .0506(h) and satisfies the compensatory mitigation requirements of the approved permit.

(i) The donation of conservation easements to satisfy compensatory mitigation requirements will only be accepted if the conservation easement is granted in perpetuity and the property to be encumbered meets the requirements of Paragraphs (a) through (j) of this Rule, or if the property interest is being donated to satisfy a condition of a certification issued by the Department under 33 USC § 1341.

(j) Donation of interests in real property may contribute to or fulfill compensatory mitigation requirements that may be satisfied through payment of a fee as outlined in the Schedule of Fees in Rule .0402(a) of this Section. The value of the property interest shall be determined by an appraisal performed in accordance with Subparagraph (d)(4) of this Rule. The required fee as calculated in accordance with Rule .0402(a) of this Section shall be satisfied if the appraised value of the donated property interest is equal to or greater than the fee. If the appraised value of the donated property interest is less than the designated fee requirement as calculated in accordance with Rule .0402(a) of this Section, the applicant shall pay the remaining balance due.

History Note: Authority G.S. 143-214.11; 143-214.12; 143-215.3; Eff. August 1, 1998.

Groundwater Section

The Groundwater Section is responsible for programs that prevent ground water pollution, establish ground water quality protection rules, review permits for facilities that discharge wastes to the ground waters, and develop and implement ground water cleanup requirements. The Groundwater Section program includes rules for safe well construction, underground injection control, and resource restoration. The Section monitors ground water quality to learn where pollution may be degrading ground water that provides drinking water supplies to North Carolina citizens.

Important current Groundwater Section program efforts include:

1) Reducing violations of ground water quality standards at facilities that discharge wastes to the surface and subsurface.

Status: During fiscal year 97-98, 61% of non-discharge facilities across the state were in compliance with the ground water requirements of their non-discharge permits.

2) Reducing the impact to citizens from incidents of contaminated ground water. (See maps on back)

Status: Through fiscal year 97-98 there were a total of 1369 statewide non-ust ground water contamination incidents located, of which 303 have caused well contamination.

Example: In Iredell County, the Groundwater Section investigated 17 non-UST ground water pollution incidents during the last state fiscal year, of which 6 sites had contaminated wells.

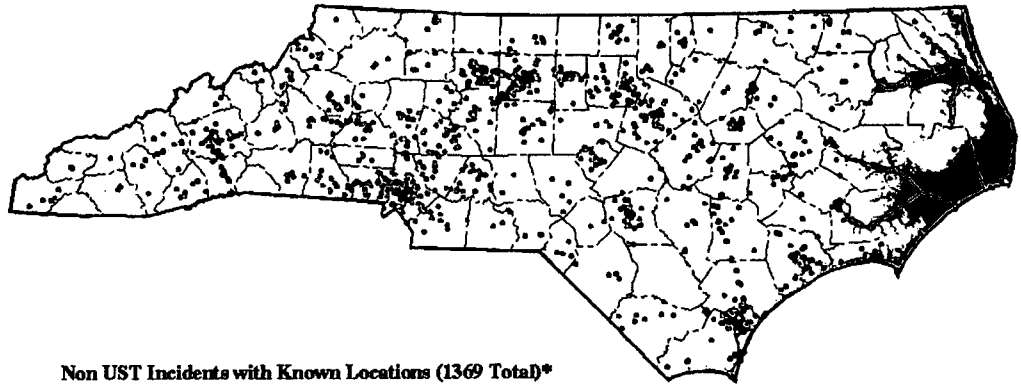
Typical Groundwater Contamination Incident:

At Case Farms (former Pilch, Inc.) in Iredell County, a Regional Groundwater Office investigation, at the request of a well owner, revealed that two water supply wells on the Case Farms property and three nearby residential wells are contaminated with chlorinated solvents typically found in industrial cleaners and degreasers. Case (and Pilch previously) is a chicken hatchery and has supplied water filters to two residences. Others supply filters or alternate water at owners' expense. Since release appears to be old, Groundwater Section will conduct a drilling and sampling investigation to determine the source(s) of contamination and the threat to the 50 water supply wells located within 1500 feet of the site.

3) Reducing contamination of private drinking water wells caused by improper well construction.

Status: During 1998, 555 individuals and companies were registered to drill drinking water and monitoring wells in North Carolina. Twelve well drilling companies and individuals were registered in Edgecombe, Greene, Martin, and Pitt Counties. Statewide approximately 1500 individual well contractors are expected to apply for certification from the Well Contractors Certification Commission by January 1, 2000.

Non UST Contamination Incidents in North Carolina



Non UST Incidents with Known Locations (1369 Total)*

- Incidents with Environmental Damage and Well Contamination, (303 Sites)
- Incidents with Environmental Damage Only, (1066 Sites)

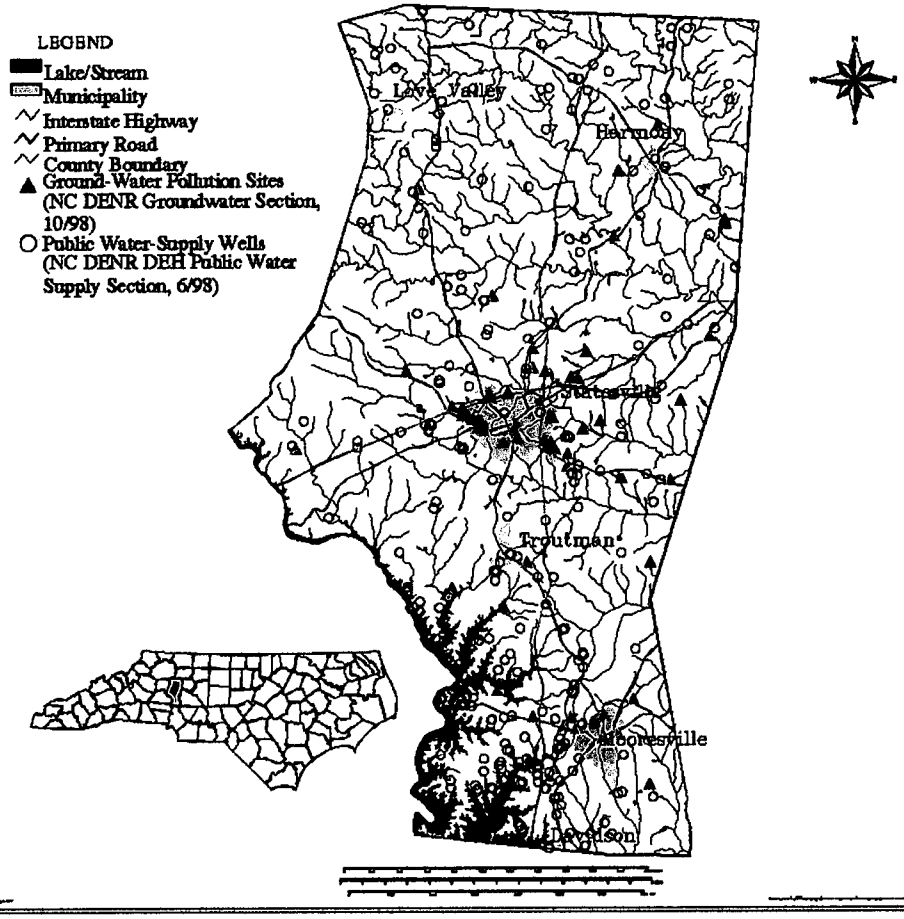
* Note: An additional 687 sites are known, but accurate geographical coordinates have not been determined.

0 50 100 150 200 250 300 MILES

0 500000 1000000 1500000 FEET

Ground-Water Pollution Sites and Public Water Supply Wells

Iredell County, NC



Division of Water Quality

Water Quality Section

The North Carolina General Statutes specifically state that in recognition that the water resources of the State belong to the people, the State is responsible for the preservation and development of the resources. The Water Quality Section's mission, therefore, is to maintain, protect and enhance the water quality of North Carolina. This responsibility is undertaken through several program elements. The overarching element is the development of river basin plans, commonly referred to as the Basinwide Water Quality Plans.

Basinwide Water Quality Plans are developed for each of the seventeen major river basins on a rotating schedule. The plans are a nonregulatory watershed-based approach to restoring and protecting the quality of the surface waters. The goals of basinwide management are to 1) identify and restore impaired waters; 2) identify and protect highly valued resource waters; 3) protect the quality and intended uses of North Carolina's surface waters; and 4) allow for sound economic planning and reasonable growth. The development of the plans begins by assessing the water quality, evaluating on-going management activities, developing water quality management strategies, and issuing permits consistent with the plans.

Assessing Water Quality

Through monitoring programs conducted by staff, other state and federal agencies, local governments, industries, universities, as well as through citizen monitoring, a picture of the water quality of the State is developed. The assessments include evaluating the chemical, biological and physical characteristics of the waters to determine if the quality of the water is being adequately protected. Where the information indicates that the waters are impaired or are a high-value resource exists, further in-depth studies are performed to determine the steps necessary to restore the water quality or to provide protection of the high-value resource (such as a highly productive shellfish resource).

Basinwide Planning and Water Quality Strategy Development

After compiling information on the status and quality of the waters, the Section develops basinwide plans in conjunction with broad public participation. The plans report 1) the current status of the surface water quality in the basin, 2) the major water quality concerns and issues, 3) projected trends in water quality, 4) long-range goals for the basin and 5) recommended water quality management strategies. The management strategies are subsequently developed to address the water quality concerns that have been raised through the basinwide process. These strategies may address a wide array of diverse activities depending on the sources and causes of the problems. The Neuse River Nutrient Management Strategy is an example of a complex strategy that addresses wastewater treatment plants, agricultural activities, urban development, and fertilizer application. Other management strategy examples include those developed to address nutrient issues in Lake Wylie, the Chowan and the Tar-Pamlico; high quality waters and

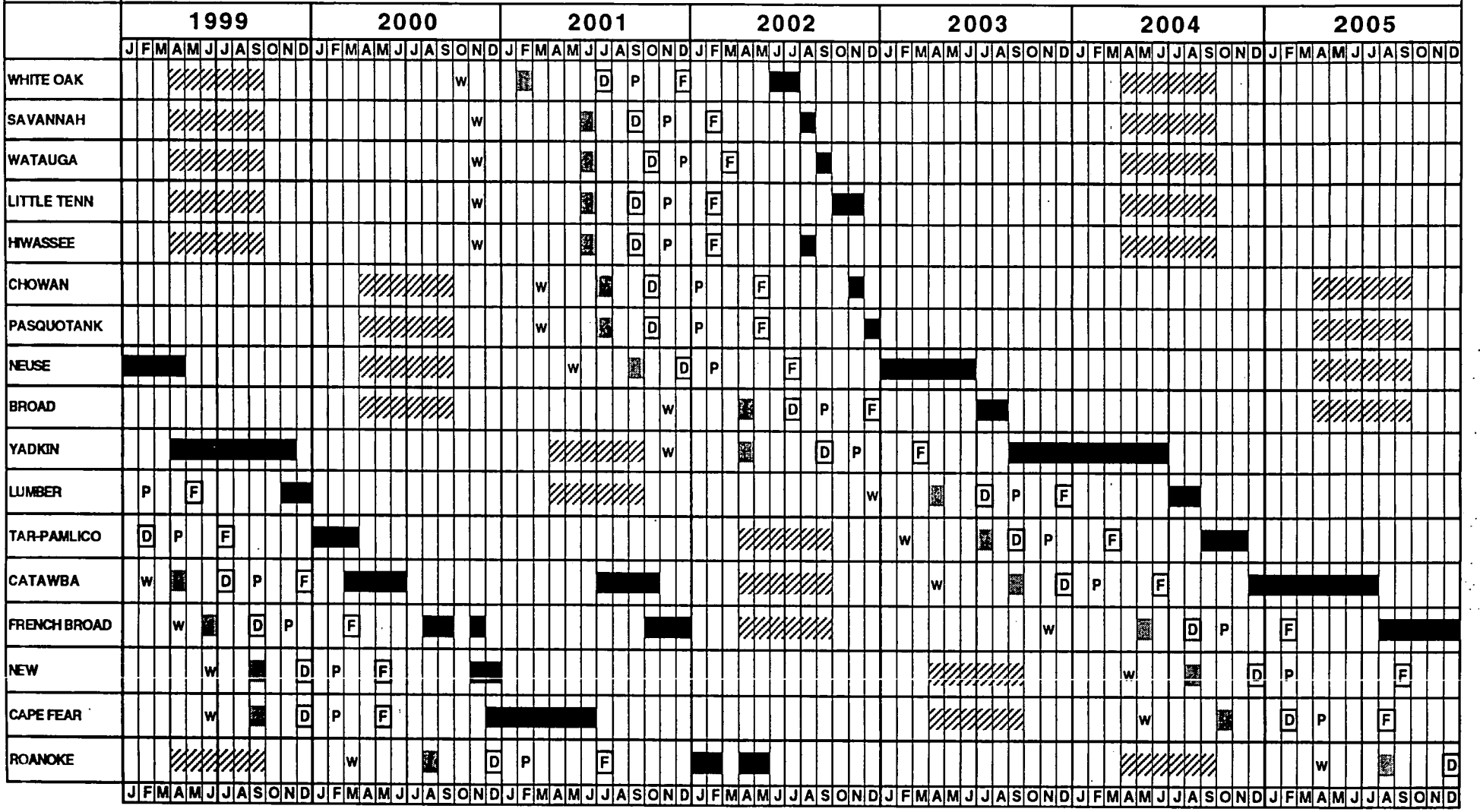
outstanding resource values in the western New River and the Black and South Rivers; and dissolved oxygen issues in the Cape Fear. We are also working on such issues as color in the Catawba basin, mercury in the Lumber basin, nutrient issues in High Rock Lake and Lake Jordan, etc.

Permitting and Compliance Implementation

In order to ensure that the waters are protected, some activities are subject to regulatory controls through permitting types of activities. The treatment and disposal of wastewater, fill of wetlands, disturbance of streams, and development activities that affect coastal waters or other high value waters, are all subject to state and/or federal permitting requirements. Along with the permitting of these activities comes the responsibility for evaluating compliance with the permit requirements. We currently are conducting inspections on a similarly wide array of activities. Greater than 4500 wastewater treatment system inspections for all types of waste, municipal, industrial, animal, etc. are performed each year. Response to complaints and inspections of other activities are also performed on a regular basis.

February 1999

BASINWIDE PLANNING SCHEDULE 1999 TO 2005



KEY:

- Summer lake and biological collections by Environmental Sciences Branch (ESB)
- Draft basinwide plan circulated f… in-house review
- P Public meetings held (1 or more)
- W Workshops (approximate dates)
- D Draft approved by WQC for public meetings
- F Final basinwide plan approval by WQC and EMC
- Issue NPDES permits (reflects new NPDES issuance dates beginning with the White Oak Basin in 2002)

Department of Environment and Natural Resources

Division of Air Quality							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	23,024,005	27,287,993	27,395,621	27,221,311	-0.6%	27,221,311	-0.6%
Less Receipts	(24,057,362)	(26,018,725)	(26,470,036)	(26,327,647)	-0.5%	(26,327,647)	-0.5%
Cash Balance +/-	2,431,800	(280,870)	-	-		-	
State Appropriations	*1,398,443*	*988,398*	*925,585*	*893,664*	-3.4%	*893,664*	-3.4%
Positions	280.75	286.00	278.80	280.80		280.80	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

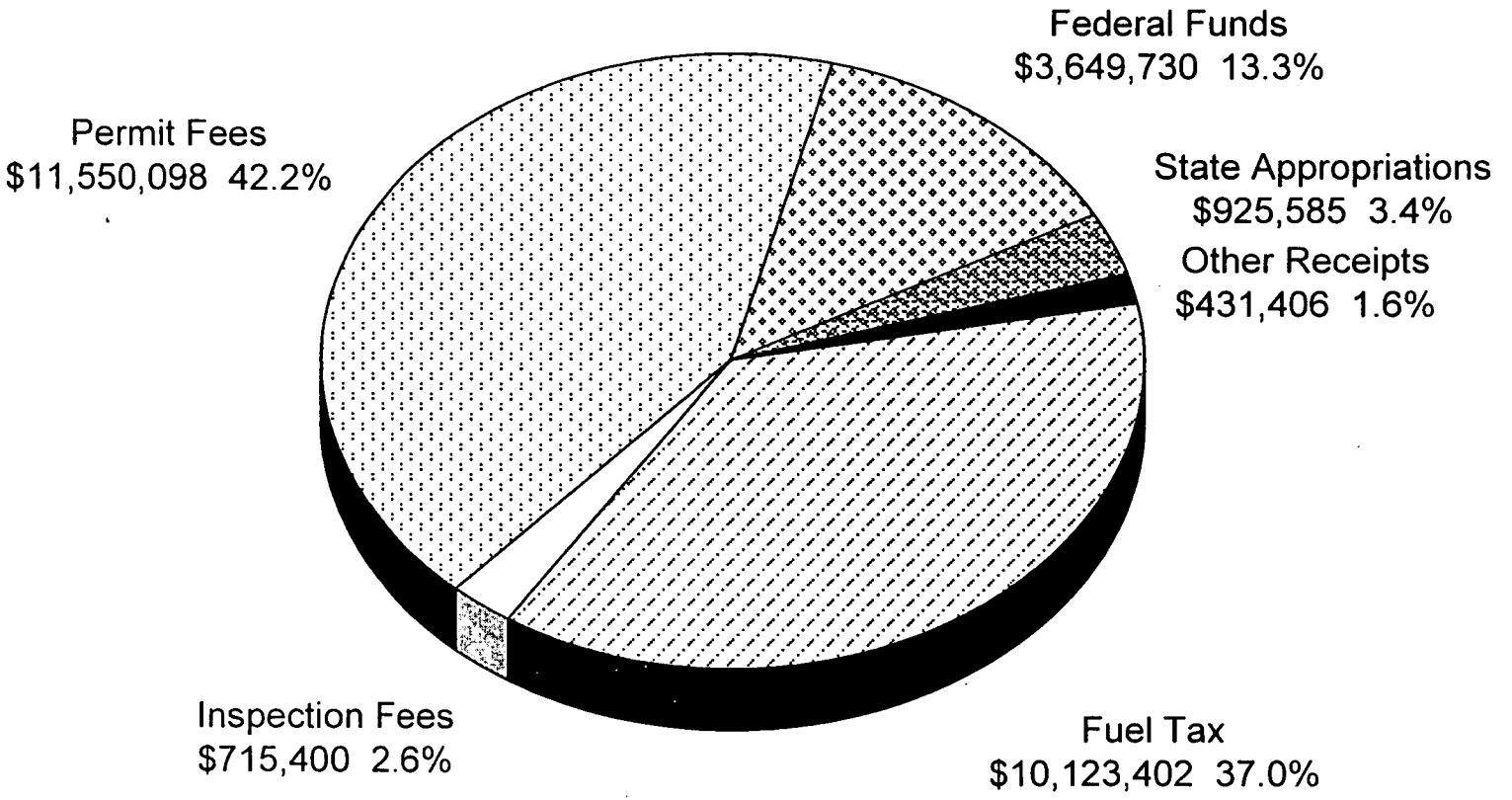
- Establishes ambient air quality standards and monitors air quality
- Permits and inspects stationary air emission sources
- Establishes inspection/maintenance programs for motor vehicles
- Determines appropriate controls to protect air quality standards through the use of modeling

Governor's Budget, Volume 5, pp. 207 to 212

Division of Air Quality

Fund Sources

FY 1998-99 Authorized



Fiscal Research Division -- March 1999

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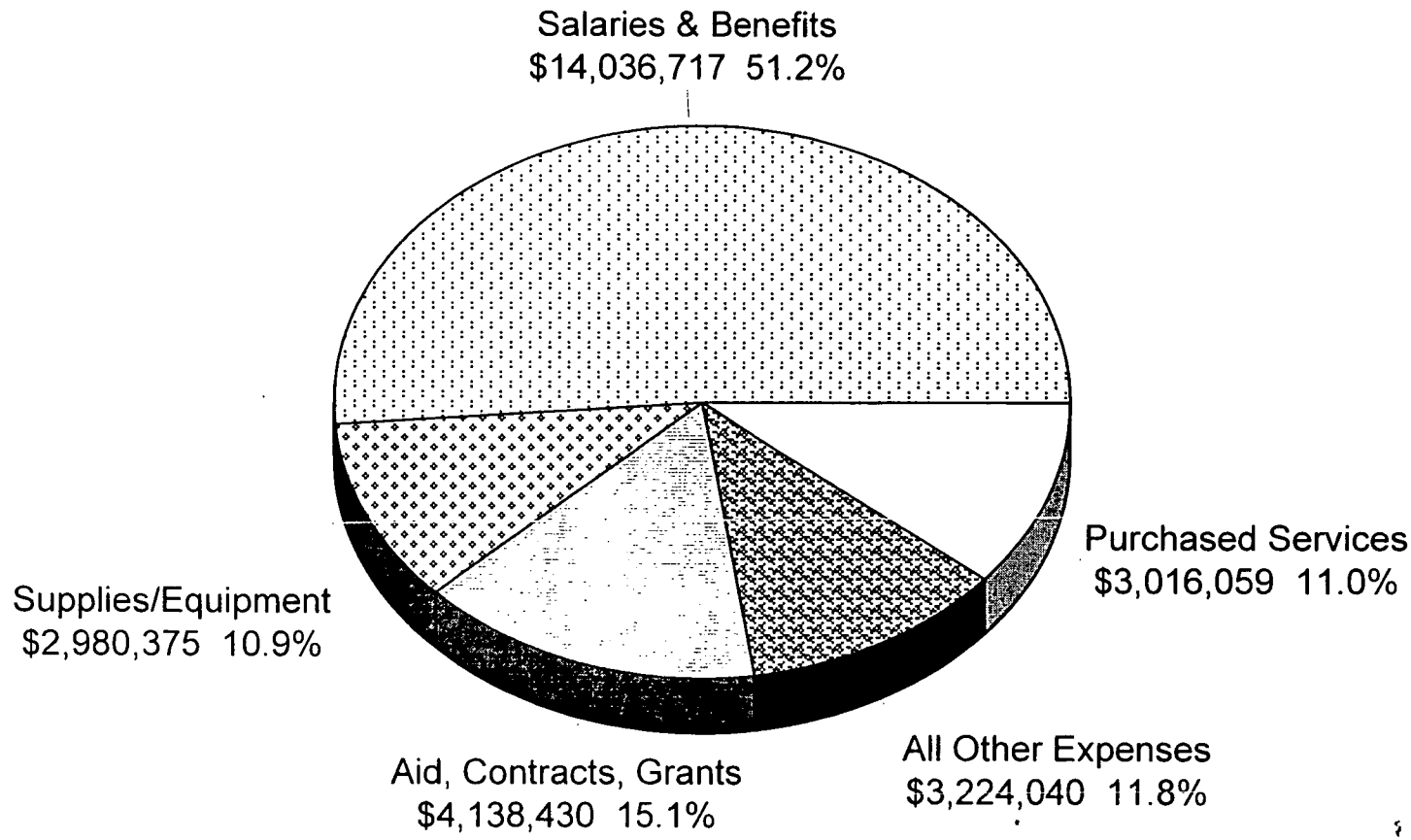
Division of Air Quality

Expenditures by Category

FY 1998-99 Authorized



Fiscal Research Division -- March 1999

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DIVISION OF AIR QUALITY

Overview of Budget Actions for Current Biennium (1997-99)

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Increase Receipts	($200,000) R	($200,000) R
2. Reduce Operating Support		($14,892) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

Proposed Recommendations for the Upcoming 1999-2001 Biennium

CONTINUATION BUDGET ITEMS	FY 1999-2000	FY 2000-01

None

GOVERNOR'S RECOMMENDED REDUCTIONS (FROM SUMMARY VOLUME)

None

Mission Statement

To conserve, protect, and improve the state's air resources.

Operations

- Monitor the air quality of the state.
- Perform planning and modeling to determine appropriate controls to protect air quality standards.
- Permit stationary air emissions sources.
- Inspect staionary air emissions sources.
- Establish and evaluate the inspection/maintenance program for motor vehicles.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Ensure that all North Carolinians breathe air that meets the new health-based standard for ozone. *PPB: 5700*				
(No measures have been developed.)				
Improve visibility in the Southern Appalachian Mountains. *PPB: 5700*				
(No measures have been developed.)				
Operate an effective ambient air monitoring system. *PPB: 5700*				
• Number of ambient air monitors operated	83	101	102	100
Issue permits for stationary sources of air pollution in accordance with requirements. *PPB: 5700*				
• Percent of Title V facilities permitted in accordance with North Carolina Title V air permit requirements	6%	52%	85%	100%
• Percent of facilities evaluated for air toxics compliance	59%	62%	66%	70%
Inspect stationary sources of air pollution to assist in compliance. *PPB: 5700*				
• Number of compliance inspections on major and minor emission sources conducted	2,008	2,100	2,056	2,056
Establish and evaluate an effective inspection/maintenance program for motor vehicles. *PPB: 5700*				
• Percent of vehicles which are subject to inspection/maintenance requirements that are in compliance	84.6%	85%	92%	92%

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VISITOR REGISTRATION SHEET

NER Committee 3/9/99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY
1.	Cam Cover	BPMHL
2.	Diane Long	DENR
3.	Arthur Mouberry	DENR - DWQ - Groundwater
4.	Cathey Cottle	DENR - Air Quality
5.	Keith Overcash	ZOA, PA
6.	David Simmons	DENR - Office of Env. Education
7.	Sharon A. Spurrier	DENR - Office of Env. Education
8.	Lisa Tolley	DENR - Office of Env. Ed
9.	Jim Frye	DENR - EE
10.	Anne Taylor	DENR - PAQ
11.	Alan Klimek	DWQ
12.	Tommy Stevens	DENR - BPA
13.	Anita McNeill	OSBM
14.	Johnny Grant	DENR
15.	Donald Warren	NC Agribusiness Council
16.	Natalie English	DENR
17.	Kent Wiggins	DENR/DWQ
18.	Colon H. Sullins	DENR/DWQ
19.	Ron Ferrell	"
20.	Bobby Blowe	
21.	David Herlong	State Planning

VISITOR REGISTRATION SHEET

NER Committee 3/9/09

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY
1.	MIKE OLSON	DENR-DAQ
2.	Russell Hageman	DENR-DAQ
3.	[illegible]	DENR
4.	Steve Woodson	NC Farm Bureau Federation
5.	[illegible]	Commerce
6.	[illegible]	NC DENR - ARO
7.	JAMES SHIFFER	N>O
8.	Richard Rogers	ENR
9.	Sherri Bramer	NC Petroleum Council
10.	Kelli Kukuruh	DuPont
11.	Laura DeVivo	DENR
12.	Dewey [illegible]	DENR
13.	Jim Holmes	DENR
14.	Richard Rogers	DENR
15.	[illegible]	DENR
16.	David Huskins	Linville Falls Lodge
17.	Jonathon Huskins	Linville Falls Lodge
18.	Stan Adams	DNR - Forestry
19.	Dianne Beasley	DNR - Forestry
20.	[illegible]	OSBM
21.	Bill McKnelly	DENR/DPR

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 10, 1999 (Afternoon)
Sen. Bob Martin, Presiding

1. Chairman's comments

2. DENR Budget Presentations – Continued

   Division of Air Quality – continued
   Mona Moon, Fiscal Research
   Alan Klimek, Director, DAQ

   Division of Land Resources
   Mona Moon, Fiscal Research
   Charles Gardner, Director, DLR

   Office of Environmental Education
   Mona Moon, Fiscal Research
   Anne Taylor, Director, OEE

   Parks and Recreation
   Mona Moon, Fiscal Research
   Dr. Phil McKnelly, Director, DPR

3. Committee Discussion

4. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, March 10, 1999 at 2:30 p.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, March 10, 1999 at 2:30 p.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Mitchell, Baker, Culp, Russell, and were present.

Senator Martin called the meeting to order. Mona Moon, Fiscal Research, continued with the Division of Air Quality presentation. This is Attachment A of these minutes. She introduced Mr. Alan Klimek, Director of Division of Air Quality, who provided the Committee information on their program. This is Attachment B of these minutes. He said the biggest challenge the Division had has to do with Ozone. He addressed the Ozone problem in his overview.

Mona Moon continued with the presentation of the Division of Land Resources. This is Attachment C of these minutes. Ms. Moon introduced Mr. Charles Gardner, Division Director, who spoke about the Division's programs and activities. These are Attachments D and E of these minutes.

Mona Moon then continued with the presentation of the Office of Environmental Education. This is Attachment F of these minutes. Ms. Moon introduced Anne Taylor, Director, who provided information on their programs. These remarks are Attachment G of these minutes.

The meeting adjourned at 3:45 p.m.

Carolyn M. Gooden, Committee Clerk

R. L. Martin
Senator R.L. Martin, Chairman

Attachment A

Department of Environment and Natural Resources

Division of Air Quality							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	23,024,005	27,287,993	27,395,621	27,221,311	-0.6%	27,221,311	-0.6%
Less Receipts	(24,057,362)	(26,018,725)	(26,470,036)	(26,327,647)	-0.5%	(26,327,647)	-0.5%
Cash Balance +/-	2,431,800	(280,870)	-	-		-	
State Appropriations	*1,398,443*	*988,398*	*925,585*	*893,664*	-3.4%	*893,664*	-3.4%
Positions	280.75	286.00	278.80	280.80		280.80	

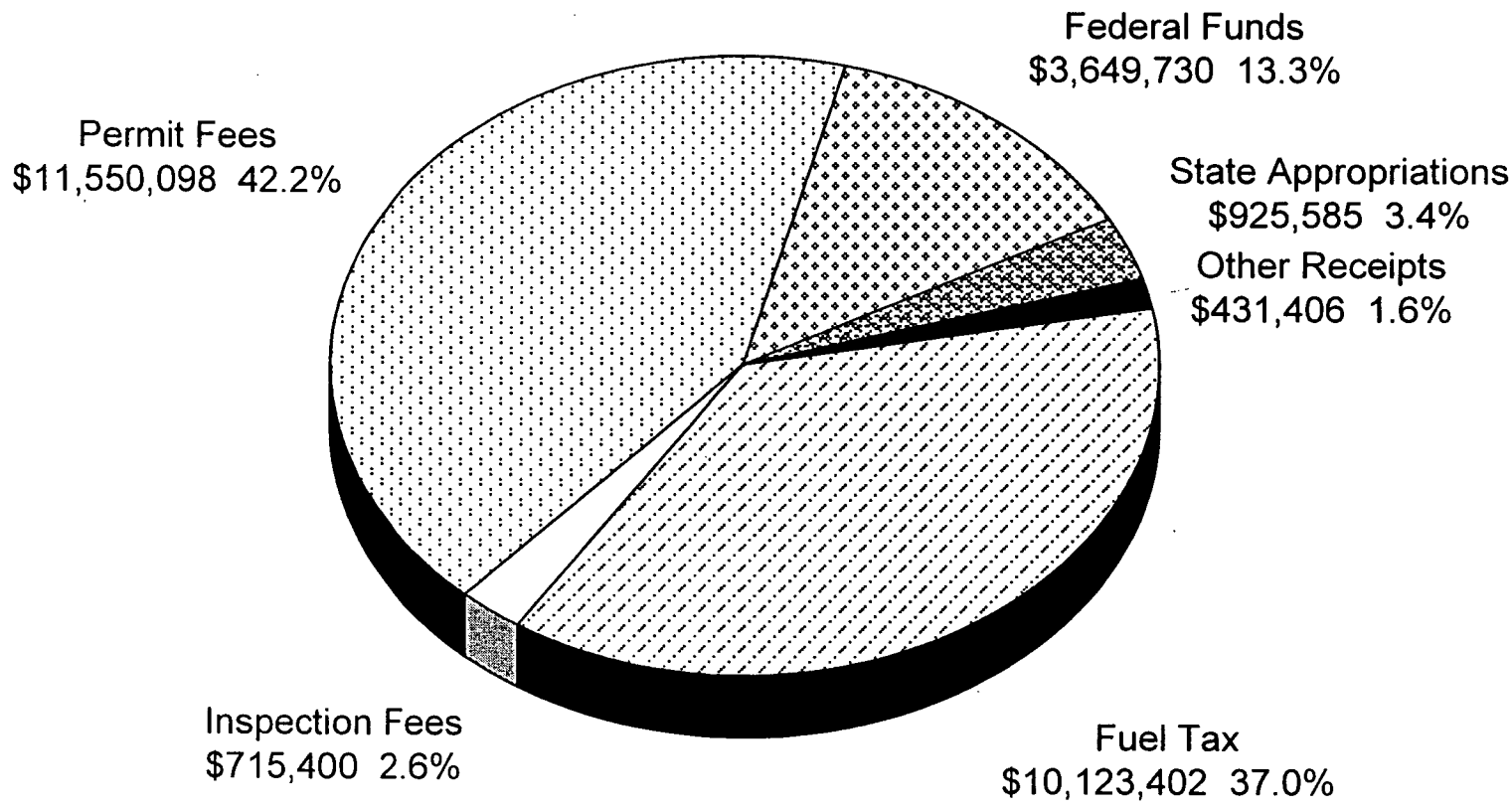
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

- Establishes ambient air quality standards and monitors air quality
- Permits and inspects stationary air emission sources
- Establishes inspection/maintenance programs for motor vehicles
- Determines appropriate controls to protect air quality standards through the use of modeling

Governor's Budget, Volume 5, pp. 207 to 212

Division of Air Quality
Fund Sources
FY 1998-99 Authorized



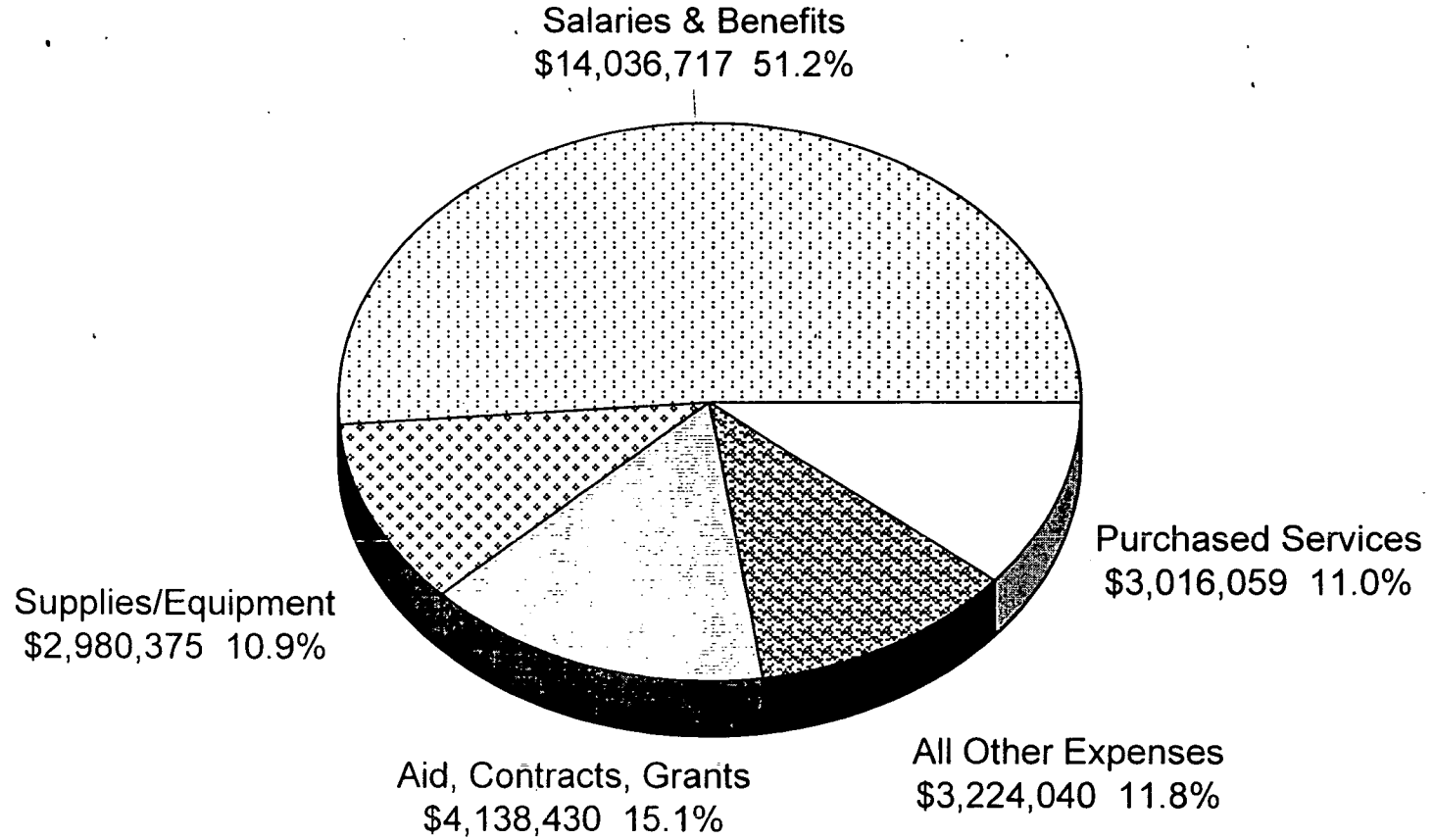
Fiscal Research Division -- March 1999

DENR 98

Division of Air Quality

Expenditures by Category

FY 1998-99 Authorized



Fiscal Research Division -- March 1999

DENR 99

DIVISION OF AIR QUALITY

Overview of Budget Actions for Current Biennium (1997-99)

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Increase Receipts	($200,000) R	($200,000) R
2. Reduce Operating Support		($14,892) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

Proposed Recommendations for the Upcoming 1999-2001 Biennium

CONTINUATION BUDGET ITEMS	FY 1999-2000	FY 2000-01

None

GOVERNOR'S RECOMMENDED REDUCTIONS (FROM SUMMARY VOLUME)

None

Mission Statement

To conserve, protect, and improve the state's air resources.

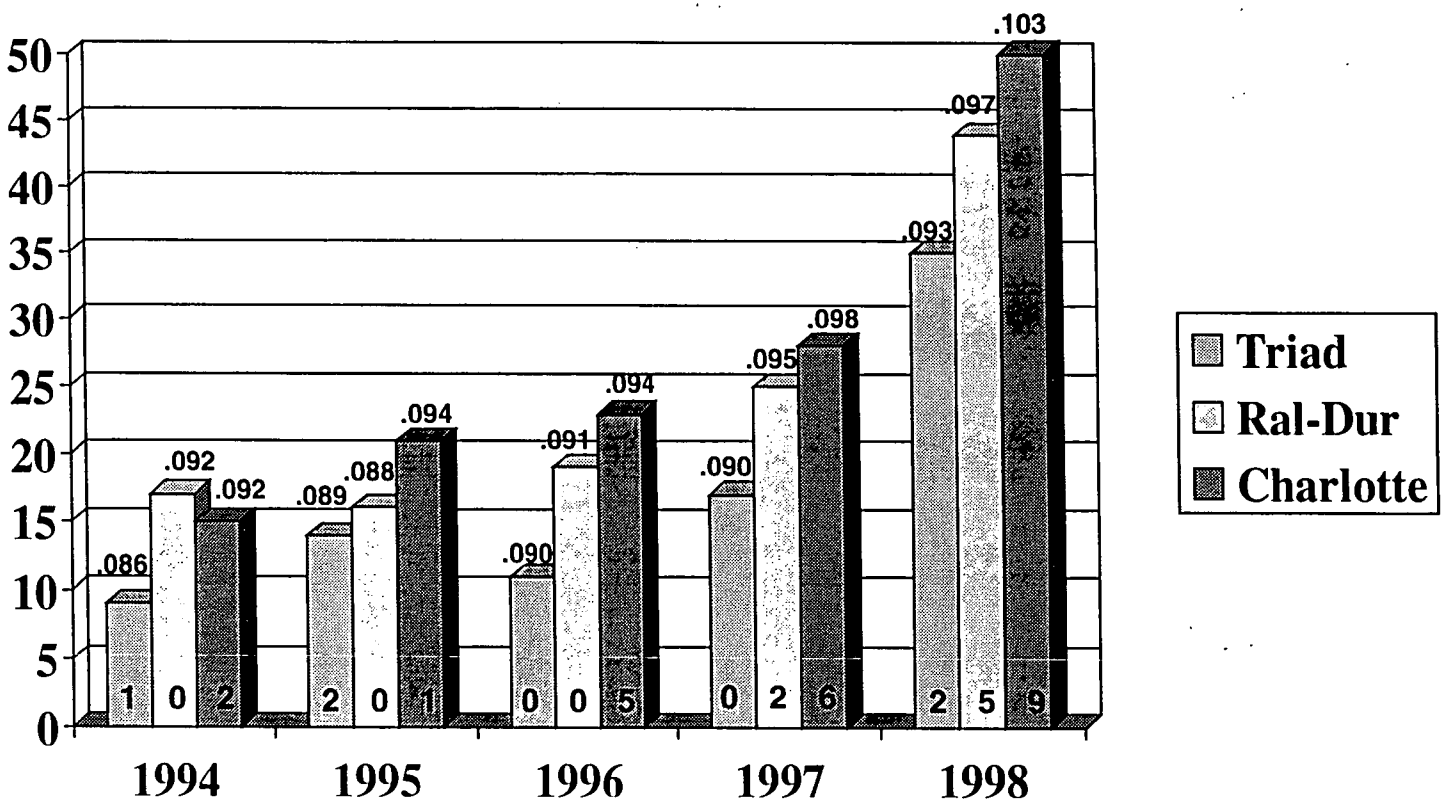
Operations

- Monitor the air quality of the state.
- Perform planning and modeling to determine appropriate controls to protect air quality standards.
- Permit stationary air emissions sources.
- Inspect staionary air emissions sources.
- Establish and evaluate the inspection/maintenance program for motor vehicles.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Ensure that all North Carolinians breathe air that meets the new health-based standard for ozone. *PPB: 5700*				
(No measures have been developed.)				
Improve visibility in the Southern Appalachian Mountains. *PPB: 5700*				
(No measures have been developed.)				
Operate an effective ambient air monitoring system. *PPB: 5700*				
• Number of ambient air monitors operated	83	101	102	100
Issue permits for stationary sources of air pollution in accordance with requirements. *PPB: 5700*				
• Percent of Title V facilities permitted in accordance with North Carolina Title V air permit requirements	6%	52%	85%	100%
• Percent of facilities evaluated for air toxics compliance	59%	62%	66%	70%
Inspect stationary sources of air pollution to assist in compliance. *PPB: 5700*				
• Number of compliance inspections on major and minor emission sources conducted	2,008	2,100	2,056	2,056
Establish and evaluate an effective inspection/maintenance program for motor vehicles. *PPB: 5700*				
• Percent of vehicles which are subject to inspection/maintenance requirements that are in compliance	84.6%	85%	92%	92%

DENR 101

Ozone Exceedance Days 1994 - 1998



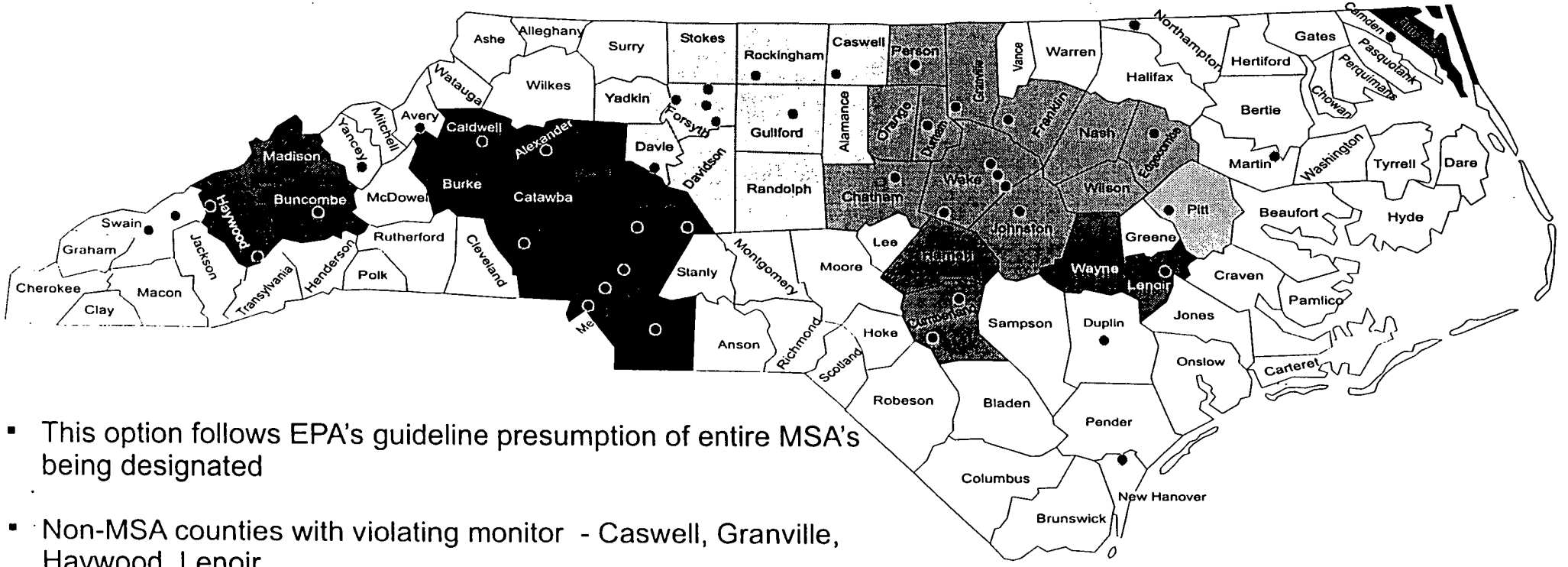
Numbers at the base of each column indicate the number of those exceedances that were "ozone red" days. The balance of the exceedances were "ozone orange" days.

Numbers annotated on the chart indicate the Ozone Design Value for that area for the appropriate three-year period. For example, ".091" is the Ozone Design Value for the Raleigh-Durham area for the period 1994 - 1996.

Attachment 3

DRAFT

Option C: Recommendations on 8-hour Ozone Nonattainment Designations



- This option follows EPA's guideline presumption of entire MSA's being designated
- Non-MSA counties with violating monitor - Caswell, Granville, Haywood, Lenoir
- Counties believed to contribute to problem - Harnett, Iredell, Wayne, Wilson
- Ozon[illegible]onitoring Station

DRAFT
[illegible]ot To Scale
[illegible]/04/99

MAJOR AIR QUALITY ISSUES

- More stringent ozone standard
- New fine particulate standard
- Nitrogen deposition into coastal waters
- Animal waste odor
- Accidental chemical release program

CUSTOMER SERVICE INITIATIVES

- Completed: Listing of permit applications on web
- Completed: Air Quality rules on web with a search function
- Developing: Electronic applications/permits/inventories
- Developing: Geographical based information on web

Attachment C

Department of Environment and Natural Resources

Division of Land Resources							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	4,744,458	4,382,668	5,686,649	5,433,301		5,433,321	
Less Receipts	(1,305,492)	(1,470,927)	(1,403,703)	(1,285,458)		(1,285,458)	
Cash Balance +/-	155,596	876,150	-	-		-	
State Appropriations	*3,594,562*	*3,787,891*	*4,282,946*	*4,147,843*		*4,147,863*	
Less 1998-99 NR			*(16,000)*	-		-	
Adjusted Appropriations			*4,266,946*	*4,147,843*	-2.8%	*4,147,863*	-2.8%
Positions	74.00	79.00	81.00	81.00		81.00	

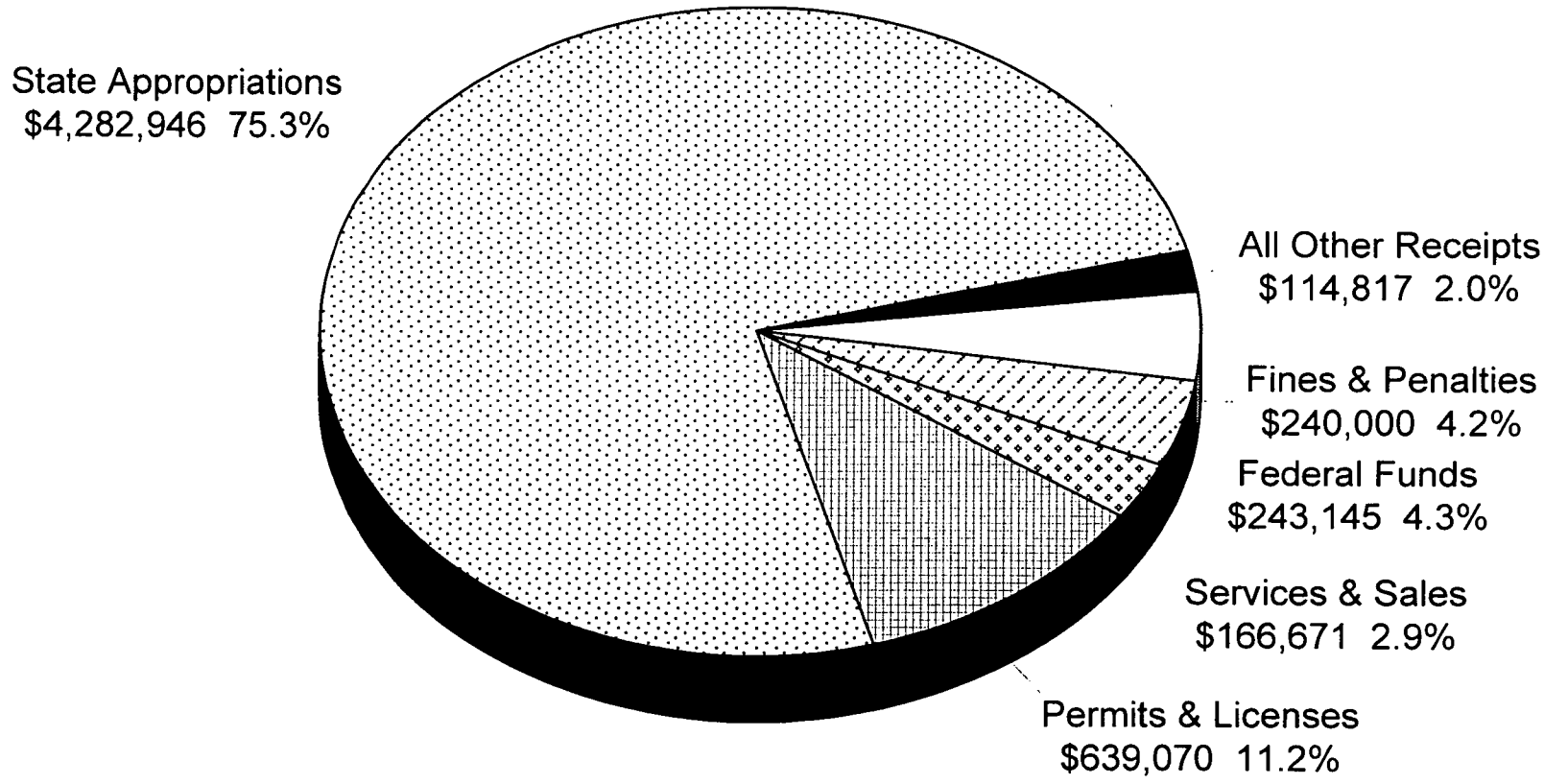
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted appropriations.

DIVISION ACTIVITIES

- Prevent environmental damage from sedimentation pollution
- Protect the public and property from dam failures
- Ensure proper remediation of surfaced mined areas
- Assist in the exploration and identification of the state's mineral and energy resources

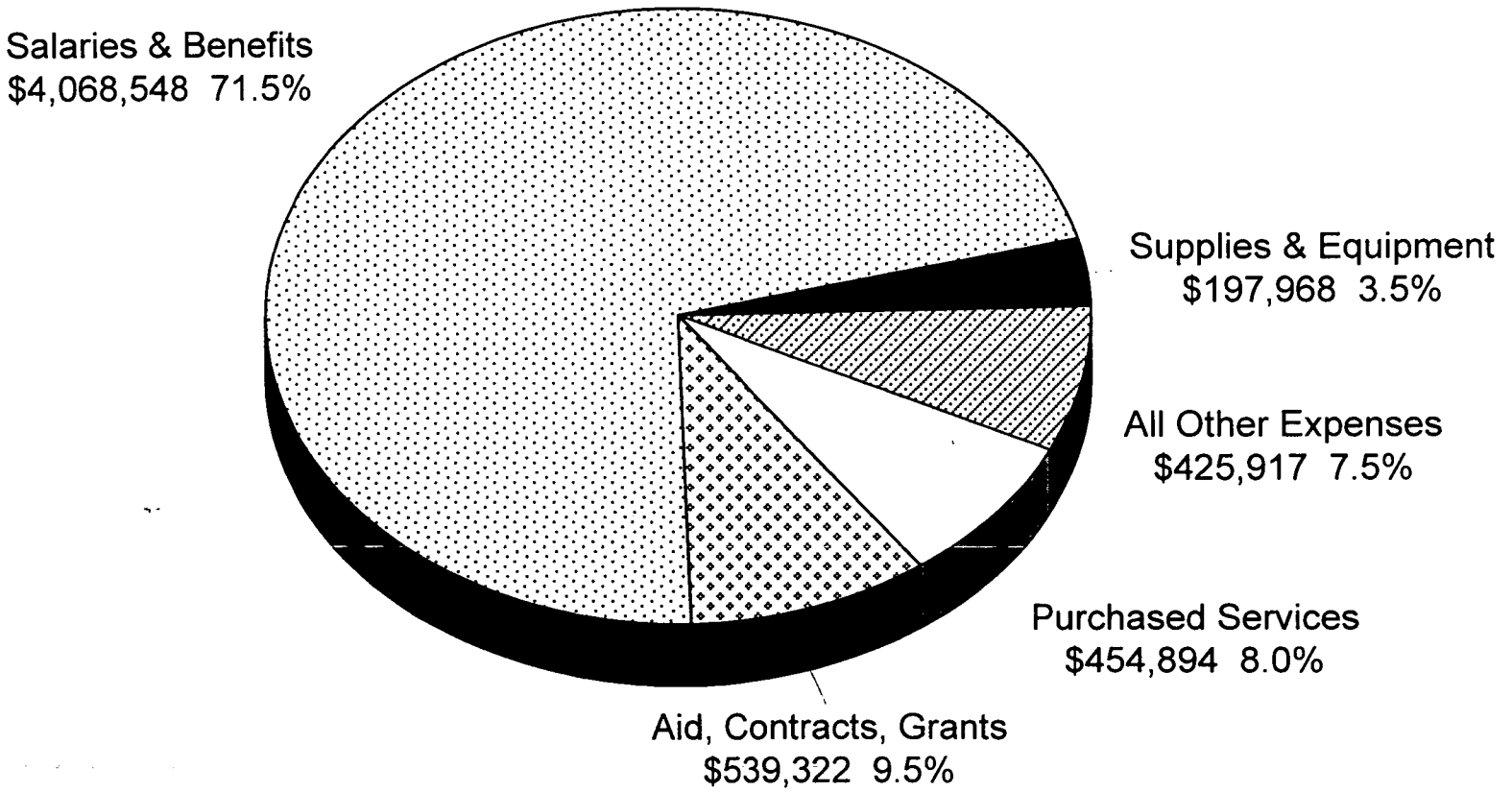
Governor's Budget, Volume 5, pp. 186 to 193

Division of Land Resources
Fund Sources
FY 98-99 Authorized



Fiscal Research Division -- March 1999

Division of Land Resources
Expenditures by Category
FY 98-99 Authorized



Fiscal Research Division -- March 1999

DIVISION OF LAND RESOURCES

Overview of Budget Actions for the Current 1997-99 Biennium

SELECTED REDUCTIONS	FY 1997-98		FY 1998-99	
1. Reduce Operating Support			($42,861)	R
SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS				
1. Dam Safety Inspection and Assistance	$255,336	R	$255,336	R
	$19,000	NR		
	5.00		5.00	
2. Sedimentation and Erosion Control Expansion			$225,712	R
			$16,000	NR
			4.00	

Proposed Recommendations for the Upcoming 1999-2001 Biennium

CONTINUATION BUDGET ITEMS	FY 1999-2000	FY 2000-2001
None		

GOVERNOR'S RECOMMENDED REDUCTIONS (FROM SUMMARY VOLUME)

None

Mission Statement

To provide unbiased and technically accurate applied earth science scientific information, and to provide for environmentally safe management and use of the state's earth resources as related to sedimentation control, mining, and dams.

Operations

Land Quality

- Issue plan approval under the Sedimentation Pollution Control Act of 1971.
- Inspect construction sites for permit compliance.
- Inspect dams to ensure their safety.
- Issue dam safety approvals for construction, repair and modification.
- Work with mine operators to encourage adequate reclamation of mining sites.

Geological Survey

- Survey and examine the geology and mineral resources of the state.
- Publish reports and maps pertaining to the geology and mineral resources of the state.
- Develop earth science education programs and curricula.
- Provide technical assistance for siting the low-level radioactive waste facility in the state.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Land Quality				
Increase waters meeting their designated uses by 20 percent from 1992-93 to 2002-03. *PPB: 5610*				
• Number of new Erosion and Sediment Control projects	3,144	3,400	3,500	3,600
• Number of notices of violations issued	584	710	720	730
• Number of acres of land disturbing activity under state jurisdiction, excluding DOT	27,264	27,683	28,500	29,000
• Number of enforcement actions	74	90	90	90
Improve compliance with the Sedimentation Pollution Control Act and Rules by providing technical assistance. *PPB: 5610*				
• Number of local programs	38	40	41	42
• Number of people attending Erosion and Sediment Control Workshops	739	762	800	800

DENR 106

Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Land Quality - Continued				
Maintain or increase the percent of high hazard dams passing final inspection during the year. *PPB: 5610*				
• Percent of high hazard dams passing final inspection during the year	76%	75%	75%	75
Increase the percent of high hazard dams built or repaired under state permit, i.e., with approved engineering and materials. *PPB: 5610*				
• Percent of high hazard dams built or repaired under state permit with approved engineering and materials (construction by approved standards is an indicator of dam safety)	70%	80%	85%	90
Increase the ratio of the number of acres reclaimed each year to the total number of acres disturbed from 5 percent in 1994 to 10 percent in 2002. *PPB: 5340*				
• Percentage of acres reclaimed vs. acres disturbed	5%	5%	5%	5%
Geological Survey				
Increase knowledge of the state's geology and make the information available for dissemination. *PPB: 5610*				
• Number of inquiries about the state's geology	1,457	1,500	1,500	1,500
Maintain currency of the topographic and digital map layers of the state so that at least 15 percent are 10 years old or less. *PPB: 5610*				
• Percentage of the state's topographic maps that are 10 years old or less	23%	25%	24%	21%
• Percent of the state with 1:24,000-scale geological maps	6.74%	7.14%	7.5%	7.9%
Provide technical recommendations to the Division of Radiation Protection in areas of technical expertise concerning a low-level radioactive waste disposal facility. *PPB: 5610*				
• Number of external technical and decision point meetings and field surveillances in which staff participated and provided technical comments	64	2	2	2

MICHAEL SHORE COMMENT IN RED. ATTACHMENT D

March, 1999

NOTES FOR NER COMMITTEE PRESENTATION

The Division of Land Resources is composed of two sections, one is the N. C. Geological Survey and the other is the Land Quality Section.

The primary purposes of the Geological Survey are to (1) identify and assess the rock, mineral, and soils underpinning North Carolina, and to (2) make that information available to the public for economic development and environmental protection. This is done primarily through field work producing geologic maps and publications. Examples of the products of this work include a multibillion dollar mining industry. A few examples of N. C.'s mining industry are one of the world's largest phosphate mines, world class granite facing stone quarries (Mt. Airy, Salisbury), the world's largest producer of raw materials for silicon chips for computers, and construction aggregates absolutely essential for building roads and all of our other structures. Geologic information developed by the Survey is also essential for assessing and protecting ground water supplies and for siting waste disposal facilities. In addition, the Geological Survey provides information to the public school teachers, a task of increasing importance as our state is now requiring earth science courses in its high school graduation requirements.

I have a couple of handouts illustrating some of the Geological Survey's work. One is a very simplified state geologic map. This is in high demand by teachers. It is only a very simple illustration of a geological map. Maps of much more detail are used for mining, groundwater, and environmental purposes, and only about 10% of the state is mapped at the scale of the USGS quadrangle maps, which is the scale needed for most economic, engineering, and environmental applications.. Another handout is our overview of the status of USGS topographic maps. Our Geological Survey Section oversees updating of these maps, through a

red & yellow areas are high growth
[illegible] in the last 10 years

50/50 state/federal funding agreement. As the state's population and development grow, we are getting behind in providing reasonably up-to-date topo maps to tens of thousands of users of these maps across the state.

Moving on to the Land Quality Section of our Division of Land Resources, that group implements the state Mining Act, Dam Safety Law, and Sedimentation Pollution Control Act. Our people are cross-trained to carry out these jobs. A day in the life of one of our Regional Office technicians may include inspection of a number of development sites for sediment control compliance, and on the same trip checking the safety of a dam and inspecting a mining company's land reclamation progress. Our handouts for these programs reflect some of the program outcomes that we track. For example, we are inspecting about one-third of the high hazard dams per year, and about three-fourths of the dams inspected are without obvious safety problems. Another chart shows that we are permitting about 3500 new construction sites per year with erosion control plans, and that about one-fourth of our inspections find significant off site sedimentation. Finally, the state has about 32,000 acres of un-reclaimed land under mining permits, and we are reclaiming about 2000 acres per year, somewhat less than the amount of land mined per year.

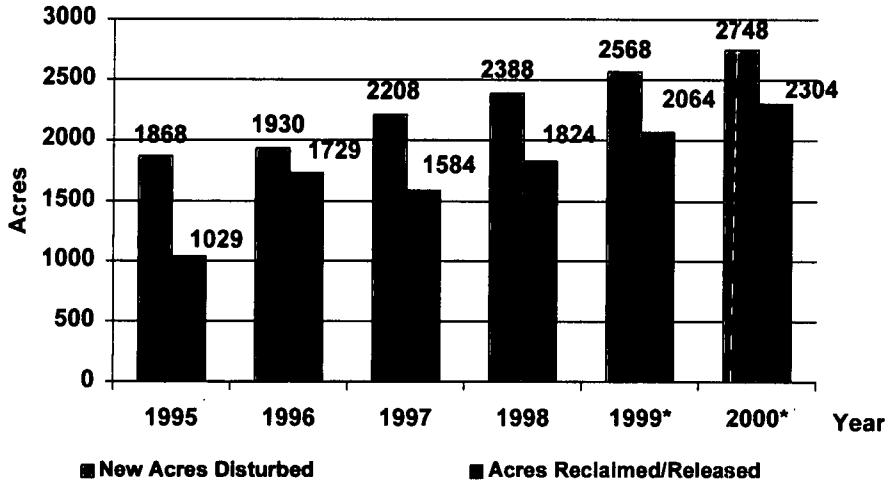
This all looks good. Be careful about your time due to the number of visual aids.

Attachment E

Mining Program

Division of Land Resources

Department of Environment and Natural Resources

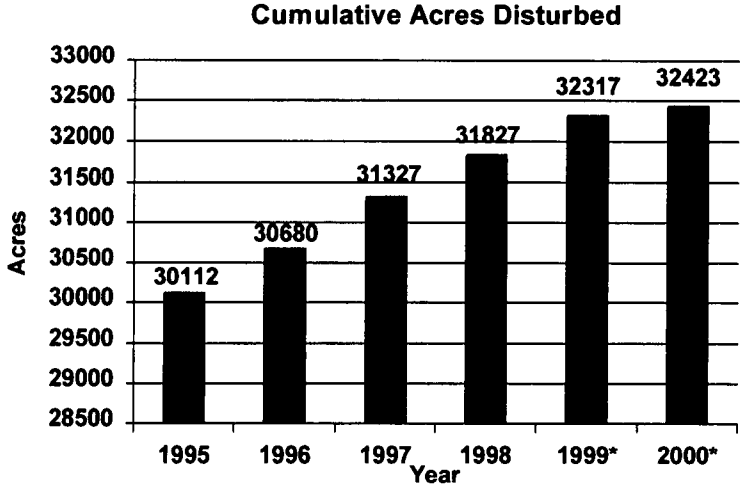


* Projected

Mining Program

Division of Land Resources

Department of Environment and Natural Resources

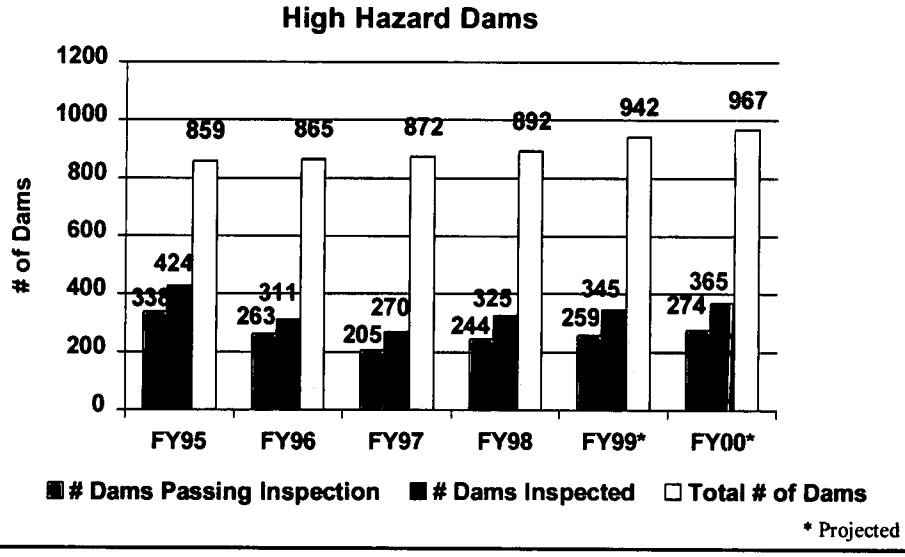


* Projected

Dam Safety Program

Division of Land Resources

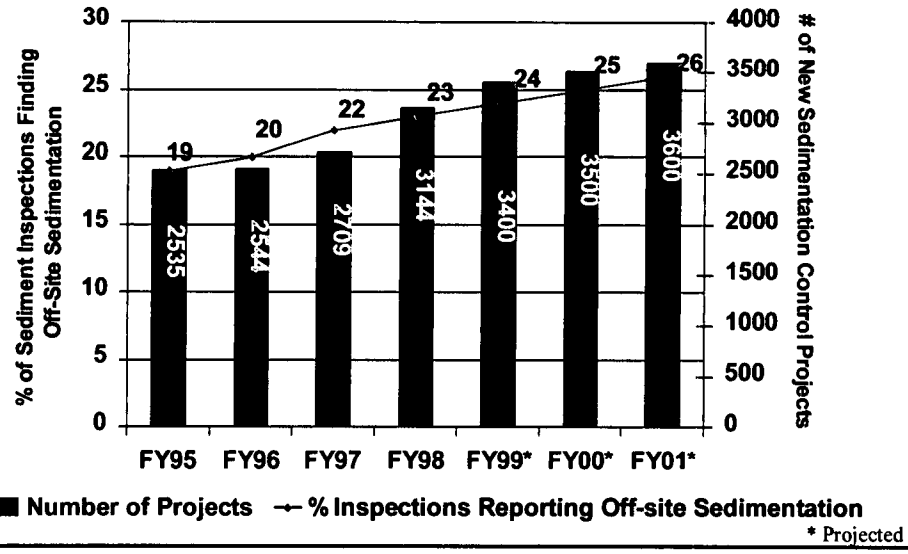
Department of Environment and Natural Resources



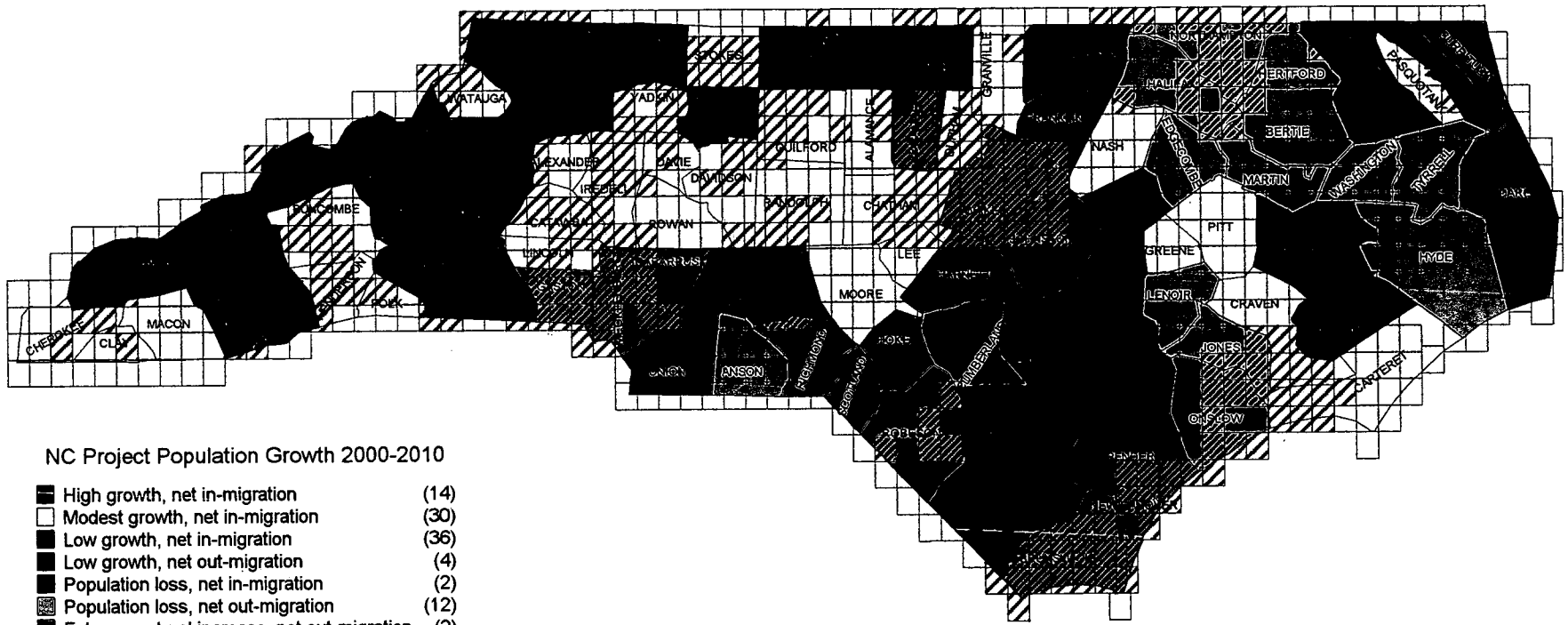
Sediment Program

Division of Land Resources

Department of Environment and Natural Resources



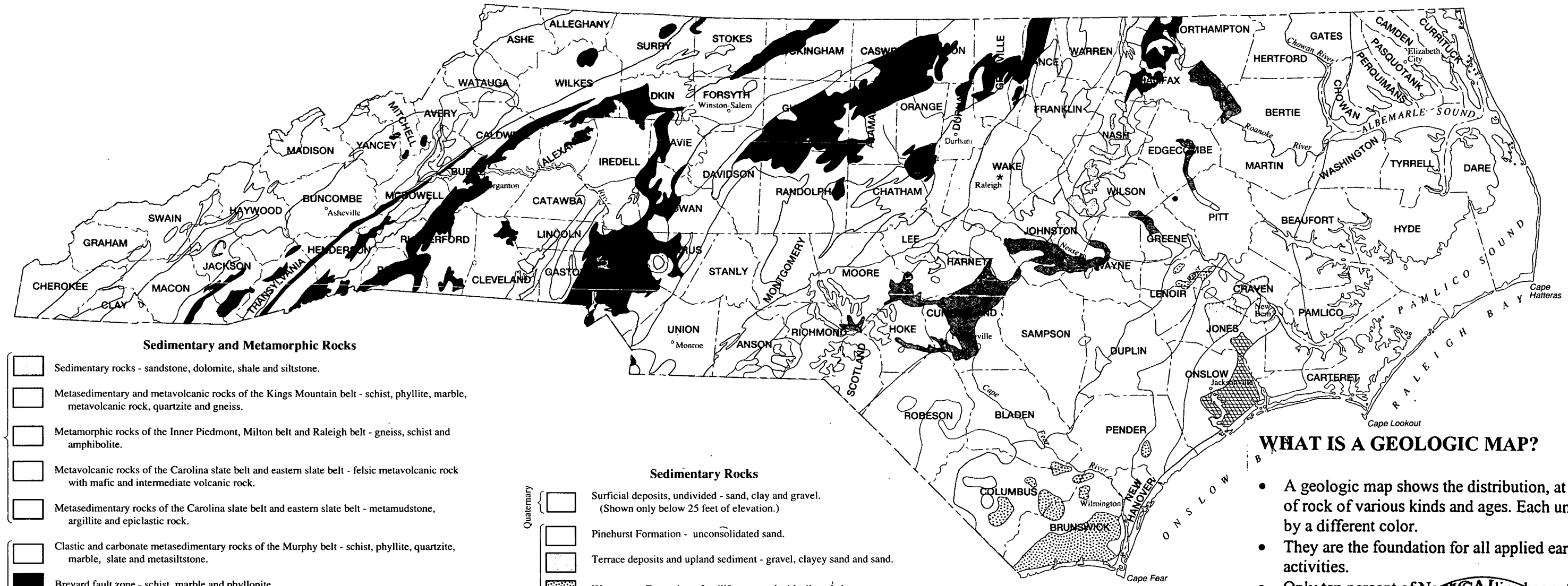
TOPOGRAPHIC MAPS LESS THAN TEN YEARS OLD VS. POPULATION GROWTH



Topographic maps projected to be less than ten years old by 2000 vs. population growth.

Present funding permits revision of 36 quadrangles per year.

GENERALIZED GEOLOGIC MAP OF NORTH CAROLINA



Sedimentary and Metamorphic Rocks

Late Proterozoic to Early Paleozoic

- Sedimentary rocks - sandstone, dolomite, shale and siltstone.
- Metasedimentary and metavolcanic rocks of the Kings Mountain belt - schist, phyllite, marble, metavolcanic rock, quartzite and gneiss.
- Metamorphic rocks of the Inner Piedmont, Milton belt and Raleigh belt - gneiss, schist and amphibolite.
- Metavolcanic rocks of the Carolina slate belt and eastern slate belt - felsic metavolcanic rock with mafic and intermediate volcanic rock.
- Metasedimentary rocks of the Carolina slate belt and eastern slate belt - metamudstone, argillite and epiclastic rock.

Late Proterozoic

- Clastic and carbonate metasedimentary rocks of the Murphy belt - schist, phyllite, quartzite, marble, slate and metasiltstone.
- Brevard fault zone - schist, marble and phyllonite.
- Clastic metasedimentary and metavolcanic rocks of the Ocoee Supergroup, Grandfather Mountain Formation, Mount Rogers Formation and quartzite of the Sauratown Mountains anticlinorium - slate, metasiltstone, schist, metagraywacke, calc-silicate granofels, quartzite and felsic metavolcanic rock.
- Clastic metasedimentary rock and mafic and felsic metavolcanic rock of the Ashe Metamorphic Suite, Tallulah Falls Formation and Alligator Back Formation - gneiss, schist, metagraywacke, amphibolite and calc-silicate granofels.

Middle Proterozoic

- Felsic gneiss derived from sedimentary and igneous rocks in the northern outcrop area; biotite gneiss in the southern outcrop area; locally migmatitic and mylonitic. Locally and variably interlayered with amphibolite, calc-silicate granofels and rare marble. Intruded by Late Proterozoic mafic and felsic plutons.

Intrusive Rocks

Middle Paleozoic to Late Paleozoic

- Granitic rocks - unfoliated to weakly foliated.
- Syenite - Concord ring dike.

Late Proterozoic to Middle Paleozoic

- Metamorphosed gabbro and diorite - foliated to weakly foliated.
- Metamorphosed granitic rocks - foliated to weakly foliated; locally migmatitic.
- Henderson Gneiss - uneven-grained monzonitic to granodioritic.
- Meta-ultramafic rocks.

Sedimentary Rocks

Quaternary

- Surficial deposits, undivided - sand, clay and gravel. (Shown only below 25 feet of elevation.)

Tertiary

- Pinehurst Formation - unconsolidated sand.
- Terrace deposits and upland sediment - gravel, clayey sand and sand.
- Waccamaw Formation - fossiliferous sand with silt and clay.
- Yorktown Formation and Duplin Formation, undivided -
  Yorktown Formation- fossiliferous clay and sand.
  Duplin Formation- shelly sand, sandy marl and limestone.
- Belgrade Formation, undivided -
  Pollocksville Member- oyster-shell mounds in sand matrix.
  Haywood Landing Member- fossiliferous clayey sand.
- River Bend Formation - sandy, molluscan-mold limestone.
- Castle Hayne Formation -
  Spring Garden Member- molluscan-mold limestone.
- Comfort Member and New Hanover Member, undivided -
  Comfort Member - limestone with bryozoan and echinoid skeletons.
  New Hanover Member - phosphate-pebble conglomerate.
- Beaufort Formation, undivided -
  Unnamed upper member - glauconitic, fossiliferous sand and silty clay.
  Jericho Run Member - siliceous mudstone with sandstone lenses.

Cretaceous

- Peedee Formation - marine sand, clayey sand and clay.
- Black Creek Formation - lignitic sand and clay.
- Middendorf Formation - sand, sandstone and clay.
- Cape Fear Formation - sandstone and sandy mudstone.

Triassic

- Dan River Group, undivided -
  Stoneville Formation - conglomerate, sandstone and mudstone.
  Cow Branch Formation - mudstone.
  Pine Hall Formation - sandstone, mudstone and conglomerate.
- Chatham Group, undivided -
  Sanford Formation - conglomerate, sandstone and mudstone.
  Cumnock Formation,- sandstone and mudstone.
  Pekin Formation - conglomerate, sandstone and mudstone.

50 Miles

WHAT IS A GEOLOGIC MAP?

- A geologic map shows the distribution, at the surface, of rock of various kinds and ages. Each unit is shown by a different color.
- They are the foundation for all applied earth-science activities.
- Only ten percent of North Carolina has sufficiently detailed geologic mapping (1:24,000 scale).
- Increasingly, geologic maps have become part of Geographic Information Systems.

HOW ARE GEOLOGIC MAPS USED?

They help land and resource managers to make more informed decisions. Geologic maps are most often used to

- Mitigate natural hazards and save lives;
- Discover and protect water resources;
- Discover mineral and energy resources; and
- Choose between competing uses of the land.

1991

Reprinted, 1996

Physiography

North Carolina can be divided into three physiographic provinces, the Coastal Plain, the Piedmont and the Blue Ridge. Each province is characterized by particular types of landforms.

The Coastal Plain is characterized by flat land to gently rolling hills and valleys. Elevations range from sea level near the coast to about 600 feet in the Sand Hills of the southern Inner Coastal Plain.

The Piedmont Province lies between the Coastal Plain and the Blue Ridge Mountains. The Piedmont occupies about 45 percent of the area of the state. Along the border between the Piedmont and the Coastal Plain, elevations range from 300 to 600 feet above sea level. To the west, elevations gradually rise to about 1,500 feet above sea level at the foot of the Blue Ridge. The Piedmont is characterized by gently rolling, well rounded hills and long low ridges with a few hundred feet of elevation difference between the hills and valleys. The Piedmont includes some relatively low mountains including the South Mountains and the Uwharrie Mountains.

The Blue Ridge is a deeply dissected mountainous area of numerous steep mountain ridges, intermontane basins and trench valleys that intersect at all angles and give the area its rugged mountain character. The Blue Ridge contains the highest elevations and the most rugged topography in the Appalachian Mountain system of eastern North America. The North Carolina portion of the Blue Ridge is about 200 hundred miles long and ranges from 15 to 55 miles wide. It contains an area of about 6,000 square miles, or about 10 percent of the area of the state.

Within North Carolina, 43 peaks exceed 6,000 feet in elevation and 82 peaks are between 5,000 and 6,000 feet. On the west, the Great Smoky Mountains is the dominant range with several peaks that reach more than 6000 feet. On the eastern side of the North Carolina Blue Ridge, the highest range is the Black Mountains which extend for some 15 miles and contain a dozen peaks that exceed 6,000 feet in elevation. This group includes Mount Mitchell. At an elevation of 6,684 feet, it is the highest peak of eastern North America. Other prominent ranges from northeast to southwest are the Pisgah Mountains, Newfound Mountains, Balsam Mountains, Cowee Mountains, Nantahala Mountains, Snowbird Mountains and the Valley River Mountains.

Geology

Three major classes of rocks common to North Carolina are igneous, metamorphic and sedimentary. North Carolina has a long and complex geologic history. Although much remains to be learned, detailed geologic studies provide a general understanding of regional geological relationships. The state is best described in terms of geological belts; that is, areas with similar rock types and geologic history.

Blue Ridge Belt: This mountainous region is composed of rocks from over one billion to about one-half billion years old. This complex mixture of igneous, sedimentary and metamorphic rock has repeatedly been squeezed, fractured, faulted and twisted into folds. The Blue Ridge belt is well known for its deposits of feldspar, mica and quartz–basic materials used in the ceramic, paint and electronic industries. Olivine is mined for use as refractory material and foundry molding sand.

Inner Piedmont Belt: The Inner Piedmont belt is the most intensely deformed and metamorphosed segment of the Piedmont. The metamorphic rocks range from 500 to 750 million years in age. They include gneiss and schist that have been intruded by younger granitic rocks. The northeast-trending Brevard fault zone forms much of the boundary between the Blue Ridge and Inner Piedmont belts. Although this zone of strongly deformed rocks is one of the major structural features in the southern Appalachians, its origin is poorly understood. Crushed stone for road aggregate and building construction is the principal commodity produced.

Kings Mountain Belt: The belt consists of moderately deformed and metamorphosed volcanic and sedimentary rocks. The rocks are about 400-500 million yearls old. Lithium deposits here provide raw materials for chemical compounds, ceramics, glass, greases, batteries and TV glass.

Milton Belt: This belt consists of gneiss, schist and metamorphosed intrusive rocks. The principal mineral resource is crushed stone for road aggregate and for building construction.

Charlotte Belt: The belt consists mostly of igneous rocks such as granite, diorite and gabbro. These are 300-500 million years old. The igneous rocks are good sources for crushed and dimension stone for road aggregate and buildings.

Carolina Slate Belt: This belt consists of heated and deformed volcanic and sedimentary rocks. It was the site of a series of oceanic volcanic islands about 550-650 million years ago. This belt is known for its numerous abandoned gold mines and prospects. North Carolina led the nation in gold production before the California Gold Rush of 1849. In recent decades, only minor gold mining has taken place, but mining companies continue to show interest in the area. Mineral production is crushed stone for road aggregate and pyrophyllite for refractories, ceramics, filler, paint and insecticide carriers.

Triassic Basins: The basins are filled with sedimentary rocks that formed about 200-190 million years ago. Streams carried mud, silt, sand and gravel from adjacent highlands into rift valleys similar to those of Africa today. The mudstones are mined and processed to make brick, sewer pipe, structural tile and drain tile.

Raleigh Belt: The Raleigh belt contains granite, gneiss and schist. In the 19th century, there were a number of small building stone quarries in this region, but today the main mineral product is crushed stone for construction and road aggregate.

Eastern Slate Belt: This belt contains slightly metamorphosed volcanic and sedimentary rocks similar to those of the Carolina slate belt. The rocks are poorly exposed and partially covered by Coastal Plain sediments. The metamorphic rocks, 500-600 million years old, are intruded by younger, approximately 300 million year old, granitic bodies. Gold was once mined in the belt, and small occurrences of molybdenite, an ore of molybdenum, have been prospected here. Crushed stone, clay, sand and gravel are currently mined in this belt.

Coastal Plain: The Coastal Plain is a wedge of mostly marine sedimentary rocks that gradually thickens to the east. The Coastal Plain is the largest geologic belt in the state, covering about 45 percent of the land area. The most common sediment types are sand and clay, although a significant amount of limestone occurs in the southern part of the Coastal Plain. In the Coastal Plain, geology is best understood from studying data gathered from well drilling. The state's most important mineral resource in terms of dollar value is phosphate, an important fertilizer component, mined near Aurora, Beaufort County. Industrial sand for making container and flat glass and ferrosilicon and used for filtration and sandblasting is mined in the Sand Hills area.

Mineral Industry

North Carolina has important deposits of many minerals and annually leads the nation in the production of feldspar, lithium minerals, scrap mica, olivine and pyrophyllite. The state ranks second in phosphate rock production and ranks in the top five in clay and crushed granite production. North Carolina does not produce significant quantities of metallic minerals.

GEOLOGIC TIME SCALE FOR NORTH CAROLINA

EON	ERA	PERIOD	EPOCH	GEOLOGIC EVENTS IN NORTH CAROLINA	AGE*
PHANEROZOIC	CENOZOIC	Quaternary	Recent	Deposition of sediments in Coastal Plain. Erosion of Piedmont and Appalachian Mountains to their present rugged features.	
			Pleistocene		1.7
		Tertiary	Pliocene		5
			Miocene	Phosphate deposited in eastern North Carolina (Beaufort and Pamlico Counties).	24
			Oligocene	Limestone deposited in Coastal Plain. Weathering and erosion continue in Piedmont and Mountains.	
			Eocene		
			Paleocene		66
	MESOZOIC	Cretaceous	Late	Deposition of estuarine and marine sediments in the Coastal Plain. Continued erosion of the Piedmont and Mountains.	
			Early	Sediments deposited in northern half of the Coastal Plain. Cape Fear Arch begins to develop. Piedmont and Mountains eroded.	138
		Jurassic	Late	Marine sediments deposited on outer continental shelf. Piedmont and mountains eroded.	
			Middle		
			Early	Weathering and erosion of the Blue Ridge and the Piedmont areas. Emplacement of diabase dikes and sheets.	205
		Triassic	Late	Faulting and rifting create Deep River, Dan River, and Davie County basins. Basins fill with continental clastic sediments known as "red beds".	
			Middle	Formation of the Atlantic Ocean as North America and Africa drifted apart. Weathering and erosion of Piedmont and Mountains.	
			Early		240
	PALEOZOIC	Permian		Final collision of North America and Africa.Thrust faulting in west; deformation in eastern Piedmont.	290
		Pennsylvanian		Time of uplift and erosion.	330
		Mississippian		Time of uplift and erosion.	360
		Devonian		Emplacement of lithium, mica, and feldspar-rich pegmatites, primarily in the Kings Mountain and Spruce Pine districts. Metamorphism of Carolina slate belt. Period of erosion.	410
		Silurian		Period of uplift and erosion.	435
		Ordovician		Continental collision and beginning of mountain building process--faulting, folding, and metamorphism of pre-existing rocks.	500
		Cambrian		Sandstone, shale, and limestone deposited in the mountain area. Continued deposition of Carolina slate belt rocks. Gold deposits of the slate belt form.	570
PROTEROZOIC		Late		Sedimentary and volcanic rocks deposited in the mountains and Piedmont. Local intrusions of igneous rocks.	900
		Middle		Sedimentary, volcanic, and igneous rocks formed in the Blue Ridge and metamorphosed to gneisses and schists.	1600
		Early		Oldest dated rock in North Carolina is 1,800 million years old.	2500
				Oldest known rock in U.S.- 3,600 million years old. Oldest known rocks in world- 3,850 million years old. Formation of the Earth- about 4,500 million years ago.	

Emplacement of igneous intrusions

* Estimated age in millions of years.

Commercial Gem- and Mineral-Collecting Sites

Garnet, moonstone, ruby and sapphire - Cowee Valley mines; 8 miles north of Franklin, Macon Co., on NC 28. Panners Creek Gem Lines; southwest of Raleigh off Old Apex Road (gems are from western N.C.)

Emerald, aquamarine and amethyst - mines in the Spruce Pine-Little Switzerland area, Mitchell County.

Emerald, hiddenite, rutile and quartz - mines at H[redacted] Alexander Co., 15 miles northwest of Statesville o[redacted]

Gold - Reed Gold Mine State Historic Site; off NC 200, 6 miles southeast of Concord, Cabarrus County. Cotton Patch Gold Mine; off US 52, 2 miles southeast of New London.

Sapphire - Pressley Mine; off Interstate 40, near Canton, west of Asheville, Haywood Co.

The State Precious Stone - Emerald

The General Assembly of 1973 designated the emerald as the official State precious stone. Emerald is found in North Carolina near Hiddenite in Alexander County and southwest of Spruce Pine in Mitchell County. The largest single emerald crystal found in North America was found at the Rist Mine at Hiddenite in 1969. This crystal weighed 1,438 carats. The *Carolina Emerald*, a 13.14 carat, emerald-cut gem, was also found at the Rist Mine.

The State Rock - Granite

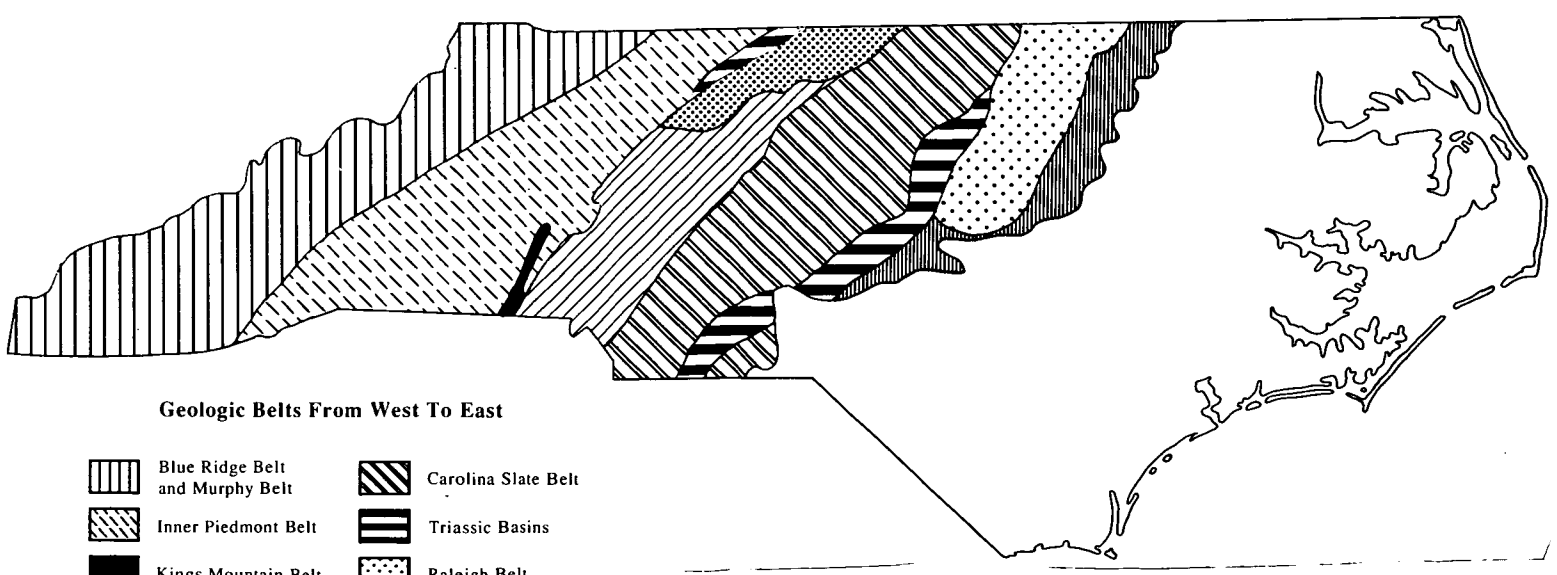
The General Assembly of 1979 designated granite as the official State rock. North Carolina is blessed with an abundance of granite. When granite is crushed, it is used as an aggregate for road and building construction. If granite has the right physical properties, it can be cut into blocks and used for monuments, curb stone and stone for building facings. The largest open-face granite quarry in the world is located at Mount Airy, North Carolina.

STATE OF NORTH CAROLINA
James B. Hunt, Jr., Governor

Department of Environment, Healt[redacted] and Natural Resources
Wayne McDevitt, Secretary

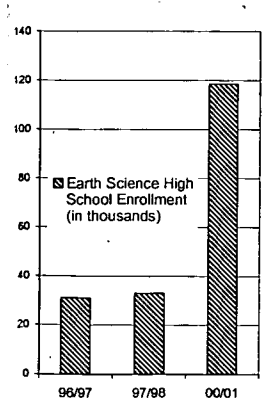
Division of Land Resources
Charles H. Gardner
Director and State Geologist

North Carolina Geological Survey
P.O. Box 27687, Raleigh, N.C. 27611-7687
Telephone (919)733-2423; FAX (919)733-0900
jeff_reid@mail.enr.state.nc.us
http://www.geology.enr.state.nc.us



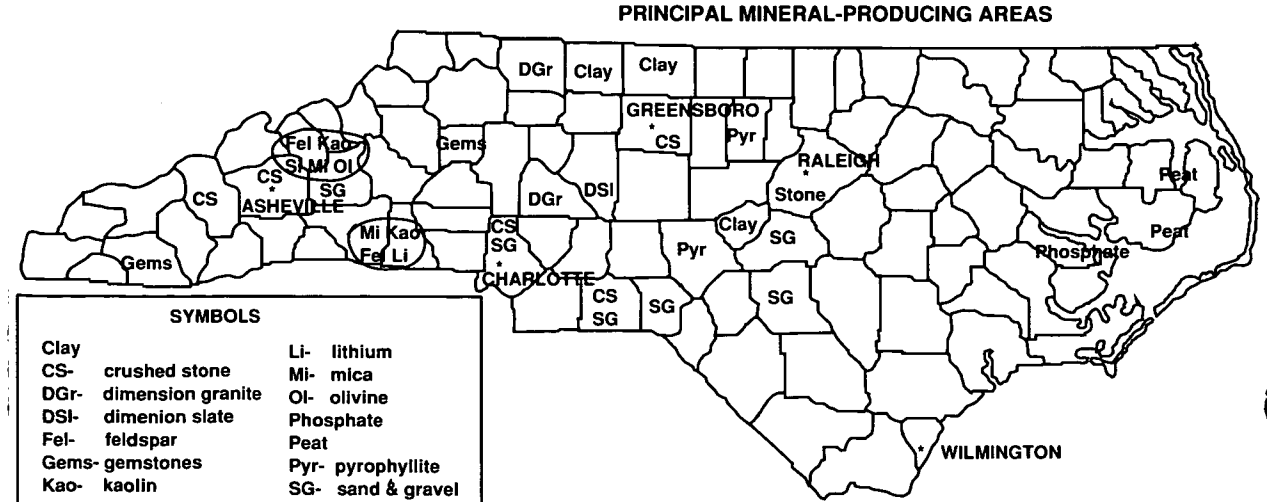
Geologic Belts From West To East

- Blue Ridge Belt and Murphy Belt
- Inner Piedmont Belt
- Kings Mountain Belt
- Milton Belt
- Charlotte Belt
- Carolina Slate Belt
- Triassic Basins
- Raleigh Belt
- Eastern Slate Belt
- Coastal Plain



- Based on DPI statistics, we predict that the enrollment of students, grades 9-12, in earth science courses will increase an order of magnitude from 32,939 in 97/98 to over 118,600 in the academic year 2000/01.
- Project Earth Science is designed to provide relevant and accurate earth science information, which meets DPI's competency-based curriculum objectives, for the state's high school students and earth/environmental science teachers.

PRINCIPAL MINERAL-PRODUCING AREAS



SYMBOLS

Clay		Li-	lithium
CS-	crushed stone	Mi-	mica
DGr-	dimension granite	Ol-	olivine
DSl-	dimenion slate	Phosphate	
Fel-	feldspar	Peat	
Gems-	gemstones	Pyr-	pyrophyllite
Kao-	kaolin	SG-	sand & gravel

Attachment F

Department of Environment and Natural Resources

Office of Environmental Education							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	608,479	811,683	860,825	646,088		646,088	
Less Receipts	(62,151)	(15,017)	(17,000)	(17,000)		(17,000)	
State Appropriations	*546,328*	*796,666*	*843,825*	*629,088*		*629,088*	
Less State NR 1998-99			*(200,000)*				
Adjusted Appropriation			643,825	629,088	-2.3%	629,088	-2.3%
Positions	10.00	10.00	10.00	10.00		10.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted appropriations.

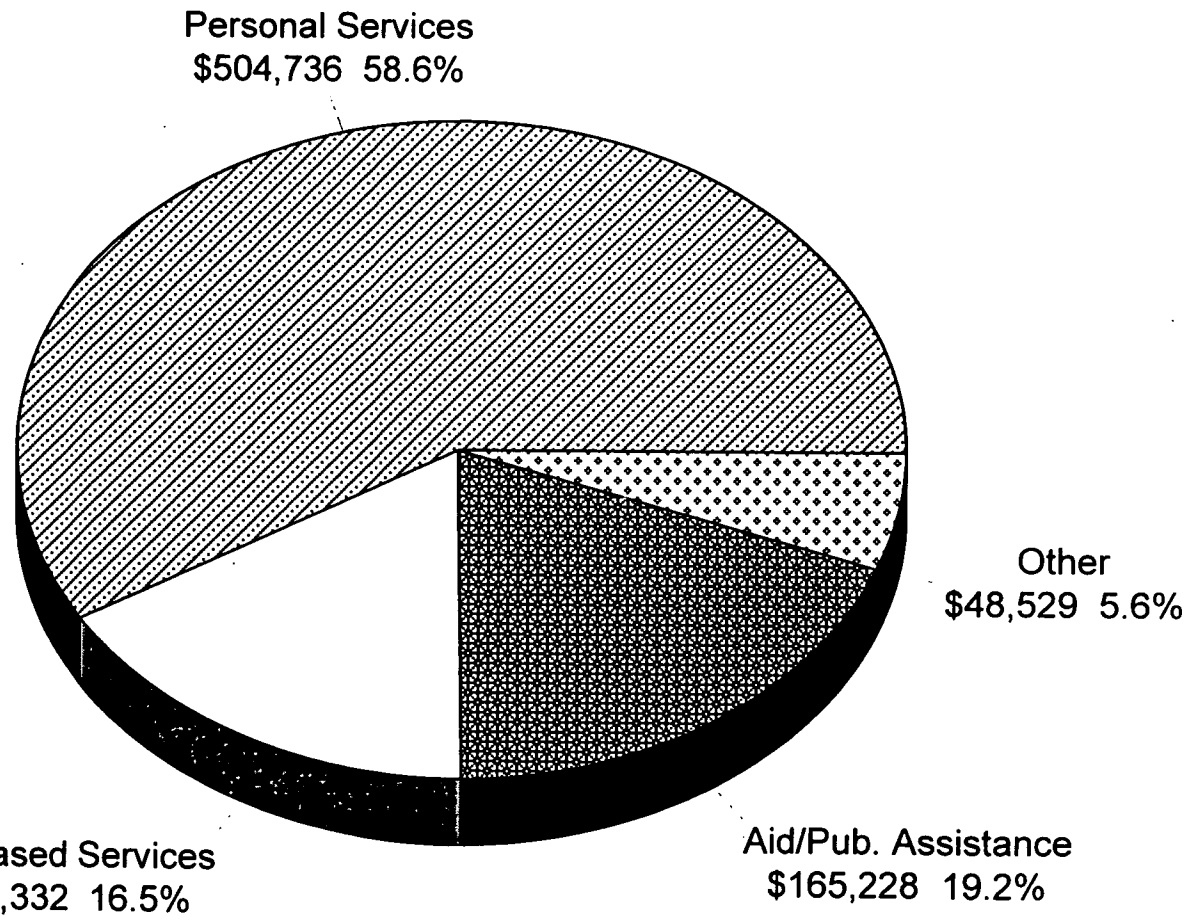
PROGRAMS AND ACTIVITIES

- Promotes coordination among state and federal agencies, schools, colleges, citizens groups and the business and industrial community in the dissemination and promotion of environmental and natural resources information, education and stewardship.
- Promotes water quality education in each of the state's river basins.
- Serves as a clearinghouse of environmental information.
- Administers the Project Tomorrow grant program.

Governor's Budget, Volume 5, pp. 146 to147

Fiscal Research Division – March 1999

Office of Environmental Education
FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

OFFICE OF ENVIRONMENTAL EDUCATION

OVERVIEW OF BUDGET ACTIONS -- CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
None		

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
Environmental Education Grant Funds	$200,000 NR	$200,000 NR

PROPOSED RECOMMENDATIONS FOR THE UPCOMING 1999-2001 BIENNIUM

CONTINUATION BUDGET ITEMS

None

GOVERNOR'S RECOMMENDED REDUCTIONS

There are no Governor's recommended reductions for the Office of Environmental Education.

Mission Statement

To provide a coordinating role among schools, colleges, state and federal agencies, citizen groups, and the business/industrial community in promoting environmental education and natural resources stewardship.

Operations

- Reward professional development in environmental education.
- Enhance environmental education for pre-service teachers and integrate ecological concepts in higher education.
- Establish a North Carolina Environmental Education Clearinghouse.
- Correlate environmental education with DPI's curriculum.
- Promote model environmental education library collections.
- Use North Carolina data to enrich environmental education.
- Promote environmental education centers.
- Provide environmental education for government agencies.
- Expand funding for environmental education.
- Build partnerships for environmental education.
- Develop media participation in environmental education.
- Enhance environmental education for adults.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase the general public's awareness of North Carolina's environmental education programs, resources, and facilities. *RPB: S100*				
• Number of information requests from the general public	54,000	57,600	63,000	65,000
• Total cumulative number of educators who have participated in 10 hours of professional development in accessing and using computerized NC environmental data	78	110	200	400
• Total cumulative number of individuals who have applied for or achieved NC Environmental Educator Certification	521	1,000	2,000	3,000
• Total cumulative number of Project Tomorrow Awards for model environmental education library enhancements awarded	229	379	529	679
• Number of environmental education publications distributed to educators and the general public	87,150	88,000	89,000	90,000
• Number of visits to the NC Environmental Education World Wide Web Internet site	15,859	22,000	29,000	36,000
• Number of environmental education correlation diskettes distributed	800	500	300	300
• Total cumulative number of members and associate members of the NC Association of Environmental Education Centers	139	175	210	250

Attachment G

OFFICE OF ENVIRONMENTAL EDUCATION
PRESENTATION TO NER
March 9, 1999

The Office of Environmental Education was established by legislation in the 1993 Environmental Education Act.

The Declaration of Purpose as set forth in the legislation is "to encourage, promote and support the development of programs, facilities and materials for the purpose of environmental education in North Carolina."

The legislative mandates are carried out through two general categories of activities:

1) The Office is a Clearinghouse of Environmental Education Resources and Facilities

2) The Office conducts certain programs in communities across the state.

1) As a Clearinghouse the Office identifies organizations and facilities that have environmental education resources and make them readily accessible to the people who want quality environmental education resources.

- One way we do this is through **publications** that contain the INVENTORY ~~compilation~~ of statewide environmental education resources that we have identified.

  - One publication is the **Teachers Guide to EE Resources** which shows what professional training programs are available, what materials are available, what programs can come to your school or organization. IT'S A CATALOGUE FOR TEACHERS.

    - On Page ii the Guide lists "Educational Opportunities for Teachers"

      - The State Park EELEs, WILD,Learning Tree,Soil and Water Scholarships, Educational State Forests,

- Another example of a Clearinghouse function is the **Guide to NC's EE Centers.**

  - **150 centers have been identified in 65 counties – the centers are listed in the Guide by County starting on page vi.**

  - **Because they now meet together EE Center programs are correlating activities to what teachers have to teach** in science, math, social studies —

  - local community, industry, non-profit, state, federal

  - these facilities are economic assets –growing ecotourism industry.

  - Map on page XVI of the guide

MEASURES FOR CLEARINGHOUSE: In 1994 we had about 15,000 requests for these publications and we are now experiencing close to 90,000 requests for these and other publications every year.

In **1995 we had about 2,000 web "Hits" a year and we are now seeing about 20,000 Web page contacts** each year seeking EE information.

(Examples of these publications are in packets we have prepared for you)

Give your packet to a teacher in your district – or leave it on the table and we will pick them up.

2) The other category of activities we engage in is carrying out certain **EE programs.**

One example of a program is:

- The **Project Tomorrow Environmental Education Library Grants.**

  - Work with **DPI media evaluation center** on a suggested **bibliography** of reviewed EE resources.

  - **Since 1995, thanks to appropriations from the General Assembly,** A total of 229 $1,000 to $1,500 grants have been awarded to schools, public libraries and environmental education centers in **74 counties.**

  - With the appropriation you provided last year, we will be awarding approximately **150 additional grants** in the next two months.

  (A list of the 1995, 96 and 98 winners by county are in your packets)

- Another example of a program administered by the Office is the **EE Certification Program** whereby to date 173 educators have completed over 200 hours of training, teaching and community leadership to become Certified Environmental Educators.

  - Over **576 educators from 72 counties have enrolled** in this program which was launched in July of 1996.

  - (A list of **Certified or enrolled educators by county** is in your packets)

So far we have reached 93 out of 100 counties with the 3 programs I have mentioned.

The numbers we use for measures help us manage, but we really depend on comments and evaluations from those who use these programs.

ADULT EDUCATION

Reaching **adults and the general public**, almost 8 million people, with EE is even more challenging.

We do this by forming environmental **education partnerships and using a consistent theme – "Do You Know Your Ecological Address?".**

An example of an EE partnerships is one with **International Paper** where in the past 3 years teachers ordered over **18,500 Love a Tree** kits filled with quality EE materials have been delivered to 60 EE Centers where 900 5th grade teachers go to pick them up.

(5,000, 6000 7,500)

(Show Love a Tree Booklet)

Another partnership has been with **DOT** and their placement of a total of **122 river basin identification signs** in the Neuse River Basin and the Cape Fear River Basin to help raise public awareness that we each live and work in a river basin and that what we do affects the quality of the water in that river basin.

We have a partnership with ten **fertilizer and lawn care** companies who are promoting the educational theme "Know Your Ecological Address" in their marketing materials.

(SHOW POSTER)

Duke Energy, NC Power and CP&L included the "Discover Your River Basin" message in **utility bills** reaching almost 2 million households over a period of time

One final example of a partnership that promote increased environmental awareness and understanding is **a project with the League of Municipalities.**

- The Office and the League have partnered to promote **local government wastewater treatment and water treatment plants as educational resources for schools and communities.**

  The **"Educators' Guide to Environmental Education Programs at Water Treatment Plants and Wastewater Treatment Plants"** highlights 30 local government water treatment facilities in 10 of the state's 17 river basins.

Conclusion:

I would really like to tell you about Training teachers to access env. data using GIS for classroom activities but I'm out of time.

We really appreciate the opportunity to tell you a little about how the Office carries out its legislative mandate.

Environmental Education is not only an effective learning method K-12, but it is a pro-active environmental management tool.

Environmental laws and regulations alone will not ensure the quality environment that provides all that we hope for and need. Our future depends on a better understanding of our environment.

The Office spearheads a multi-agency effort that prepares teachers and other educators to use Geographic Information Systems (GIS) to explore North Carolina environmental data. Working with DPI, CGIA, and faculty at NCSU, we've provided over 80 educators with at least six (6) days of professional development learning how to use GIS with environmental data in their classrooms. An additional 200+ educators have been introduced to GIS and its usefulness in exploring environmental data. The informal consortium has received over $240,000 in grant support from the US EPA over the past three years and expects to introduce another 30 educators to GIS and environmental data this summer.

Anne,

Sorry I didn't understand what you needed. Hope it went well.

Denise

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources , 1999

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sharon Springs	DENR - Office of Environmental Education
Lisa Tolley	DENR - Office of Environmental Education
Keith Overcash	DENR - AQ
Alan Klimek	DENR - AQ
Russell Hageman	DENR - DAQ
Anita M McNeil	DENR/BPA
Anne Taylor	DENR - EE
Dianne Beasley	DENR - Forestry
Natalie English	NC Agribusiness Council
Sherol Breman	NC Petroleum Council
[illegible]	Commerce
[illegible]	DENR
Jane Smith	DENR
Phil McKnolly	DENR/DPR
Laura DeVivo	DENR
Mike Olson	DENR/DAQ
[illegible]	NC [illegible]
Nat Murdi	[illegible]
Steve Woodson	NC Farm Bureau Federation
Lu-Ann Coe	Farmers for Fairness
Joe McClees	TDA
Bobbie Jo Moore	DENR/Land Resources
Charles Gardner	DENR/ " "
Thomas Mills	1502 Brandywine Rd, Chapel Hill
Doug Lassiter	NC Septic Tank Assoc.
Ed Scott	NCCBI

Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

March 11, 1999 – 8:30 AM

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Thursday, March 11, 1999 at 8:30 AM in Room 423 of the Legislative Office Building. Nine House Members were present as follows: Representatives Stan Fox, Chair; Bill Owens, Chair; Edith Warren, Vice Chair; Rex Baker, Jim Carpenter, Arlie Culp, Frank Mitchell, Carolyn Russell and Joe Tolson.

Chair Bill Owens called the meeting to order. He called upon Mona Moon, Fiscal Research Division, to discuss Partnership for the Sounds (Attachment I). Ms. Moon reviewed DENR 113-117 explaining recommended appropriations, programs and activities, fund sources, budgeted expenditures. The Partnership for the Sounds is a nonprofit organization operating to promote ecotourism, environmental education and cultural history, as influenced by natural history in the Albemarle-Pamlico region of the state. Representative Baker asked about the $111,000 source of interest on DENR 114, and Ms. Moon will let Jackie Woolard, Executive Director of the Partnership, address the question. Representative Baker asked if the Partnership is a 501-C III organization, and Ms. Moon said it is. The Partnership's offices are located in Tyrrell County Visitors Center, and DOT is responsible for maintenance and upkeep of grounds and facility; however, the Partnership administers operation of the Visitors Center. Senator Betsy Cochrane asked if there is any hope of the facilities becoming self-sustaining, and Ms. Moon will let Ms. Woolard address this question. Representative Carolyn Russell asked if the facilities would want more money for their operations once they are completed, and Ms. Moon suspects there will be a request for operating funds for the Center for the Sounds when it comes online. The $150,000 appropriated for current fiscal year recurring money was to provide staff for the Estuarium and the Columbia Theater.

The Chair welcomed Ms. Jackie Peoples Woolard, Executive Director of Partnership for the Sounds. She thanked committee members for the opportunity to speak. The Partnership has accumulated a great deal of interest from the capital budget. The hurricane stopped construction of the Estuarium, and we do not spend the money as fast as it comes from the state. She will check with the auditor to be sure information shared is correct. Representative Baker also asked about the $56,000 in equipment, $12,000 in contract administration, and $28,000 in special project management, and Ms. Woolard stated this is a transfer of money from the capital budget to the operating budget. When staff is used to be the construction manager of the site, then a proportion of the construction money is charged for operation and administration rather than paying money to an outsider. Representative Baker then asked if money is for capital it is not

necessarily used for capital, and Ms. Woolard said we try to use capital money for in-house work. We have had a lot of board discussion on whether to keep everything internal. It may not be the best way, but it is the way we have operated. The Chair asked if the board voted to do this in a way to possibly save money rather than hiring an outside manager, and Ms. Woolard stated board did this in summer of 1995 as it felt there was not a need to hire an outside person. There is a lot of hurry up and wait situations. Representative Baker asked if people doing the projects using capital money are voting members of the board, and Ms. Woolard stated they were paid staff and not members of the board. Representative Russell asked how many members serve on the board and how are they selected. Bylaws allow 30 members and 25 are currently serving representing county government, education, nonprofit, business, environment and two slots for county at large. Senator Martin asked if board instructs staff to try to save money. Ms. Woolard said we are moving from development into operating facilities and expanding our programs in terms of the main program, environmental education, and sustainable economic development. The purpose of a recent board retreat was to reevaluate the partnership as an organization as we shift into a new arena. *Partnership for the Sounds* (Attachment II) summarizes activities, visitations and newspaper coverage of the programs. The next phase of development will be the environmental education program. We are developing a stewardship program, partnering with a teacher's workshop with NCSU for a tour, partnering with the NC Coastal Federation, doing an outdoor classroom, a migratory bird program, neo-tropical study, developing a website for paddling with Seagrant, summer water camps, working with a co-op group from Chowan Community College, and working with East Carolina University on an impact study to improve local interaction with tourists. Representative Carpenter commended the wonderful work being done by the Partnership and he asked if state funding is critical to the existence of this project and Ms. Woolard said state funding is absolutely critical. He is sorry folks in the mountains did not start as soon as folks in east as the Partnership for the Mountains is in the planning stage now, and it would like to call upon you for assistance to get this project underway. He will be introducing a bill soon asking for funding for the mountain project. Ms. Woolard stated Becky Anderson, Hand Made in America, provided tremendous help with the idea of regionalism and partnership, and she will be happy to share ideas with people in the west. The Chair Bill Owens, who represents Tyrrell and Hyde Counties, stated the Partnership is the kind of thing that really helps in this district. Representative Baker asked how many employees are involved, and 13 are employed by the Partnership and three by the Visitor's Center. Representative Warren stated the number of visitors is impressive, and she is excited about the opportunities available. The Chair thanked Ms. Woolard for the presentation, and she invited the committee members to visit the programs.

The Chair recognized Jennifer Herrera, Fiscal Research Staff, and she presented Division of Parks and Recreation DENR 58-64 (Attachment III). The Division of Parks and Recreation is responsible for identifying and protecting high quality examples of the state's natural resources, and for planning, developing and operating a statewide system of park and recreation resources. Senator Horton asked about salary and classification for the park rangers as compared to wildlife resource officers, and Dr. Phil McKnelly, Director, Parks and Recreation, stated the park and recreation rangers are not involved in

law enforcement 100 percent of the time. They spend a good amount of time on educational programs, training teachers, etc. and thus they are not classified as high as law enforcement officers. Senator Horton thinks it is unfair given the caliber of people who have college degrees serving our parks. Senator Martin asked what kind of adjustment was made for law enforcement salaries, and Dr. McKnelly said there was a five percent salary increase over and above the standard state employees raise last year. Representative Carpenter asked about the land acquisition for Jocassee State Park property. Dr. McKnelly said Council of State and Gov Ops have cleared the purchase, and State Property Office has been authorized to close on this property. Between $8 and $9 million is required for the purchase. The $5 million will be added to money from the Natural Heritage Trust Fund, and there is $1 million in private donations. After property is purchased some roads and trails will be opened almost immediately. The southeastern portion of the property will not be included in the park in the first year but will remain open for hunting. There should be a modular type structure and interim picnic areas open within the year in the northwestern section and the trail system emanating out from that. Representative Carpenter asked what is time frame for development behind other parks already developed such as the park in the east. Dr. McKnelly said development of the parks would begin as soon as design and planning is completed. A Park Authority meeting is planned in two weeks for the development of the Dismal Swamp, and Park Authority knows we will be asking for funds for the Gorges as well. Senator Shaw did not understand explanation given for operating park reserves, and Dr. McKnelly stated operating reserves are set aside to operate capital projects that General Assembly has authorized. In 1993 State parks had a bond referendum totaling $35,000,000 that preceded the Park and Recreation Trust Fund, and we have had roughly $10 to $12 million dollars since then. With these funds we have or are in process of opening up 11 visitor centers and parks. Representative Baker asked about status of $125,000 nonrecurring funds in Natural Heritage Program. There will be two positions in the expansion budget. There were restrictions on what could be done with those funds, so we contracted some of the work out of those funds. Representative Fox asked regarding the years before Jocassee comes on board totally, and since we are adding 30 people next year, what will be required in the future and is it too early to add this number of people. Dr. McKnelly said the 30 positions are system wide, and the Gorges staff will be five initially– two rangers, a superintendent, a maintenance person and a clerk to staff the office. Standard operation is between six and seven staff members per park.

Dr. McKnelly called attention to *Yours to Discover* brochure (Attachment IV). No other state can boast a wider range of outstanding natural resources than we have in NC. We have 33 parks with at least one full time staff member and they range from Mount Mitchell which is the highest point east of the Mississippi River to Jockey's Ridge which is the largest active sand dune on the Atlantic Coast. We have acquired over 3,000 acres in the past year. We hosted over 250,000 participants in our formal environmental education programs last year including 419 educators taking part in teacher training workshops. Thirty-three communities received over $6,000,000 for land acquisitions development from the Park and Recreation Trust Fund. Thirty-one communities and organizations received Natural Trails Fund Grants totaling $735,000. We have accomplished a lot thanks to support from the General Assembly primarily with the Parks

and Recreation Trust Fund. We still have a lot to do. There are several parks without trained staff to have one person on duty at all times. We have over $240,000,000 in needs in capital improvements to complete master plans. Trails and greenways around the state are exploding. Many communities are looking for ways to hook up to a statewide system of trails, and DOT, private consultants and other planners are always looking for bigger and better and more information quicker in terms of the Natural Heritage Program. It is an exciting time to be involved with the division. Representative Baker asked about the bathhouse at Hammocks Beach. Dr. McKnelly stated Office of State Budget said it would pay for repairs, and the Division of Parks and Recreation is in the process of fixing the problem, but how it will be funded is still in limbo. Our problems are with FEMA and damage to the bathhouse caused by Hurricane Fran. We are trying to convince FEMA and insurance people the best thing to do would be to move bathhouse now and place it behind dune for protection. Representative Carpenter stated Macon County last year received a $250,000 grant for a greenway project and our people want to ask again this year for another $250,000 grant to upgrade lighting, sprinkler systems, and access to our soccer and softball fields. Would the previous grant affect our receiving a grant this year, and Dr. McKnelly said Park and Recreation Trust Fund initially limited each local government to one grant at a time to spread money across state. Representative Russell asked about the grant process. The Park and Recreation Trust Funds is administered by a Park and Recreation Authority –a 11 member panel of which three are appointed by the Governor, including the chair, and four are appointed by the Speaker of the House and the President Pro Tem of the Senate. The process is administered by the Recreation Resource Service which is a group that provides technical assistance to local governments on contract from us to NC State University. Each September a teleconference workshop is broadcast to seven of the nine universities in the system to make it easy for local delegations to participate. They are told what criteria for evaluations will be, and the consultants work with local governments in developing the applications. We had 90 applications for $14,000,000, and we will have $6,000,000 to distribute. Once information is evaluated based on criteria local governments have been given, the information is provided to the Park and Recreation Authority members, and they will review information before the May meeting. At the May meeting what typically is done is to go through and vote on the first fifty percent of the money. The law states the Authority will make the decision on where grants will be given. They will take a look at size of community, population distribution and geographic distribution. When they vote the evaluation of the criteria is a heavy weight, but it is not the entire issue. To date we have done two cycles, and a vote will be made three times. Representative Russell asked if the meeting is open, and it is open. Representative Culp asked if the trust fund money has to go to a unit of government, and Dr. McKnelly said yes it has to be a county or incorporated city or town. The Chair asked what is being done to be sure our forests are being protected in the parks. The Division of Forest Resources is working with Parks and Recreation. We have a lot of fuel down from hurricanes, but prior to that issue pine beetles were a concern.

The Chair apologized for the committee not having time to hear the Division of Coastal Management presentation. He also asked Representative Carpenter if he is

putting in a bill to have a Division of Mountain Management, and Representative Carpenter said it could be arranged if that is what it takes to get funds to go west.

The meeting adjourned at 9:50 AM.

Respectfully submitted,

Bill Owens

Representative Bill Owens, Chair

Mary Capps

Mary Capps, Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 11, 1999
Rep. Bill Owens, Presiding

1. Chairman's comments

2. DENR Budget Presentations – Continued

   Partnership for the Sounds
   Mona Moon, Fiscal Research
   Jackie Peoples Woolard, Executive Director, PfS

   Parks and Recreation
   Jennifer Herrera, Fiscal Research
   Dr. Phil McKnelly, Director, DPR

   Division of Coastal Management (TIME RAN OUT)
   Jennifer Herrera, Fiscal Research
   Donna Moffitt, Director, DCM

3. Committee Discussion

4. Adjourn

Partnership for the Sounds, Inc

	Actual General Fund Appropriations							Recommended	
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	Total	1999-2000	2000-2001
Recurring	-	367,250	367,250	367,250	367,250	517,250	1,986,250	517,250	517,250
Nonrecurring	846,000	2,700,000	500,000	800,000	-	250,000	5,096,000		
Total	846,000	3,067,250	867,250	1,167,250	367,250	767,250	7,082,250	517,250	517,250

The Partnership for the Sounds is a nonprofit organization operating to promote ecotourism, environmental education and cultural history, as influenced by natural history in the Albemarle-Pamlico region of the state.

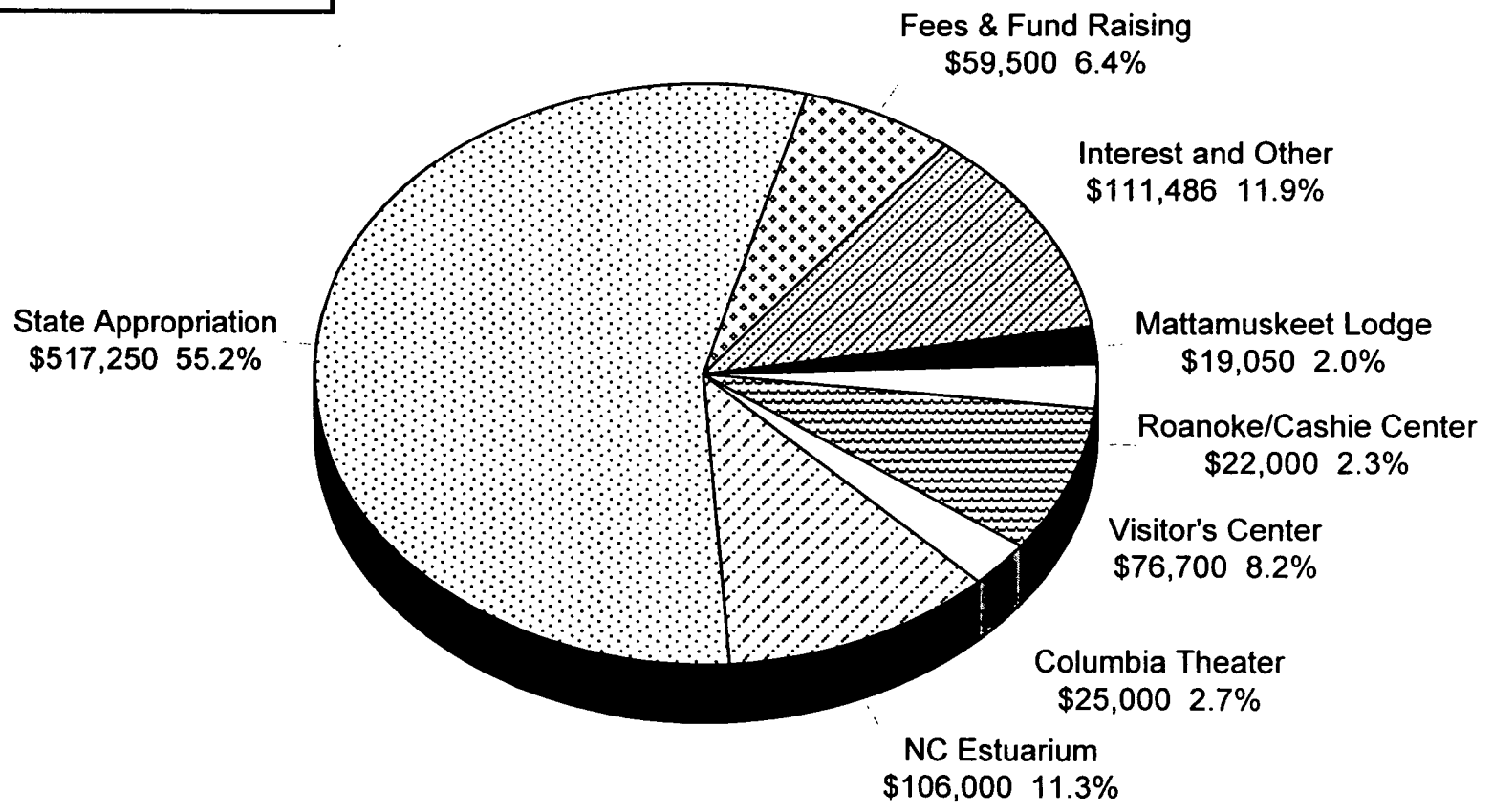
PROGRAMS AND ACTIVITIES

- Planning, renovation, construction and operation of environmental education facilities
- Development and delivery of environmental education programs
- Fund raising to support facilities and program development
- Implementation of the Sustainable Economic Development program to promote the region as a tourist destination

Governor's Budget Volume 5, pg. 241 to 242

Partnership for the Sounds
FY 1998-99 Fund Sources

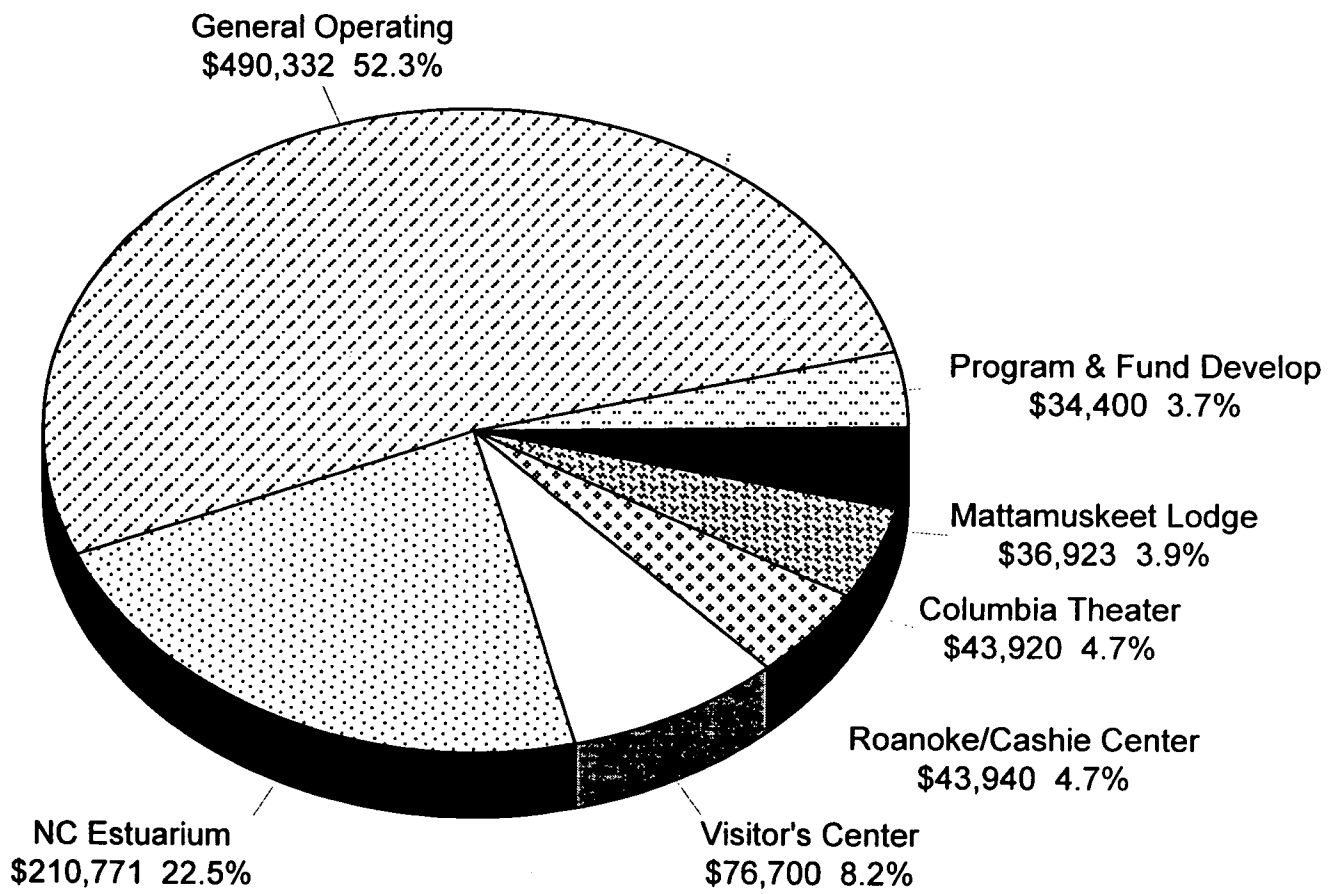
Total $ 936,986



Fiscal Research Division -- March 1999

Partnership for the Sounds
FY 1998-99 Budgeted Expenditures

Total $936,986



Fiscal Research Division -- March 1999

PARTNERSHIP FOR THE SOUNDS

OVERVIEW OF BUDGET ACTIONS FOR THE CURRENT 1997-99 BIENNIUM

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98	FY 1998-99
Funds for additional staff and operating expenses for the Roanoke/Cashie River Center, the Columbia Theater Cultural Resources Center, the Lake Mattamuskeet Lodge and the North Carolina Estuarium and to continue facilities development and renovations.		$150,000 R $250,000 NR

PROGRAM NOTES

1. The Partnership received an additional grant-in-aid from the state for the 1997-98 fiscal year in the amount of $150,000. The funds were designated for continued development of the capital projects.

2. The Partnership's offices are located in the Tyrrell County Visitors Center in Columbia. The Department of Transportation is responsible for maintenance of the grounds and facilities; however, the Partnership administers operation of the Visitors Center. DOT provides PfS with $75,000 to cover the operating costs.

3. Section 14.12 of the 1998 Appropriations Act directed the Partnership for the Sounds to use a portion of the funds appropriated for the 1998-99 fiscal year to expand its programs and activities to include a project in Pamlico County.

Partnership for the Sounds, Inc
Facilities Development Update

	Facility	Location	Status
1	The North Carolina Estuarium	Washington (Beaufort Co.)	opened January 1998
2	Columbia Theater Cultural Resources Center	Columbia (Tyrrell Co.)	opened October 1998
3	The Mattamuskeet Lodge	Lake Mattamuskeet, National Wildlife Refuge, near New Holland (Hyde Co.)	renovations continue, but facility is operationable
4	Roanoke/Cashie River Center	Windsor (Bertie Co.)	building renovation completed in October 1998; exhibit development is scheduled for completion summer of 1999
5	Walter B. Jones Center for the Sounds	Columbia (Tyrrell Co.)	architectural plans developed and approved, construction to begin in the spring of 1999, completion expected in early 2000
6	The Center for Land, Water and Sky	Oriental (Pamlico Co.)	project under development
7	Scenic Overlook on Highway 94	(Tyrrell Co.)	project canceled

DENR 117

PARTNERSHIP for the Sounds

Attachment II

February 1996 to February 1999 Facility Visitation Analysis

	February 1996-January 1997	February 1997-January 1998	February 1998-December 1998	1996 - 1998 Facility Total
Environmental Education Programs *documentation began February 1997*	-	2,158	9,180	11,338
Mattamuskeet Lodge *closed July & August 1998*	9,183	12,265	11,177	32,625
North Carolina Estuarium *opened January 1997*	-	4,100	19,407	23,507
Columbia Theater *opened October 1998*	-	-	853	853
Tyrrell County Visitors Center *documentation began July 1996*	8,592	21,471	21,679	51,742
Yearly Totals	17,775	39,994	62,296	***120,065***

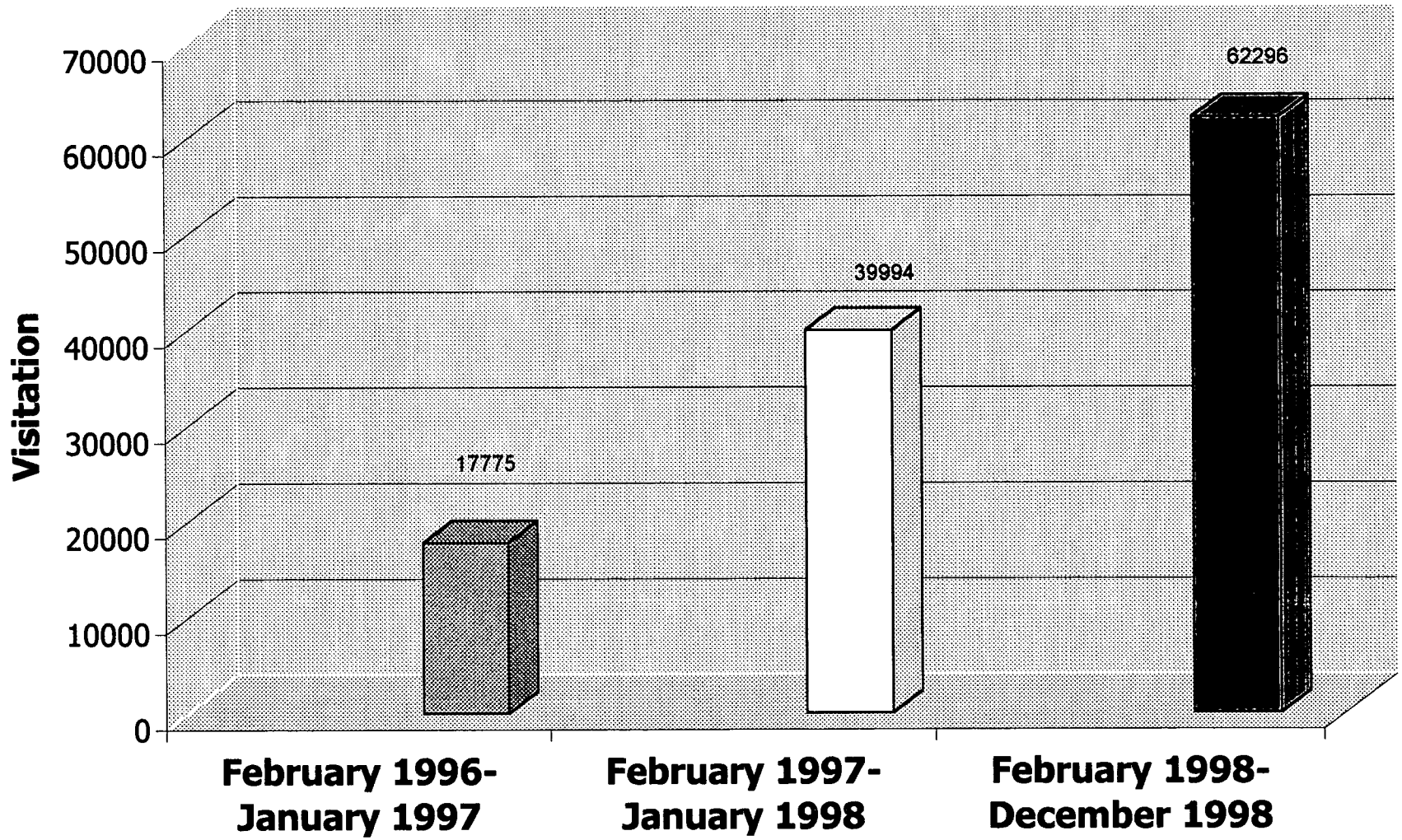
	January 1999	February 1999	1999 Facility Total
Environmental Education Programs	148	394	542
Mattamuskeet Lodge	962	492	1,454
North Carolina Estuarium	673	1,124	1,797
Columbia Theater	38	27	65
Tyrrell County Visitors Center	421	623	1,044
Monthly Total	2,242	2,660	***4,902***

Partnership for the Sounds visitation increased by 44% from February 1996-January 1997 to February 1997-January 1998. From February 1997-January 1998 to February 1998-December 1998 visitation increased 64%.

1999 Conference Participation

NC Motorcoach Association, Inc.	January 28-30 1999	*20 Bus Tour Companies*
1999 NC Environmental Education Conference	February 10-12 1999	*890 Attendees*

Total Facility Visitation per Year



The Pulitzer Prize-Winning

WASHINGTON
DAILY NEWS
The Voice of the Pamlico

WASHINGTON, NORTH CAROLINA, TUESDAY, MARCH 24, 1998 (USPS 667-500) HOME DELIVERY 26¢, NEWSSTAND 50¢

Elmo Carawan photo

Students from Herbert Spaugh Middle School in Charlotte check out some of the exhibits at the N.C. Estuarium.

Estuarium's drawing power grows

Charlotte school group travels across state to visit Washington facility

By Claud Hodges
Staff Writer

They left Charlotte at 6 a.m. Monday and visited the North Carolina Estuarium for a couple of hours during the afternoon, which is the type of drawing power the museum hopes to cultivate.

Herbert Spaugh Middle School in Charlotte sent 115 of its seventh-graders to Washington for the first day of a three-day tour of the state's estuary area.

"We want to attract school groups like this," said Sue Lintelman, environmental education specialist with Partnership for the Sounds, which runs the Estuarium. "This is the first big one for the Estuarium from outside the Albemarle/Pamlico peninsula."

In addition to school groups, she said, the Estuarium wants to give educational information about the peninsula to families, individuals and tourists.

The trip was coordinated with help from Partnership for the Sounds. In addition to visiting the facility in Washington, the tour will go to Goose Creek State Park near Bath, Mattamuskeet National Wildlife Refuge in Hyde County, and Pettigrew State Park in Washington County.

The Estuarium is a museum-like facility that tries to show the life in an estuary, a water body where freshwater meets saltwater.

From about Rose Bay to Grimesland is the general area of local estuary is. The Estuarium is about in the middle of this area, in Washington on the Pamlico River.

"We think most people come here because of the opportunity to learn," said Randy Rouse, exhibit curator at the Estuarium. "It's an attractive collection of information."

He said the people at the facility, both employees and volunteers, view the Estuarium as presenting visitors with the opportunity of a lifetime to learn about an estuary system.

"This type of group (the school group from Charlotte) is getting to be a regular thing," said Blount Rumley, administrator at the Estuarium. "We're booked more days than we're not through May.

"It's educational and good for the area's economy."

The students from Charlotte are staying in Washington at a motel and are eating in the town for several meals, Ms. Lintelman said.

"This Estuarium is something I'm going to start selling," said John Huffstetler of Kannapolis Tours, which coordinated the Charlotte school tour with Partnership for the Sounds. "I think it's going to be a wonderful site for future tours."

See ESTUARIUM, Page 2

Estuarium *From Page 1*

The Estuarium opened Jan. 20 and has been open for visitors for 47 days since then.

Since its first day of service, the Estuarium has had 3,740 visitors. That works out to an average of about 81 people per day.

"Rest assured, there are more coming," Rumley said.

Increasing numbers are ahead for the Estuarium in the next few months, he said, because the tourist season is approaching.

Most visitors to the facility are from eastern North Carolina, he said. However, visitors have been to the Estuarium from as far away as Australia and Holland, as well as several states, including Virginia, South Carolina and Michigan.

"The Estuarium fits the curriculum for these students," said Angela Vaughan, one of the teachers from the Charlotte school who accompanied the group of students from Herbert Spaugh Middle School.

The school is a math/science technology school, she said, which specializes in concepts like the one explained by the Estuarium.

"I will recommend that more of our school groups come here," Ms. Vaughan said after the visit.

Tomy Dover, a student from the school, said he learned much from his two-hour stay in the facility. He said he would talk about it to other students.

Volunteers at the facility are crucial to its operation, Ms. Lintelman said. In addition to the three employees of Partnership for the Sounds on Monday's tour, there were several volunteers who facilitated the flow of the Charlotte students through the Estuarium.

"They are one of the keys to the operation of the Estuarium," Rouse said.

The Pulitzer Prize-Winning

WASHINGTON
DAILY NEWS
The Voice of the Pamlico

O. 140 TWENTY-FOUR PAGES | WASHINGTON, NORTH CAROLINA, WEDNESDAY, MAY 20, 1998 | (USPS 667-500) HOME DELIVERY 26¢; NEWSSTAND 5

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Russell Woolard photo

University of North Carolina at Chapel Hill Chancellor Michael Hooker studies an exhibit at the N.C. Estuarium on Monday night.

UNC officials visit Estuarium

University bus tour's participants pile praise on Partnership project

By Russell Woolard
Staff Writer

Like curiosity-consumed schoolchildren, they eagerly took in everything the North Carolina Estuarium had to offer — following with visible delight the path of "The Evaporator," watching the orientation film, and trying out the exhibits that shed light on various aspects of life Down East.

Another day, another busload of tourists at the Estuarium. But this time, there was a twist. The bus brought in not another batch of students, but administrators and brand-new faculty members at the University of North Carolina at Chapel Hill.

A group of 33 professors and university officials stopped in Washington on Monday evening to tour the Estuarium and learn more about the environmental and economic currents that shape life in the Albemarle-Pamlico Estuary. The visit is part of a 19-stop tour of the state that UNC officials hope will get professors better acquainted with the people the school serves.

"It makes the experience from which (our instructors) can draw examples much richer," UNC Chancellor Michael Hooker said.

The stop in Washington provided plenty of opportunities for enrichment. The visitors were feted with a meal that had a definite Down East flavor (barbecue and soft-shell crabs) and given a look at the facility that has attracted about 7,700 visitors since it opened in January.

The delegation from Chapel Hill was impressed.

"I was delighted to see it," said Richard "Pete" Andrews, a professor of environmental science and engineering. "This is the start of what I suspect will be a marvelous complex when it's expanded...The estuary is tremendously important to North Carolina, both economically and ecologically. It's a rich system that deserves this kind of recognition."

It was recognition that Estuarium

See UNC, back of section

UNC *From Page 1A*

administrators were only too glad to receive. Having UNC educators at the facility gave them not only valued publicity, but a chance to see how well they are advancing their mission, which is to present a comprehensive picture of life along the estuary and the environmental and economic factors that shape it.

"This is a meeting of people — personal relations — a real personal touch to make (UNC faculty) a part of the state," said Blount Rumley, the Estuarium's facilities director. "

This is a great asset to the university. It helps them to understand if they can feel it and touch it."

The hands-on approach to telling the region's story did not escape the notice of the visitors from Chapel Hill.

"This is a great facility," Hooker said. "It's visually appealing, and it should draw a lot of visitors. Visitors like to see life, and the more life you can get in here, the better. Educationally, I don't see how I could improve on it."

This is the second straight year that UNC officials have taken faculty members on the road. The idea is to involve the university more deeply in the state's future by giving new professors, many of whom are not originally from North Carolina, a look at the diverse cultural, economic and environmental currents that shape life here.

Hooker visited all 100 counties in the state last year.

His travels took him, among other places, to the Partnership for the Sounds headquarters in Columbia. PFS Executive Director Jackie Peoples Woolard told Hooker about the effort to build the Estuarium and the many purposes it would serve once open.

The subject is of interest to UNC officials, particularly as they explore ways to help North Carolina adjust to tobacco's lessening influence on the economy and other signs of changing times. Understanding North Carolina's diverse background, Hooker said, is essential if the school's faculty is to help the state adjust.

"I was really enthralled with the beauty of the place," Hooker said.

"I am convinced that ecotourism is economically plausible...There's no academic discipline that doesn't have some relativity to what they do at the Estuarium."

Wednesday,
JULY 22, 1998

Beaufort-Hyde News

Nature week at Mattamuskeet a huge success

This year's Nature Week was a huge success! Twenty three youth and eight adults spent a very exciting week at the Mattamuskeet Lodge learning all about nature and the environment. This five day, day camp held June 1-5, 1998 kept everyone so busy that there was not a moment to spare for boredom.

Each day of Nature Week featured a different theme with different activities.

Monday's theme was "Get Reading with Nature." Nature Week participants went to George Library's summer reading program kick-off held at Mattamuskeet Lodge. This wonderful and exciting program encouraged all youth to find entertainment in books. After lunch youth created beautiful tin lantern cover and grass head planters.

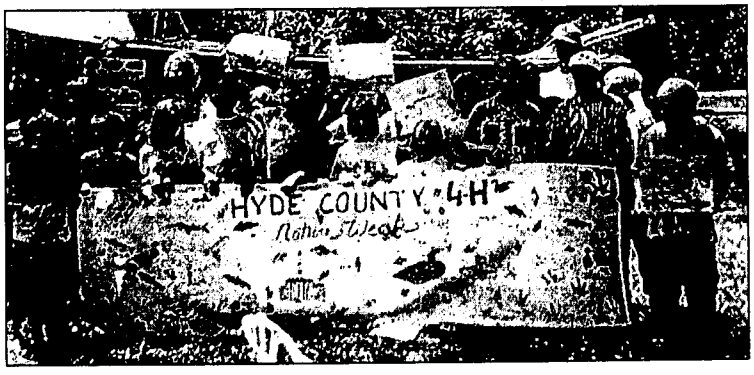
"Exploring Nature" was the theme for Tuesday's activities. A representative of the N.C. Museum of Nature History kicked off the day's events with a program entitled "Growing Up In The Animal World." This program taught the Nature Week participants about the different stages animals go through when they develop. It also allowed youth the opportunity to touch turtles, snakes, an opossum, and to see a tarantula. Then the youth were led on a tour of the Mattamuskeet Refuge by John Ann Shearin to show the youth what can be found in their own back yards. One of the exciting things the youth learned on this tour was how birds are captured so that they can be banded.

A visit to the Inner Banks Estuarine Center was featured Wednesday during "The Art of Nature Day." Helen Craddock of the Partnership of the Sounds lead the youth through a demonstration to teach them about the importance of wetlands. In addition, Joan Mullen, Director of the Inner Banks Estuarine Center, allowed each participant the chance to show their creativity by drawing fish, birds, and much more. The highlight of this day was the creation of the banner (featured in one of the photographs) that shows how the youth feel about Hyde County. According to Laurie Lewis, Hyde County 4-H Extension Agent, "The banner allowed the youth to show others what is available in Hyde County. This includes not only wildlife but areas of interest like the Mattamuskeet Lodge."

"What can you do with nature?" was Thursday's theme during Nature Week. Two of the most popular activities happened on Thursday. These included the opportunity to learn about archery and practice what Jon Evens and Jim Schreckengos, Wildlife Enforcement Officers from Hyde and Tyrrell counties respectfully, had taught them. To cap off the youth's archery experience was a competition to see who was able to shoot better, the Bear Group or the Fox Group. The Bear Group won out by only a single point. Also on Thursday, the youth learned about alligators from Steve Gabel, Area Specialized Agent with the N.C. Cooperative Extension Service. During this class youth learned about alligators and even had the opportunity to hold and touch an alligator.

Jim Schreckengos teaching a Nature Week participant the sport of archery.

Helen Craddock with the Partnership for the Sounds helps a Nature Week participant make an animal track stamp.

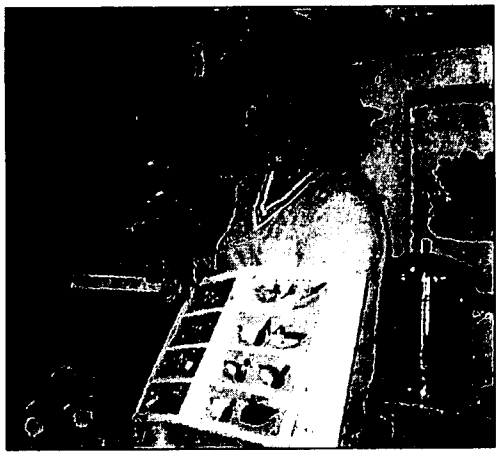


Nature Week participants with the banner they made at the Inner Banks Estuarine Center.

The final day of Nature Week featured a theme of "Fun In Nature." Ocracoke Adventures came out to the Mattamuskeet Lodge and led the group on a kyaking trip on Lake Mattamuskeet. On the return visit to the Lodge from Lake Mattamuskeet one Nature Week participant was heard saying "Now I see where all the Lodge pictures come from."

To cap off this week of nature fun was a performance by Pamlico Joe. Pamlico Joe is a favorite among Nature Week participants because he sings enjoyable songs that teach about the environment.

Nature Week is coordinated by the Hyde County Center of the N.C. Cooperative Extension Service. The primary financial support of this day camp was provided through grants and donations made to the Mattamuskeet Foundation.



Joan Mullen, Director of the Inner Banks Estuarine Center, showing illustrations of duck decoys that the youth can use as models for their sketches.

NC Museum of Natural History with their program "Growing Up in the Animal World."

Roanoke-Chowan Living

B ■TV Listings ■Comics ■Opinions ■Entertainment

July 30, 1998

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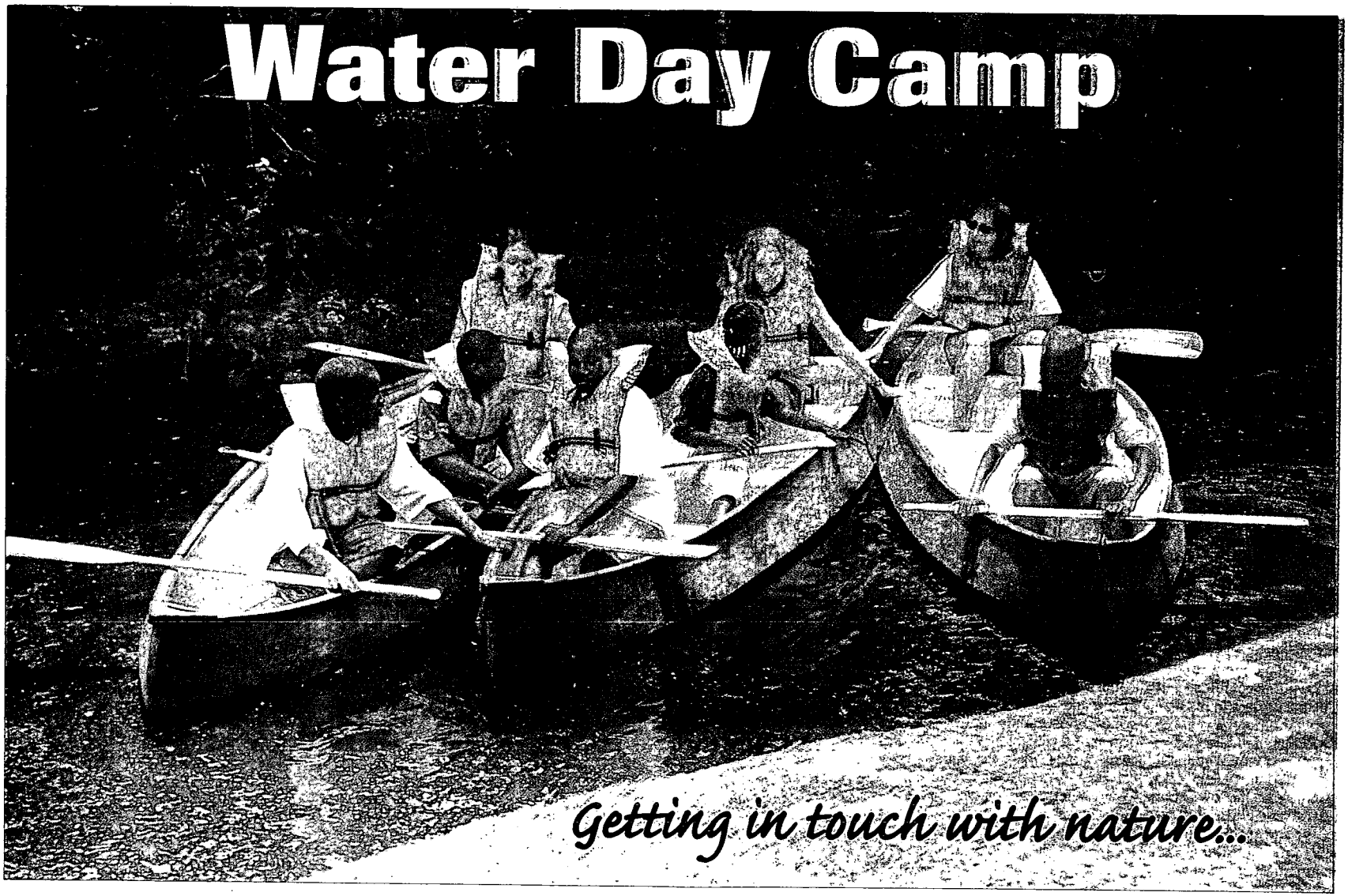
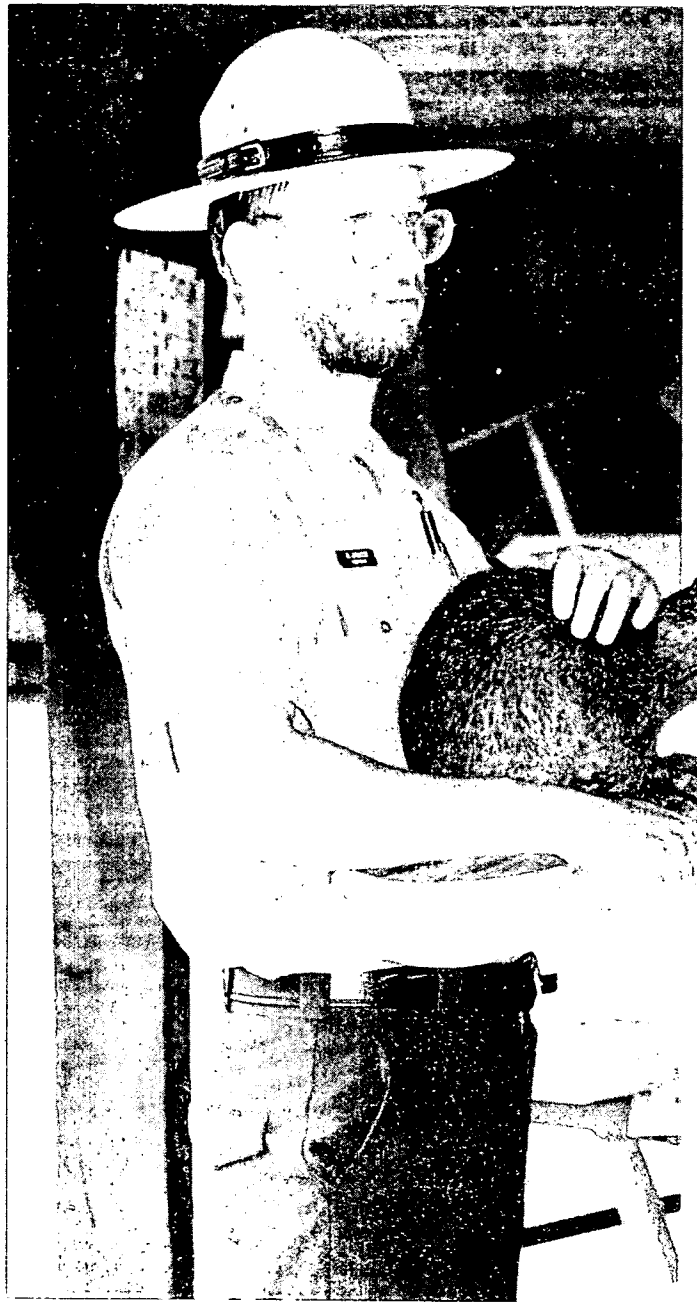
Water Day Camp



Staff Photos / Lucy Wallace

Campers involved in the second annual Water Day Camp got a chance this summer to experience canoeing, many of them for the first time. Along with listening to guest speakers, the participants have hiked, canoed and learned about water issues. The camp's director is Bill Jones of Woodland who has emphasized the importance of wetlands, water quality and natural resources while also having a good time. Here the youngsters canoe down the canal at the Cashie River Wetlands Walk toward the river proper.

Water Day Camp offers some 'wet and wild' fun and knowledge



By Lucy Wallace
Staff Writer

WINDSOR — Mark Johnston, a ranger from Pettigrew State Park, had the children laughing Wednesday as he told about mammals who live in wetland areas.

Ranger Johnston was just one of the speakers who have talked about water, wetlands, the environment and water quality to youngsters from both Bertie and Northampton counties this summer.

The second annual Water Day Camp is a combined effort between Northampton and Bertie Counties 4-H Programs and Partnership for the Sounds.

Held at Livermon Park Zoo and the Cashie River Wetlands Walk in Windsor, the programs are held every Wednesday from 9 a.m. to 3 p.m. until July 29.

Sue Lintelman, Environmental Programs Specialist with Partnership for the Sounds, said the camp was funded by a grant from the Environmental Protection Agency (EPA) last year and she re-submitted for funding again this year, which was received.

The day camps are instructional and entertaining, while offering discussion on issues related to water and water resources of the region explained Lintelman.

Bill Jones of Woodland has been director of the camp both years.

He said he enjoys getting outside with the children and doing various water-related activities, such as canoeing and hiking.

Jones said the kids have learned how to use binoculars to do some birdwatching, as well as just investigating the wetlands areas.

"I've tried to emphasize two things," Jones explained, "the importance of wetlands areas and the importance of water in our lives.

"Without good quality water, we wouldn't survive," he stressed.

His two daughters, Hannah and Caren have assisted Jones at the camp.

Some of the concepts he's touched on include transportation, habitat, the water cycle, wildlife, diversity, pollution factors, water facts and water conservation.

"I've also tried to emphasize the intangible values of wild areas and natural resources, plus have fun enjoying the outdoors," said Jones.

Children have come from both counties, rotating each week. Some have experienced canoeing for the first time.

According to Lintelman, one family kept coming back (a mother and her sons) checking to see if the camp was full. They were in attendance Wednesday, which was their fourth time as participants.

After the morning activities, a speaker comes at noon and the public has been invited to these programs.

The last day of the camp will be July 29th.

Lintelman said, "4-H gets us the children and everyone has been interested in the environment."

Ranger Johnston of Pettigrew State Park, located eight miles from Creswell, talked Wednesday about various water mammals, including muskrats, minks, nutrias, beavers and otters.

The Partnership for the Sounds, based in Columbia, will be opening a new facility this fall - the Roanoke-Cashie River Center in Windsor. Lintelman said more programs would be offered once the center is open.

Ranger Mark Johnston with Pettigrew State Park near Creswell was the guest speaker July 15 at the second annual Water Day Camp in Windsor. Every Wednesday, 4-H'ers from both Bertie and Northampton Counties have been treated to speakers and other activities at the Cashie River Wetlands Walk and Livermon Park Zoo. Left photo: Ranger Johnston discusses various water mammals that live in and around wetland areas. Right photo: Johnston goes over basic boating safety prior to beginning the canoe rides.

FOCUS:

Helping our youth become better students and citizens

Partnership for the Sounds held a Wildlife Field Day and invited the C.A.T.S. children to it. Everything there was fun as well as educational. Thank you!!!

BEACON SECOND FRONT

• TV Listings
• Farming News
• Religion
• Public Record

Serving Washington County Since 1889 | Plymouth, N.C. | October 28, 1998 Page 1B

Columbia Theater transformed into heritage museum

COLUMBIA—In the 1940s and 50s the Columbia Theater was the finest movie palace on the Albemarle-Pamlico peninsula.

Today, some 30 years after showing its last motion picture, it has taken on a new role that will once again bring crowds from far and wide.

Now billed as the Columbia Theater Cultural Resources Center (CTCRC), the 70-year-old movie house has been transformed into an environmental history center and museum that highlights human uses of the Albemarle-Pamlico peninsula's resources.

The CTCRC is the second facility to be opened by the Partnership for the Sounds (PfS), joining the North Carolina Estuarium in Washington, which opened last January. The theater's interpretive themes add a new dimension to the Partnership's efforts to ~~teach~~ people about the regional environment and to attract tourists to the peninsula.

"The Partnership's mission is to help people understand and appreciate the unique sound country environment," said PfS Director Jackie Peoples Woolard. "Part of that process is realizing that the region's economic and cultural life has always been inextricably tied to the natural resources that abound here. The theater is devoted to examining man's use of those resources in the past and thinking about how we can sustain them for future generations."

While dealing largely with the history of farming, fishing, and forestry in the region — dating back to the era of Native Americans — the facility has kept a feel for its days as the peninsula's fanciest movie house. The exhibitry is presented in Hollywood-like sets and artifacts are identified as though they were props to be used in a period-piece film.

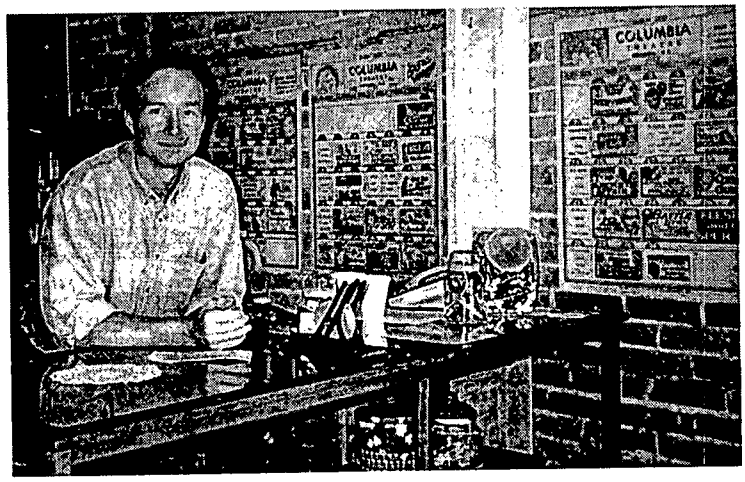
All of the artifacts on display were donated by area residents. While most of the artifacts reflect the various ways in which people extracted resources from nature, others depict everyday facets of life such as fashions and kitchen appliances from years past.

Another bit of history brought back to life is a new marquee which replicates the marquee from the theater's heyday.

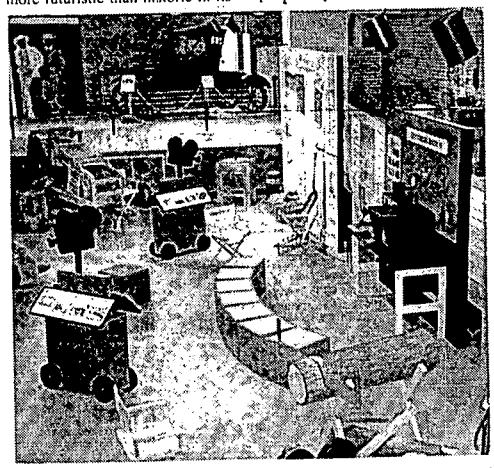
One CTCRC exhibit is much more futuristic than historic in its appeal, however. It — or he — is called "Hunter Jim." Though he seems human enough, Jim is actually the only fully animated museum "robot" in eastern North Carolina. The figure stands in a setting of pines, decked out in hunting attire and surrounded by gear.

When visitors approach, a heat sensing device allows 'Jim' comes to life with the greeting: "So what brings you out this way, stranger?" He goes on to tell about the great hunting and fishing traditions of Tyrrell County.

"Hunter Jim has really caught people's eye," said Woolard. "He's



Tom Stroud, special projects director for Partnership for the Sounds, at the front counter.



Movie sets are used to depict the natural resources of fishing, forestry and farming in the old Columbia theater.

Photos by Brenda Monty

so realistic that he's mesmerizing. He's also been especially fun for people from this area because we had a local resident with a wonderful native brogue record Jim's talk, so for them it's like he's just walked in off of Main Street and struck up a conversation."

Walter Davenport was both flattered and surprised when he heard someone had recommended his voice by used for the recording. "Someone told Mr. Stroud (Partnership for the Sounds' special projects director) my voice was just the one they needed," said the 62-year-old Soundside community resident.

His voice is not the only quality that makes him a good candidate for the job. "I've been hunting all my life," he says, recalling hunting from a boat with his father when he was age 7.

Walt said of his animatronic counterpart, "They need to put a little more make-up on him. He's too light complected to be an outdoorsman. He needs a suntan." And Walt ought to know; he's been in the fishing business for a long time. He and his brother Ray work a shrimp trawler and fish pound nets in the Albemarle Sound.

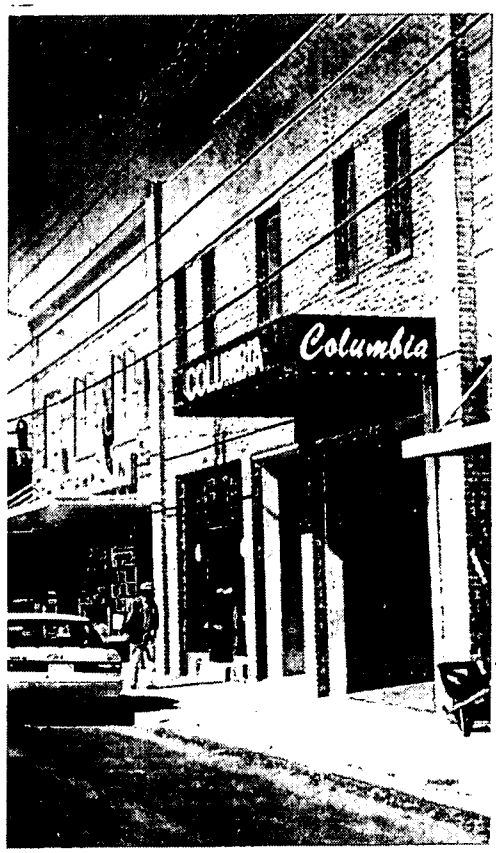
Walt's proud to be a part of the heritage museum project that has preserved the old theater where he spent a many a Saturday night following the ongoing perils of the cowgirl Black Whip. "Once when I was about 10 years old," said Davenport, "I went 15 Saturday nights in a row."

"Even though it had gotten in bad shape, the theater still held wonderful memories for people in Tyrrell County," said Frances Voliva, a member of the advisory committee. "Restoring it to create a tourist attraction is a way to remember the past and be part of the future at the same time, which we're all very excited about."

The theater was built in the early 1930s by its owner Fredric Schlitz, a German Tyrrell County resident. After his death, the theater stayed in the family until it was sold to Sam and Ruth Woodley of Columbia.

Ms. Woodley, now a widow, said she knows that both her husband and Mr. Schlitz would be proud to know what's been done with the old theater. When she heard that the Partnership was seeking a location for a cultural center, Ms. Woodley donated the theater to be used. "It was just going down. I certainly didn't need it," she said. Ms. Woodley thinks what the town has done with the building is "a wonderful thing," and adds, "The new marquee just makes the whole town glow."

The opening of the CTCRC culminates three years of work by the Partnership, Tyrrell County, the Town of Columbia, and many local citizens. A local advisory committee that spearheaded involvement with the community and the gathering of artifacts included area residents J.D. Brickhouse, Frances Voliva, Mrs. Sam S. (Ruth) Woodley, Durwood Cooper, Jr., Carlisle Harrell, Zelda Pledger, Peggy Marshburn, Sharon Spencer, and Buddy Brickhouse.



A new marquee brings a bit of Columbia history back to life.

"Hunter Jim"

The CTCRC opened its doors for regular visitation on Tuesday, Oct. 27. Hours will be Tuesday through Saturday from 10 a.m.-4 p.m. Admission is $2 for adults, $1 for children 5-17, and free for children under 5. A free bag of popcorn prepared in the theater's old popping machine will be available to visitors on their departure.

A premiere viewing on October 6 and an open house during Columbia's Scuppernong River Festival on October 10 attracted some 700 visitors to the theater and generated local enthusiasm for its presence.

The Partnership for the Sounds is a non-profit organization devoted to promoting environmental education and ecotourism in the Albemarle-Pamlico region. Along with the Columbia Theater and the Estuarium, it assists in the operation of the Mattamuskeet Lodge in Hyde County. A fourth Partnership facility, the Roanoke/Cashie River Center, will open this winter in Windsor.

Serving the Pamlico ... from the River to the Sound

Section B

The Pamlico News

November 18, 1998

Swan Days: A unique celebration

Story and photos by
by
Ben Casey

Mattamuskeet, the Algonquin word for 'dry dust,'– is ironically the name of the North Carolina's largest fresh water lake.

Although the similarly-named tribe of Algonquin Indians who lived and hunted in the forest that once grew where Lake Mattamuskeet now lies are now gone, their folklore relating to the origin of the lake have become part of the local oral history.

There are two theories on the formation of Lake Mattamuskeet in Hyde County. Some say fires burning deep into the peat soil formed the lake. Others believe the lake was formed by a shower of meteors that struck the North Carolina coastal plain.

Whatever the form of creation, it's the largest natural lake in North Carolina, covering approximately 80 square miles.

John Stanton, wildlife biologist for the Lake Mattamuskeet Wildlife Refuge, traced the modern history of this spectacular habitat for countless species of wild animals.

In an effort to create more land for the cultivation of grain crops, pre-WWI entrepreneurs were inspired by drainage projects in Holland whereby canals had been utilized to drain land for cultivation. They embarked on an ambitious plan to build the world's largest pumping plant on a canal that would drain these 40,000 acres into the nearby Pamlico Sound.

What is now known as the Mattamuskeet Lodge housed three giant steam powered pumps. It is still the largest building in Hyde

now is an observation tower which offers visitors perhaps one of the most breathtaking views of wild waterfowl in North America.

But the tower was never a lighthouse.

It was a smokestack to vent those steam engines that first pumped water from the lake in 1916.

Stanton said that three different companies failed over the next 16 years to make the draining of the lake a financially creditable venture for farming.

"In 1932, the last owners sold all rights to the government, convinced to do so by people who recognized the importance of this area as a habitat for wildlife. In 1934, the lake was refilled and has been a lake ever since," he said.

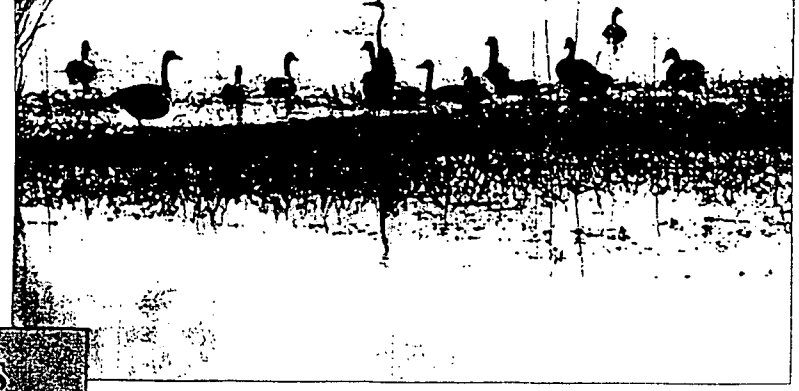
"Roosevelt brought in the CCC (Civilian Conservation Corps) in 1934. The plan was to turn the building into a hunting lodge. The pumping equipment was removed and a lodge opened in 1937. It was operated as such by the state of North Carolina until 1974. Operational funds sort of dried up. It sat idle for a number of years.

"Local citizens have used it for proms, for weddings and other events, so there were citizens who wanted to preserve it. They rallied together to raise funds and restore the building. That's where the state legislature

County.

Those who have viewed the picturesque postcards depicting the lodge, but who have never visited the site, may think, that this imposing structure sits on the actual shore of the lake. But, actually, this structure straddles a large canal that connects the lake with the Pamlico Sound.

Reminiscent of a lighthouse, towering 112 feet into the sky, is what



Service which manages the refuge. Also there we will have office space for the Hyde County Historical Society and the Hyde County Chamber of Commerce," said Gibbs.

"The basement will be classroom space, wet and dry lab facilities, a museum and a gift shop. The center of the building will be a community center that can be used for weddings, social functions, business meetings and educational conferences.

"The timetable for completion depends on when we get the money. We've already spent a million dollars since 1990," said Gibbs.

"Now, you want to see some swans?" asked Gibbs.

Moments later, rolling along by vehicle down paths beyond locked gates, Gibbs brought the vehicle to an abrupt halt as she literally yelled, "I see white over there."

The expression on her face was as though there was nothing else in the world at that moment but the view before her as she point-

See SWAN, page 6

Swan Days Activities

Swan Days is both a celebration of the return of the tundra swans to Lake Mattamuskeet and a fund-raiser from which the proceeds are used to help with the restoration of the Mattamuskeet Lodge.

"It's basically the end of the fall migration. It's also a celebration of wildlife in general and an appreciation for the importance of national wildlife refuges and the role they play in wildlife conservation. It's community building, environmental education and a birding workshop. It's a way for the refuge to work hand in hand with the community in helping the preservation of natural resources in this area," said US Fish and Wildlife Service biologist John Stanton.

Swan Days will be the weekend of December 5 and 6. Seven dollars affords one a guided tour through areas not normally accessible to the public. Those taking the tour can expect to see tundra swans, Canada and snow geese, a wide variety of ducks and perhaps a deer, black bear or other wildlife. A limited number of spaces are available. Reservations are required and can be obtained by calling 252-926-4021, November 16-30.

Tours are only one part of the festivities for Swan Days. Joan Barnhill will pre-

See SWAN DAYS, page 6

became involved with the Partnership for the Sounds, an organization promoting several projects that help economic development in the area between the Albemarle and Pamlico Sounds.

"Eco-tourism became a buzz word. That is an effort to do economic development in concert with environmental sensitivities. The main projects of Partnership for the Sounds include the new estuarium at Washington, a theater and visitors center in Columbia, an environmental center in Windsor for the Roanoke River Refuge and the restoration of the Mattamuskeet Lodge," said Stanton.

Annette Gibbs is the coordinator for the lodge as an employee of Partnership for the Sounds. "I give tours of the building, I keep it open, schedule events ... I'm the girl Friday here, from mowing the yard to fixing broken window panes," she said.

A current, permanent resident in the east wing of the ground floor is East Carolina University's Field Station for Coastal Studies. The field station is used by many schools, including Notre Dame, Villanova, the University of Arizona, and is open to universities all over North Carolina. Four-H groups and NCAT (North Carolina Center for the Advancement of Teaching) have also used it.

"Groups can rent the lodge as long as they are coming here for an organized educational event or purpose," Gibbs said.

After renovation, the lodge will host a number of different entities. "The west wing will be home to the US Fish and Wildlife

Speaking of the birds and the . . .

By Ben Casey

Lake Mattamuskeet is the largest natural freshwater lake in North Carolina, encompassing more than 40,000 acres, over an area five miles wide and sixteen miles long. However, it's deepest part is only about five feet with most of the lake no more than two feet deep.

US Fish and Wildlife Service biologist John Stanton, has been at Lake Mattamuskeet for four years after previously serving with the USFWS in Oregon and Louisiana. The federal agency is the part of the U.S. Department of the Interior that manages national wildlife refuges.

The Lake Mattamuskeet Wildlife Refuge is a major stop on the Atlantic Flyway, one of the many routes taken by waterfowl migrating south from Canada for the winter months. Although a wide variety of geese and ducks frequent the lake during the migration, perhaps the species that garners the most attention is the majestic tundra swan.

According to Stanton, there are two species of swan native to North America, the tundra and the trumpeter.

"In the Atlantic Flyway, we have only tundras. Trumpeters are in the western half of the continent. Tundras are all across the con

tinent occurring on all flyways," he said.

Depending on weather, migration from northern Canada begins in October. By early December, most of the waterfowl planning to winter at Lake Mattamuskeet have arrived. Their stay here usually lasts until late February. Approximately 150,000 to 200,000 birds of different species of freshwater birds are at the lake during this time.

"Weather plays a large role in migration. Typically, when we have a cold winter, we will winter a greater number of birds here," Stanton said.

"In North Carolina we winter approximately 80,000 tundra swans which is about 40 percent of the entire eastern population of this species. Here at Lake Mattamuskeet, we average between 25 and 30 thousand every winter. Other species that are here during winter include Canada geese, approximately five to six thousand, snow geese, approximately 10 to 15 thousand, and about 18 different species of ducks, especially northern pintail and green winged teal as well as mallards.

"We also have resident Canada geese that far outnumber the migrating Canada geese. Domestication by feeding of Canada geese and mallards has been very popular. Domesticated species look very similar to

See MIGRATION, page 6

Beacon, Plymouth, N.C. December 9, 1998

Estuarium to begin program series

The North Carolina Estuarium has announced that it will hold a series of programs on topics of local interest throughout 1999. Called "Third Thursdays at the Estu-arium," the series will explore environmental and cultural issues that affect the Pamlico region and the people that live here.

On the third Thursday of each month, a different speaker (or speakers) will present a program from 7-8 p.m. The tentative schedule of speakers and subjects is:

• January—The Ada Mae and underwater archaeology in the sounds—Gordon Watts, ECU Professor of Archaeology and world-renowned diver.

• February—Indigenous music of eastern North Carolina—Bill Mansfield, folklorist and musician.

• March—The Civil War in the coastal area—Fred Mallison, author of The Civil War on the Outer Banks.

• April—Waterfowl decoy carving—Representatives from the Eastern Carolina Carver's Guild.

• May—Environmental art—Whiting Toler and Sam Wall, local artists with sculptures in the Estuarium.

• June—Wildlife of the estuarine environment (tentative).

• July—North Carolina's hurricane history (tentative).

• August—Red wolves on the Albemarle-Pamlico peninsula (tentative).

• September—Eastern Carolina's Native American heritage (tentative).

• October—The culture of the Carolina commercial fisherman (tentative).

• November—Pollution in the Albemarle-Pamlico (tentative).

• December—Traditions of "Old Christmas" (tentative).

There will be a $2 charge per person for admission. Season passbooks are on sale now at the Estuarium for $15. These passbooks would make an excellent Christmas gift for anyone interested in the Pamlico River and the heritage of those who have made this area their home.

Contact the Estuarium at 252-974-1044, or 948-0000, for more information.

The Pulitzer Prize-Winning
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The Voice of the Pamlico
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Officers concentrate on housing complexes
Local / 4A
ACC hoops action
Sports / 1-2B

N.C. Estuarium's Holly Day Camp a hit with children

Facility mixes education, entertainment to attract tourists and region's residents

By Russell Woolard
Staff Writer

For eager young children, there's nothing like making blue crabs out of paper plates — unless it's seeing a couple of real blue crabs up close.

A group of 40 third- and fourth-graders from Beaufort and Martin counties did both Saturday at the Holly Day Camp, the Christmas celebration at the N.C. Estuarium. The holidays, and the facility's approaching one-year anniversary next month, provided the inspiration for an event that would reach children and highlight the blend of education and entertainment the estuarium has tried to offer since it opened its doors on Jan. 20.

"We wanted something special for the year anniversary of the Estuarium," said Sue Lintelman, environmental programs specialist for the facility. "We're trying to have a connectedness between the community, arts and science."

Estuarium staffers and volunteers offered a mix of activities throughout the day to illustrate the link between environment and culture. There were songs and games, as well as a particular favorite of many youngsters: the display of live animals from curator Randy Rose. The young visitors saw for themselves what blue crab turtles ate and what they looked like — knowledge that came in handy later in the day, as the children made replicas of what they had seen, using paper plates and blue paint.

And, in the spirit of the holidays, the children also made ornaments and artifacts that either used nature's assets or employed nature-related themes. The heads and fins of fish were added to several Christmas bulbs, and the youngsters also made Santa figures out of pine cones, complete with polyfill beards, felt caps and eyes and noses made of pompoms.

"They love it," Ms. Lintelman said. "The key is keeping them moving throughout the day. At first, they're a little nervous meeting each other, but they seem to be doing pretty well."

A newspaper ad for Holly Day Camp produced 32 sign-ups the day after it ran — an indication, Ms. Lintelman said, of widespread interest in what the Estuarium has to offer. Some of the children were tentative about seeing peers they had never met before, but that largely evaporated as they sat together at five tables to work on their nature craft projects.

"They've been making new friends throughout the day," Ms. Lintelman said.

So has the Estuarium, which was buzzing with activity all Saturday morning. No only were the young campers there, but another group of

See CAMP, back of section

Russell Woolard photo

Estuarium Director Blount Rumley works with one of the children who attended the Holly Day Camp on Saturday.

Camp

From Page 1A

about 30 students from Bertie High School were in the facility. Another group held a birthday party in the building, and visitors from Germany had signed the roll book.

"We've had honest-to-goodness tourists here, not just people from the area," said Blount Rumley, the Estuarium's director.

In all, since the Estuarium opened its doors full-time 11 months ago, an estimated 18,000 people come to see a facility that is not close to a large population center and which they likely heard about through word-of-mouth advertising. And the visitors keep coming. Several groups of school children have been booked for April and May, which was the Estuarium's busiest time during its first year, and one group has already arranged to come to Washington in December 1999.

"It's a brand-new feeling; nobody's done anything exactly like it," said Rumley. "We've all learned, and we've all grown. I'm looking forward to continued growth."

Yet Another 'Other Washington'

On North Carolina's central coast, one of the founder's namesake towns beckons, but quietly.

By DONOVAN KELLY
Special to The Washington Post

If George Washington were alive today, he would be very depressed.

Not because of the politics as practiced in the capital city that bears his name. Nor because of the state of the country he fathered. I'm talking major senior citizen depression. After all, George would be 267 years old next month and out of a job for 200 years. To cheer him up—and give me another excuse to travel—I have begun a search to find the perfect spot to celebrate his birthday among the 2,575 places in the United States that officially bears his name.

Yes, that is an actual count by the U.S. Geological Survey (USGS) of all the places named Washington that are approved to appear on federal maps. But not just any mountain, stream, school, swamp, cemetery or sandbar will do for George.

No, I am looking for a populated place named "Washington," and to help George feel at home, the older the place the better. And because this would be such a good year to get George far away from here, let's not include Washington, D.C., or even Washington, Va., as possible sites for the celebration. That still leaves 37 populated places—cities, villages and ghost towns—on the USGS computer. Preliminary research suggests four candidates for the oldest still-existing town actually named for George (and not some other Washington):

- Washington, N.C., named for George in either 1771, 1775 or 1776, depending on whether you go by the founder's tombstone, original letterhead or the journal of the Council of Safety.
- Washington, Mass., settled about 1760, named and incorporated as Washington in 1777.
- Washington, Conn., settled in 1734, named and incorporated as Washington in 1779.
- Washington, Ga. Incorporated as a town in 1804. Once the site of Fort Washington or Heard's Fort, the name was changed in 1780 when the town was laid out to honor the Heard family's former Virginia neighbor.

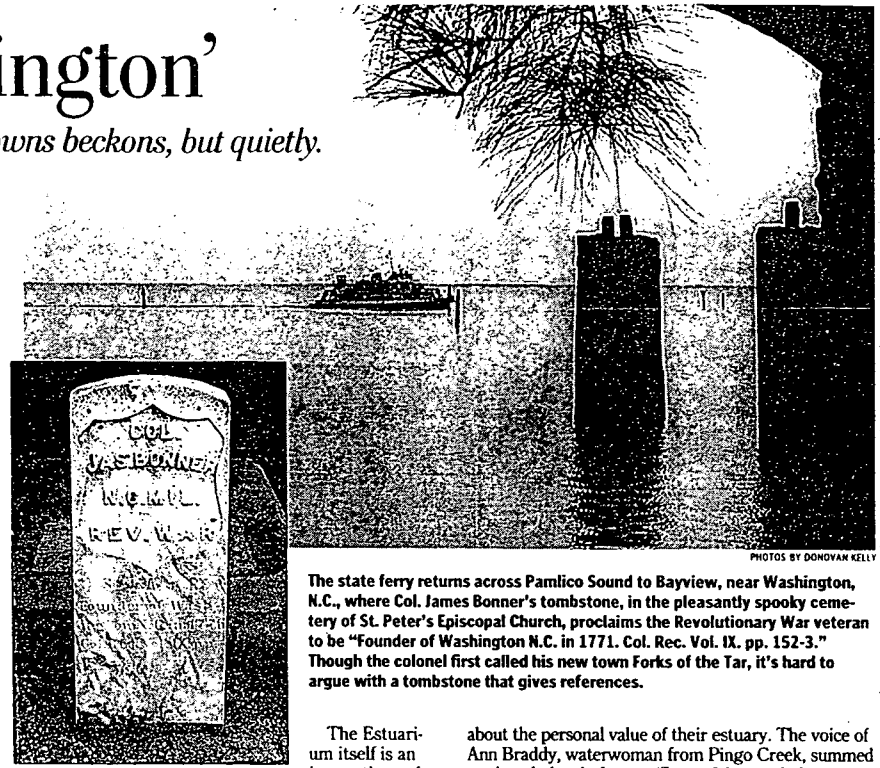
In the end, I couldn't argue with a tombstone that gives references (see caption). Besides, Washington, N.C., is a pleasant break on my slow snowbird route to Florida and only about 55 seagull-flying miles and 100 years away from the nonstop pace of I-95.

* * *

For starters in this town of 10,000 not far from the mouth of the Pamlico River, a visitor can take a self-guided walking tour of its three dozen historic homes and churches; stop in at the **Washington Visitors Center** (102 W. Stewart Pkwy., 252-946-9168) for a brochure.

The visitors center people mentioned with special pride the two homes just two walking minutes away on Water Street that proudly display Yankee cannon balls stuck in their front walls. Unmentioned was the house two doors down with a torpedo in its wall. Seems local artist and Washington native Whiting Toler thought at least one of the cannon balls was stretching history a bit and responded with a stretch of his own.

Toler also created the Rube Goldberg-ish but beautiful working sculpture across the street at the Estuarium water museum. Perhaps calling it a "working" sculpture is an act of faith. Or maybe the "Water Droplet Pinball" was just having an unseasonably El Niño-like moment when, on my visit, it balked at being shot through the sculpture to represent the passage of water through the natural cycles of evaporation, condensation, precipitation and overland flow. (Balking was understandable, because the pinball is expected to move through a 1,400-pound suspended sculpture that includes two miles of coiled scrap wire disguised as the sun, moon, ocean and marshes. Then there is the trip through all the driftwood and cypress logs contributed by recent hurricanes, plus the work of trying to set into motion a zoo of wire insects, birds, turtles and frogs.)



PHOTOS BY DONOVAN KELLY

The state ferry returns across Pamlico Sound to Bayview, near Washington, N.C., where Col. James Bonner's tombstone, in the pleasantly spooky cemetery of St. Peter's Episcopal Church, proclaims the Revolutionary War veteran to be "Founder of Washington N.C. in 1771. Col. Rec. Vol. IX. pp. 152-3." Though the colonel first called his new town Forks of the Tar, it's hard to argue with a tombstone that gives references.

The Estuarium itself is an interesting soft flip side to the usually hard environmental sell we often hear. Like our own Chesapeake Bay, the Pamlico River estuary needs protection. But the need is sounded here via a couple of short films in which the soft voices of Carolinians describe the wonders and pains of the hundreds of square miles of Pamlico River estuary that begins outside the museum's front door.

The first film was so beautiful that I found myself reaching for my camera to take pictures of the pictures. Later, after a tour of artifacts and tanks of swimming critters, a second film lets North Carolinans talk about the personal value of their estuary. The voice of Ann Braddy, waterwoman from Pingo Creek, summed up the whole trip for me. "Lots of deserted places . . . I like deserted places." And when she described how she picked up her crab pots, I knew she was talking about us slow-trippers. "Sometimes you circle," she said. "Sometimes you straight-line."

Have a name, like your own, and want to see if there is a place to go with it? A good place to start is with the USGS computer on the Internet at http://mapping.usgs.gov/www/gnis. Donovan Kelly, the guy behind The Post Food section's "Crummy but Good" dispatches, can be reached at donovank9@aol.com.

WAYS & MEANS

GETTING THERE: Washington, N.C., is a six-hour drive from the Beltway via I-95 to U.S. 64 east at Rocky Mount, N.C., to Rt. 13 south, to U.S. 264, to Rt. 17. (We slow-trippers prefer combinations of Rt. 13 and Rt. 17 to get us from the Washington area to central coastal Carolina: I-95 to Rt. 17 at Fredericksburg, Va., and allow at least two slow-paced days.)

BEING THERE: About 15 miles southeast of Washington is **Bath**, the first town in North Carolina (1705), and the place where Blackbeard the Pirate (Edward Teach) took his 13th or 14th wife (people tended not to ask him a lot of questions). Bath is still a pretty little port that just might be hiding clues to all that loot from the 20 or so ships that Blackbeard buried somewhere. Call the **Historic Bath Visitor Center** at 252-923-3971.

About three miles farther is the free state ferry from Bayview to Aurora. While we waited for it, local resident Glen Roper mended his 400 crab traps as he grilled venison. "Worked for the government for 31 years," he said. "Now I don't stop crabbing until hunting season starts. Only regret is that I didn't retire after 30 years." Feeling absolutely no envy, we boarded the ferry, which took us across Pamlico Sound to hardscrabble country built on beds of phosphate now being mined for fertilizer. The phosphate also contains many 5- to 15-million-year-old sea fossils. Outside the **Aurora Fossil Museum** (252-322-4238) is a mound of leftover dirt debris from the phosphate mine where kids and adults can dig and keep anything they find, including shark teeth, shells and coral. The ferry (1-800-293-3779) is the best route back to Washington or to seemingly undiscovered **Goose Creek State Park** (252-923-2191), a place to hike, swim, fish, canoe and camp amid the silence of Spanish moss and cries of unfamiliar birds.

WHERE TO STAY: At **Pamlico House B&B** (252-946-7184, doubles $75 to 85), we found a quiet canopy bed and Sunday morning pecan waffles with our names on them. Other choices include a **Holiday Inn Express** (252-946-5500) and **Acadian House B&B** (252-975-3967, $55 to $100).

WHERE TO EAT: The downtown mailman in Washington recommended the **Meeting Place Cafe** (252-975-6370), a down-home place with homemade soups, quiches, muffins, cakes and pies. More upscale but no less friendly is **P.J.'s Creekside Restaurant** (252-946-9483) and its "grease-free gourmet food." Also recommended was the **Curiosity Shoppe** (252-975-1397). On the Crummy but Good end, the **Dairy Palace** on Route 17 near the bridge (252-946-1894) is favored by fishermen for pre-dawn takeout coffee and breakfast.

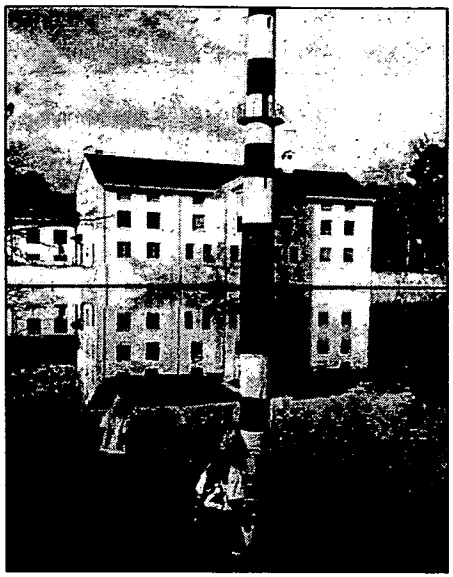
THE ESCAPIST

If you live here and own skis and Internet access but don't know about **DCSki**, then you're missing a piece of useful gear: The exemplary Web site, which keeps track of skiing details and conditions at most mid-Atlantic slopes, can be found at *www.dcski.com*.

Getaway tips? Good trips? Send them to **escapist@washpost.com**. For a year of Escapes articles, see The Post's Web site at **www.washingtonpost.com**. Want even more? **"Escape Plans,"** the getaway guide, is available now at bookstores and area Giants.

Snow Goose '99

Fourth Annual Mattamuskeet Field Station Retreat Draws 'Eco-Tourists'



***RETREAT SCENES** – The Lodge is reflected in Mattamuskeet's still waters (above). Below, Retreat participants practice their footwork under the direction of nationally noted dance caller Tom Hinds of Virginia.*

Nearly 170 people from across North Carolina and the Tidewater region and as far away as Ohio and Iowa participated in Snow Goose '99, the fourth annual contra dance retreat at Mattamuskeet Lodge in Hyde County.

The February 5-7 retreat was organized by ECU's Field Station for Coastal Studies in cooperation with the Partnership for the Sounds. Eight area organizations and agencies collaborated.

The weekend event is gaining "widespread recognition for its uniqueness," said Roger Rulifson, Field Station director. "Eco-tourism and environmental education are hot."

The opportunity to hear music by traditional performers Bill Mansfield and the Buzzard Rock Bayou Boys and engage in contra dancing, square dancing, old-fashioned waltzing—along with lessons in Cajun dance—was just one attraction for the individuals and families who traveled to Lake Mattamuskeet for this year's retreat.

Also featured were activities for all age groups: a stargazing party (a rare chance for city dwellers to see the skies with "no light pollution"), a nature walk led by North Carolina Public Television naturalist Kelly Davis, a covered dish supper, seminars on the history of the region, and workshops on bird identification and nature weaving.

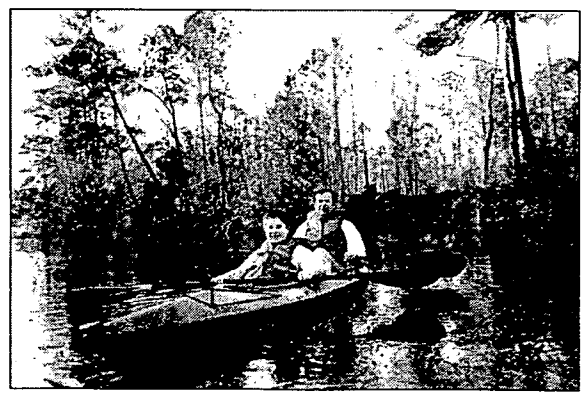
"One special aspect of the weekend was the regional quilt show," Rulifson reported. On display were two walls of antique quilts loaned by Hyde County collectors and two other walls of quilts on loan from the St. James Place Folk Art Museum near Robersonville. Besides adding color to the Lodge ballroom, the walls of hanging textiles helped soften the acoustics of the large space.

One reason Snow Goose gets enthusiastic support from its sponsors, according to Rulifson, is that it promotes something coastal North Carolina needs—sustainable economic development through eco-tourism.

"This event is special in that 10 regional arts councils and non-profit organizations work together to create a weekend blend of music, nature, art and environmental education," he said. "This blend makes this event different from other contra dance retreats throughout the nation."

Co-sponsoring the retreat with ECU and Partnership for the Sounds were the ECU Folk and Country Dancers, the FolkArts Society of Greenville, the Downeast Folk Arts Society of Beaufort/New Bern, the Hyde County Arts Council, the Mattamuskeet National Wildlife Refuge, Pocosin Arts, the Greater Hyde County Chamber of Commerce and the Hyde County Historical Society. – *F.R.*

Coastal & Marine Resources photos



***PADDLING** — Roger Rulifson and his nine-year-old son Eric explore the lake in a sea kayak. Rulifson is director of the Field Station for Coastal Studies at Mattamuskeet.*

Department of Environment and Natural Resources

Division of Parks and Recreation							
			Current Fiscal Year	Governor's Continuation Request*			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	15,406,889	20,494,200	21,869,038	24,069,738		23,406,558	
Less Receipts	(3,509,495)	(4,247,201)	(4,836,873)	(4,781,227)		(4,781,227)	
State Appropriations	*11,897,394*	*16,246,999*	*17,032,165*	*19,288,511*		*18,625,331*	
Less State NR 1998-99			*(225,000)*	-		-	
Adjusted Appropriation			16,807,165	19,288,511	14.8%	18,625,331	10.8%
Positions	308.00	365.00	376.50	406.50		409.50	

* *INCLUDES GOVERNOR'S RECOMMENDED REDUCTIONS*

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Adjusted State Appropriation.

The Division of Parks and Recreation is responsible for identifying and protecting high quality examples of the state's natural resources, and for planning, developing and operating a statewide system of park and recreation resources.

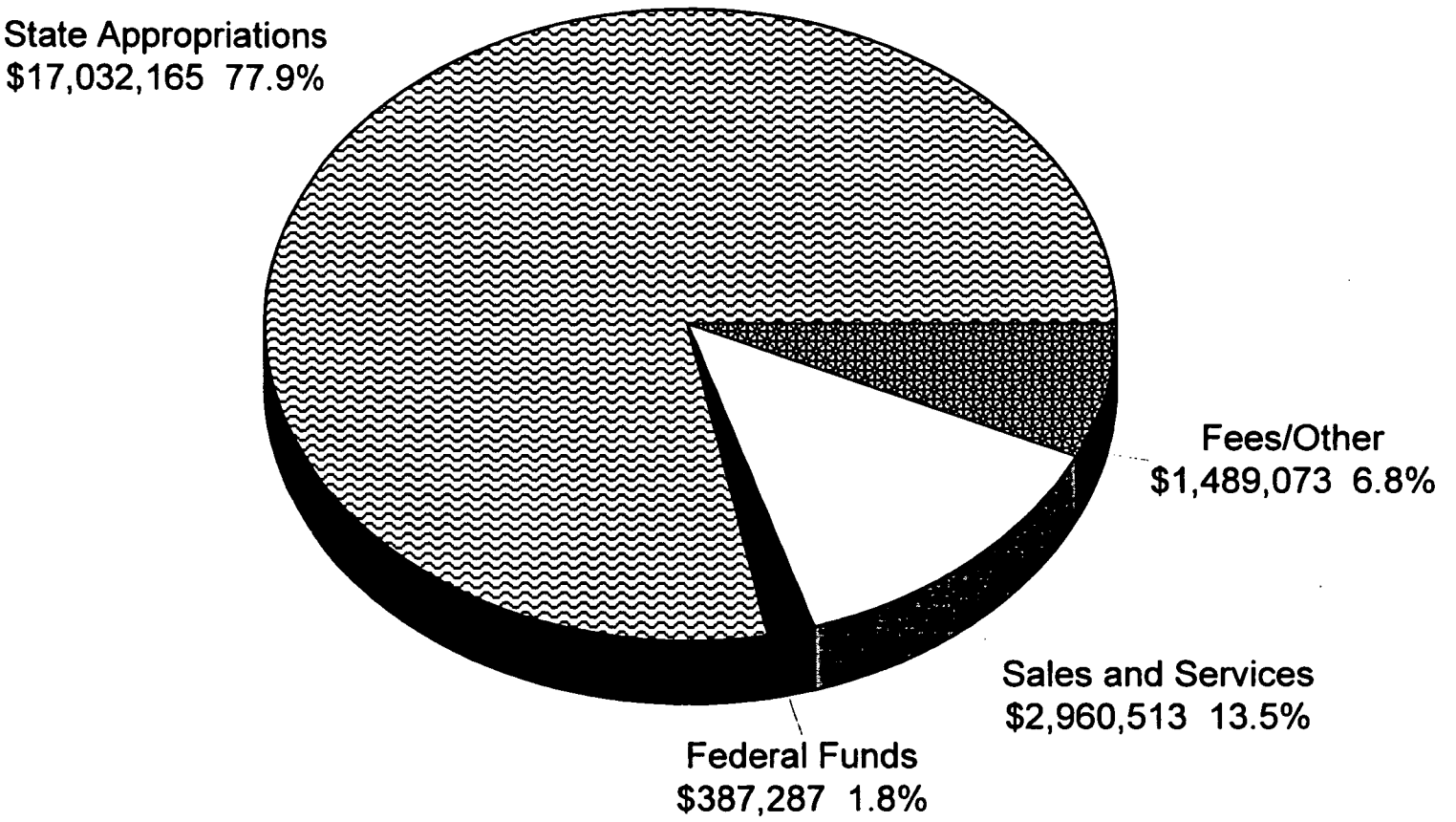
DIVISION ACTIVITIES

- State Parks Operations
- Comprehensive Planning
- Resource Management
- Construction Management
- State Trails
- Natural Heritage Program

Governor's Budget, Volume 5, pp 163-165

Division of Parks and Recreation

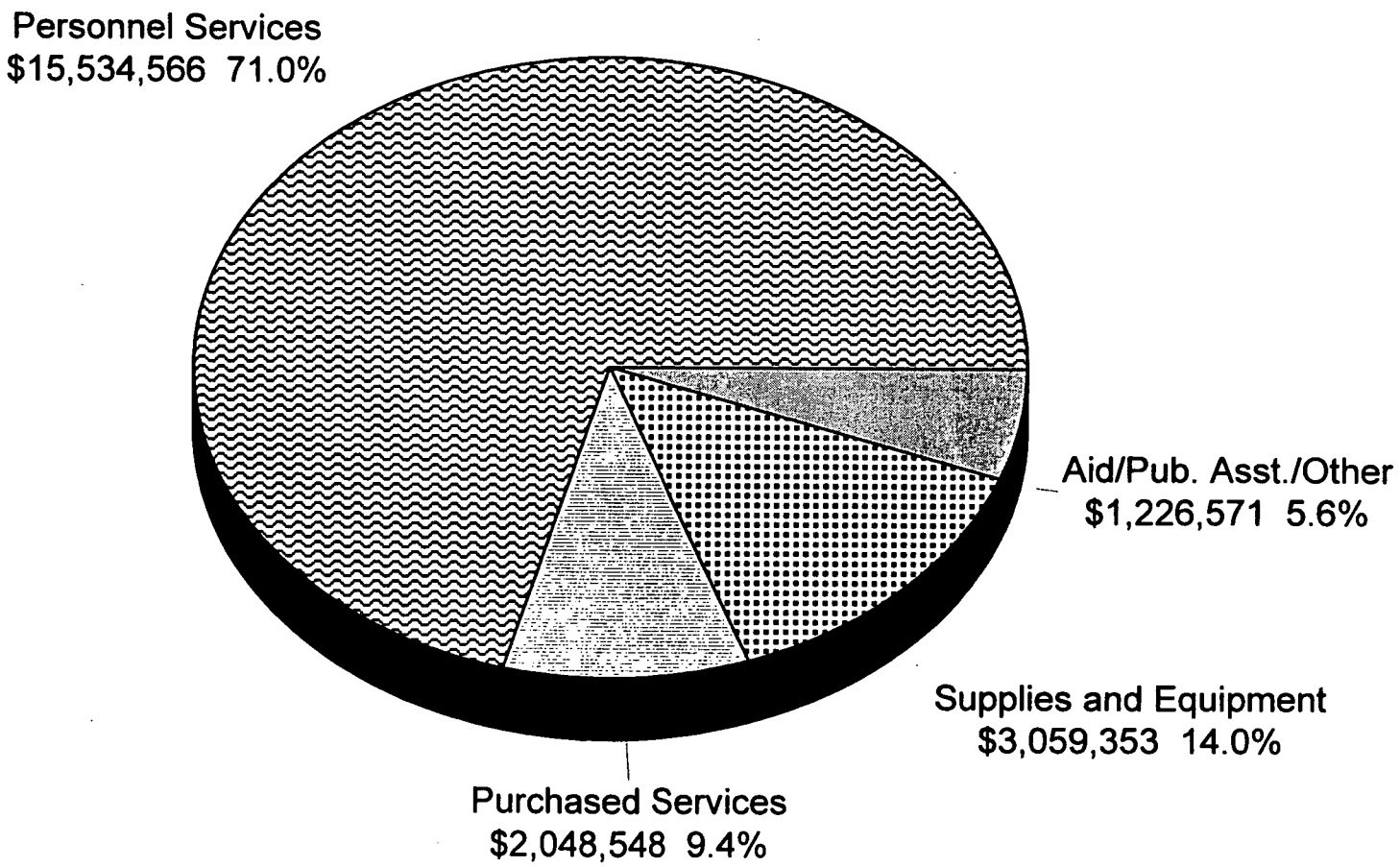
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - March 1999

Division of Parks and Recreation

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

DIVISION OF PARKS AND RECREATION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Reduce operating reserve.	($300,000) NR	
2. Increase receipts to reflect fee increase.		($100,000) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Adopt-a-Trails program	$ 50,000 NR	$100,000 NR
2. Law enforcement salary adjustment	$677,599 R	$677,599 R
3. Expand Natural Heritage program		$125,000 NR
4. Environmental Education Learning Experience (EELE) program	$ 30,000 NR	
5. Land acquisition – Jocassee Lake		$5,000,000 NR

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Eliminate vacant position – Office Assistant III	($ 22,948) R -1.00	($22,948) R -1.00

MAJOR CONTINUATION BUDGET INCREASES	1999-2000	2000-2001
1. Parks operating reserves	$2,602,848 R	$1,939,668 R
2. Communications equipment	$ 198,000 R	$ 198,000 R

ITEMS FOR COMMITTEE DISCUSSION

In 1995, the General Assembly passed House Bill 718 which credited 75% of the state's share of the deed stamp tax to the Parks and Recreation Trust Fund for repairs, renovations and improvements to facilities in state parks and recreation areas. Allocations are made from the Trust Fund as follows:

- 65% to the state parks system for capital projects, repairs and renovations of park facilities, and land acquisition;
- 30% for matching funds to local units for local parks; and
- 5% for the Public Beach and Coastal Waterfront Access Program.

Since 1993, the General Assembly has authorized a number of capital improvements, new acquisitions and facilities to be added to the State Parks System. The Governor's recommended continuation budget for state parks includes an increase of $2,602,848 in FY 1999-2000 and $1,939,668 in FY 2000-2001 for a reserve to provide staff and operating support for capital projects being completed in the upcoming biennium. These funds will support 34 additional personnel over the course of the biennium – 31 in FY 1999-2000 and 3 in FY 2000-2001.

Given the fact that the parks system now has a dedicated source of revenue (Parks and Recreation Trust Fund) for land acquisition and facility development, the Committee may wish to ask the Division to discuss its master plan for park development and plans for funding future operating and staffing needs.

Mission Statement

To protect North Carolina's natural diversity, provide and promote outdoor recreation opportunities throughout the state, and to exemplify and encourage good stewardship of natural resources for all citizens of and visitors to the State of North Carolina.

Operations

- Operate and maintain state parks.
- Expand and improve facilities at the state's parks and reservoir parks.
- Complete comprehensive planning for the entire state parks system.
- Provide interpretive programs for visitors to state parks, state recreation areas and state natural areas.
- Provide environmental education workshops and materials for teachers.
- Provide training, technical assistance and support for planning and design to regional and local park and recreational providers.
- Develop a statewide comprehensive trail and greenway plan.
- Provide technical and staff support to the Parks and Recreation Trust Fund.
- Identify the highest quality natural areas in each of the state's counties.
- Conduct natural heritage inventories.
- Provide biological information to local governments, landowners and planners.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Provide facilities and programs to meet an anticipated increase in parks visitations while maintaining the integrity of the park systems resources. *PPB: 5210*				
• Number of state park acres acquired	3,022	8,520	2,000	2,100
• Number of capital improvement projects initiated in state parks	13	11	15	17
• Number of state park general management plans completed	1	3	5	5
• Visitor attendance at state parks (in millions)	15.673	16.839	18.101	14.387
• Attendance at state park interpretive and environmental education programs	249,506	225,000	257,550	260,125
Respond to all requests for technical assistance on parks, recreation, and trail issues received from local governments, private industry, and non-profit corporations. *PPB: 5210*				
• Number of requests received for assistance in local park and recreation planning and design	2,991	3,000	3,000	3,000
• Number of workshops conducted for local park and recreation professionals	14	10	12	12
• Total number of Parks and Recreation Trust Fund grants awarded	33	37	37	39
• Number of requests answered for information from Natural Heritage Program database	1,500	1,620	1,700	1,800
• Number of Adopt-a-Trail and National Recreational Trail grants awarded for project development	62	61	68	71

Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Identify highest quality natural areas in North Carolina by conducting systematic county inventories. *PPB: 5210*				
• Total natural feature element records added to Natural Heritage Program database	206	200	300	200
• Percentage of counties in which natural heritage inventories have been completed	54%	60%	63%	66%
• New Natural Area Registry and Dedication Agreements	11	5	5	5
• Number of Natural Heritage Trust Fund grants awarded	22	15	19	19

VISITOR REGISTRATION SHEET

NER Committee 3/11/99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. Phil McKnelly	DENR / DPR
2. Jackie Peoples Woolard	Partnership for the Sounds
3. Jane Smith	DENR
4. Anita McNeil	DENR BPA
5. Daniel Herbig	State Planning
6. [illegible]	DENR
7. Richard Shaw	DENR Coastal Management
8. Donna Moffett	DENR - Coastal Mgmt.
9. John Morris	ENR Water Resources
10. Becky Brown	Labor
11. Shelly Waltrip	OSBM
12. JW Reed	OSBM
13. [illegible]	Commerce
14. [illegible]	DENR
15. Johnny Gray	OSBM
16. R ROGERS	
17. Steve Woodson	NC Farm Bureau Federation
18. Molly Diggins	NC Sierra Club
19. Barb Thomas	Rep Mitchell Asst.
20. Kathy Sawyer	Commerce
21. Nat Mund	CCNC
22. [illegible]	DENR
23. Patricia A. Yancey	LLPP
24. Linda Gunn	REDC

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 16, 1999
Sen. Bob Martin, Presiding

1. Chairman's comments

2. DENR Budget Presentations – Continued

   Division of Forest Resources
   Jennifer Herrera, Fiscal Research
   Stan Adams, Director, DFR

   Division of Water Resources
   Jennifer Herrera, Fiscal Research
   John Morris, Director, DWR

   Division of Radiation Protection
   Mona Moon, Fiscal Research
   Mel Fry, Director, DRP

3. Committee Discussion

4. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, March 16, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, March 16, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Owens, Warren, Baker, Carpenter, Hunter, Russell, and Tolson were present.

Senator Martin called the meeting to order. Jennifer Herrera, Fiscal Research, continued with the DENR budget presentations. Ms. Herrera began with the Division of Forest Resources presentation. This is Attachment A of these minutes. She introduced Mr. Stan Adams, Director, who made his presentation to the Committee. These remarks are Attachment B of these minutes.

Ms. Herrera presented the Division of Water Resources. This is Attachment C of these minutes. She recognized Mr. John Morris, Director , to address the Committee. His remarks are Attachment D of these minutes.

The meeting adjourned at 9:50 a.m.

Carolyn M. Gogden, Committee Clerk

R. L. Martin
Senator R.L. Martin, Chairman

Attachment A

Department of Environment and Natural Resources

Division of Forest Resources							
			Current Fiscal Year	Governor's Continuation Request *			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	43,185,571	45,828,836	46,976,555	47,379,315		49,536,868	
Less Receipts	(17,335,159)	(20,088,125)	(16,740,616)	(16,430,809)		(16,445,238)	
State Appropriations	*25,850,413*	*25,740,711*	*30,235,939*	*30,948,506*		*33,091,630*	
Less State NR 1998-99			*(231,200)*	-		-	
Adjusted Approrpriation			*30,004,739*	*30,948,506*	*3.1%*	*33,091,630*	*10.3%*
Positions	662.47	664.30	678.30	677.30		677.30	

*INCLUDES GOVERNOR'S RECOMMENDED REDUCTIONS

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriations.

The Division of Forest Resources has the lead role in managing, protecting and developing the forest resources of the state.

DIVISION ACTIVITIES

Field Operations
Forest Management
B.R.I.D.G.E. Program
Forestry Stewardship Program
Bladen Lakes State Forest
Urban Forestry
Educational State Forests
Tree and Seed Nurseries

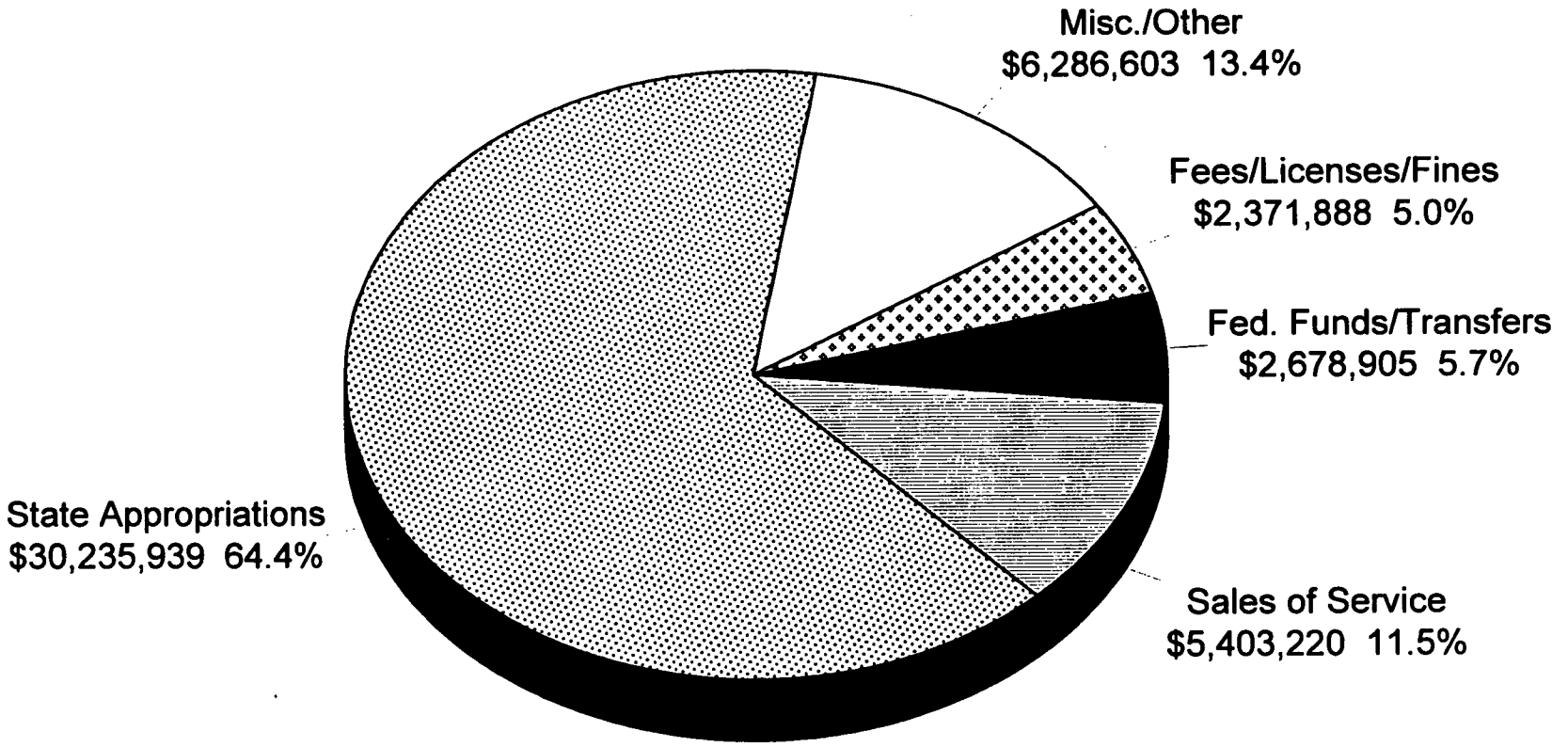
Fiscal Research Division - March 1999

Governor's Budget, Volume 5, pp 157-162

DENR-65

Division of Forest Resources

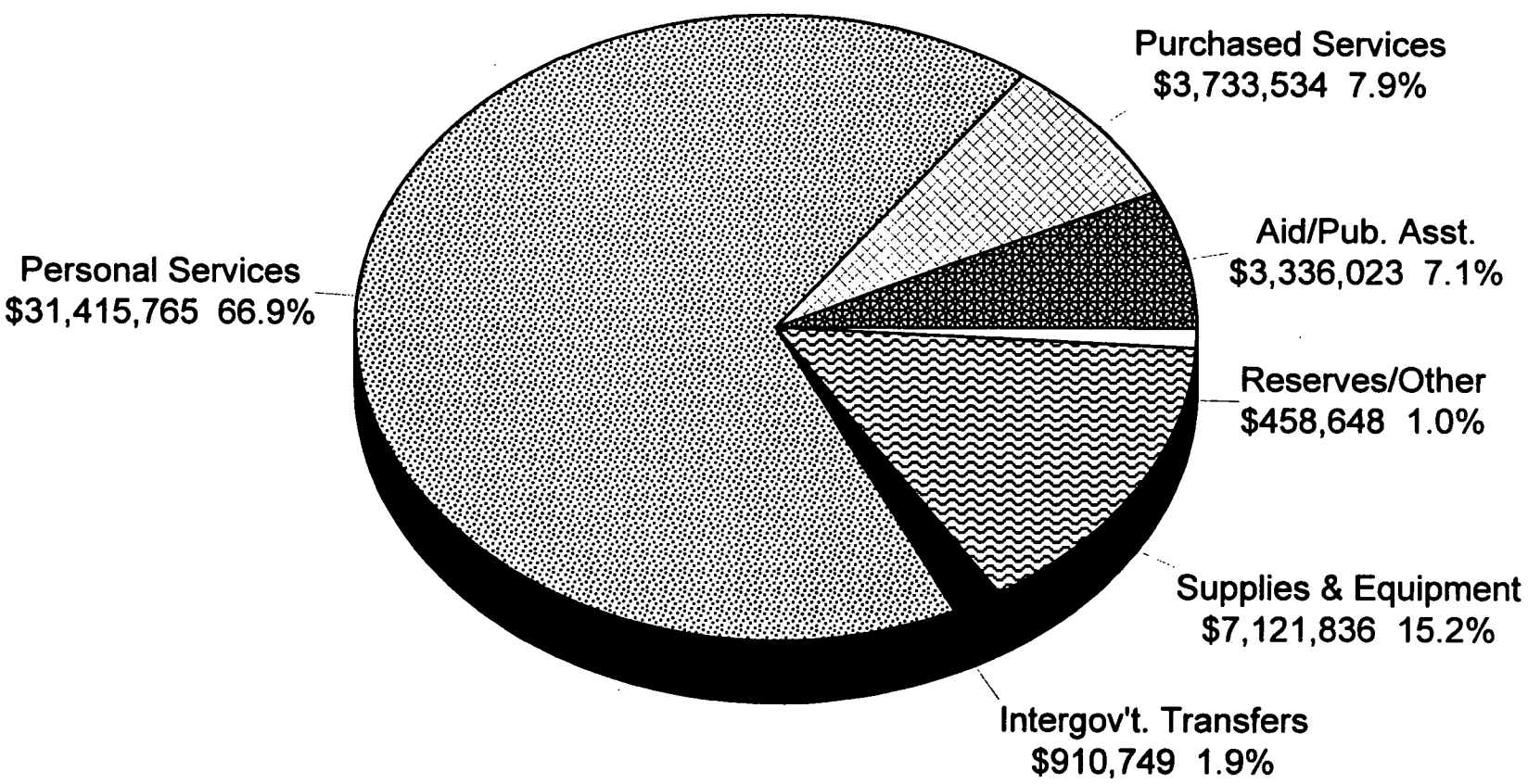
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - March 1999

Division of Forest Resources

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

DIVISION OF FOREST RESOURCES
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Increase Receipts	($120,000) R	($120,000) R
2. Equipment Funds	($500,000) R	($500,000) R
3. Communications Equipment	($200,000) R	($200,000) R
4. Improve Efficiency and Computer Technology		($311,034) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	1997-98	1998-99
1. Assistant County Ranger – District 10	$ 19,028 R	$ 19,028 R
	$ 21,900 NR	
	1.00	1.00
2. Operation of Amphibious Water Scooping Tanker	$706,950 R	$706,950 R
	$ 81,750 NR	
	4.00	4.00
3. District 12 Helicopter Funds	$282,560 NR	$167,860 R
		2.00
4. Field Operations and Communication Equipment	$650,000 NR	

Fiscal Research Division - March 1999

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS (CONT.)	1997-98	1998-99
5. Rural Community Fire Protection Program	$100,000 R 1.00	$100,000 R 1.00
6. Museum of Forestry	$1,000,000 NR	
7. Insurance for CL-215		$160,000 NR
8. Water Quality Foresters		$344,286 R $ 71,200 NR 7.00
9. Amphibious Water Scooping Tanker Aircraft	$4,035,100 NR	
10. Forestry Headquarters – Wayne, Moore and Sampson counties	$ 100,000 NR	$ 700,000 NR

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

MAJOR CONTINUATION BUDGET INCREASES	1999-2000	2000-2001
1. Increase temporary wages	$ 90,609	$ 92,421
2. Rent/Lease inflationary increase	$ 168,735	$ 176,752
3. Hull insurance - CL-215	$ 160,000	$ 160,000
4. Equipment increase	$ 228,200	$ 170,000

Fiscal Research Division - March 1999

MAJOR CONTINUATION BUDGET INCREASES (CONT.)	1999-2000	2000-2001
5. Aircraft replacement	$2,100,000	$2,100,000
6. Motor vehicles increase	$ 355,000	$ 355,000
7. Trailers – equipment increase	$ 50,839	$ 338,839
8. Operating reserve for capital improvement projects	$ 27,700	$ 138,500

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Reduce aircraft line item.	($2,100,000) NR	
2. Eliminate Vacant Position – Forester II	($ 51,966) R -1.00	($51,966) R -1.00

ITEMS FOR COMMITTEE DISCUSSION

1. The Governor's recommended continuation budget incorporates numerous increases in equipment-related items. These include increases for trucks (4x4's), tractors, trailers, and aircraft. The committee may wish to have the department comment on these increases, their justification, and impact on divisional operations should equipment replacement be delayed.

2. The Governor's budget also includes a recommended reduction of $2,100,000 in the aircraft line item for FY 1999-2000. This reduction will delay the replacement of fire fighting aircraft for one year. The committee may wish to have the department comment on the effects of this delay on fire suppression activities.

3. The 1998 General Assembly appropriated a total of $415,486 for water quality foresters. The committee may wish to have the department provide an update on this initiative.

Fiscal Research Division - March 1999

Mission Statement

To develop, protect, and manage the multiple resources of the state's forest through professional stewardship, and enhancing the quality of life for our citizens while ensuring the continuity of these vital resources.

Operations

- Provide technical assistance to private landowners.
- Prevent and suppress forest fires.
- Control insects and disease damaging forests.
- Protect surface waters from run-off.
- Educate the public about forest resources.
- Operate tree seedling nurseries.
- Develop long-range forestry development plans.
- Operate facilities to house youthful offenders.
- Train youthful offenders in forest fire suppression and forestry practices.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Sustain forest resources for future generations: PPB: 5320				
• Number of acres reforested annually on non industrial private forest land	94,598	110,000	112,000	115,000
• Number of additional acres of forest placed under management	291,463	310,000	315,000	320,000
• Number of urban areas assisted by Urban Forestry Program	70	70	70	70
• Acres influenced by Forestry Best Management Practices	52,759	54,000	55,000	56,000
Minimize resources (both structural and timber) lost to wildfire by keeping average fire size to less than five acres: PPB: 5320				
• Average fire size in acres	3.5	3.2	3.2	3.2
• Number of acres burned by wildfires	11,777	27,000	27,000	25,000
• Number of structures threatened by wildfire and saved	4,981	5,500	6,000	6,000
Minimize forest resources lost to insects and diseases: PPB: 5320				
• Forest acres surveyed for insects and disease (in millions)	15	16	16	16
• Value of southern pine beetle timber salvaged (millions)	$8.5	$5.0	$5.0	$5.0
Grow more timber than is harvested: PPB: 6410				
• Ratio of the volume of timber grown to the volume of timber harvested	1.08	1.09	1.05	1.05
• Genetically-improved tree seedling production (in thousands) by forest tree nurseries	31,199	31,000	32,000	32,000
• Number of acres reforested using state equipment	16,133	16,500	17,000	17,500
• Number of acres of forest regeneration receiving state cost share assistance	57,684	75,000	72,000	65,000
Increase the number of acres managed for multiple purposes: PPB: 6410				
• Number of acres examined under Stewardship Program	17,708	22,000	25,000	27,000
• Number of stewardship special forest plans completed	142	200	250	300

Attachment B

3-16-99

Presentation to Joint NER Committee
Sustaining North Carolina's Forest Resources
DENR, Division of Forest Resources

Forestry and forest products manufacturing in North Carolina contribute more than $20 billion to the state's economy each year. That's Billion with a capital "B".

Our forests of North Carolina contribute more to the economy and the state's environment than any other sector.

Sustaining the state's forest resource base and maintaining its productivity and health are more important to the environment of North Carolina than all the other environmental programs combined. And, those programs individually and collectively are vitally important to the state.

Our Division of Forest Resources is in the business of "service".

Most of the Division's resources are focused on protecting the state's 19 plus million acres while also assisting the state's individual non-industrial private forest landowners in managing the 2/3 of the state's forestland which they own.

We work with about 8,000 landowners per year, one at a time, always working within each landowner's objectives for managing their land. While we make technical recommendations to help meet landowner objectives, we're in essence asking them to use their land, spend their money and trust us for them to grow a forest that most will never see mature. The Stewardship values among most of these folks are usually strong. If given good advice and technical assistance, most don't mind making the investment in growing a forest that will benefit society as much as themselves or their heirs.

Let me share some examples of how the Division's work benefits the Citizens of our state. This chart (chart #1) shows the number of on-site assists for landowners and the cumulative total of assists in the last 10 years. This on-site assistance has resulted in placing an additional 2,879,000 acres (chart #2) under management during that period. Over the past 20 years we have assisted landowners in establishing or re-establishing 1,646,266 acres of forests. This chart (chart #3) shows the spread by FY, by total acres planted (1,299,272) and by the natural regeneration (346,994) we caused to occur.

Here are examples of how this translates to the county level: In Pitt county in the past 5 years our folks have helped 455 local landowners manage 19,585 acres of forest land, including the reforestation of 12,939 acres.

Another example of how we're working to sustain our forests is the production of tree seedlings at Division nurseries. Our nurseries grow and make available more than 30,000,000 seedlings each year for planting in North Carolina. This involves 52 different species compared to 14 species grown in FY 74-75.

Since you gave us the responsibility in 1990, we also monitor forestry activities statewide to ensure water quality is being protected. As you can see on this chart, (chart #4) we are now inspecting almost 4,000 operations per year. This chart (chart #4) shows the notices of non-compliance issued and the number of cases referred for enforcement action.

On the protection side, we're responsible for protecting all state and private forestlands from fire, insects and disease.

For this discussion let's concentrate on fire since it's more visible and of greatest concern to our citizens.

Here is a chart (chart #5) showing fire occurrence and acres burned by year since 1980. Over this period, the state has averaged about 5,000 fires per year with over 48,000 acres per year burned. We show so many years to give you a look at the dramatic swings that occur, especially in acreage loss, during drought cycles and in years that are substantially wet.

It's interesting to note that in the 1970's less than 40% of all forest fires threatened homes, but today 70% of all forest fires endanger residences. This chart (chart #6) shows homes and total structures lost by forest fire and the number of structures threatened and saved by year since 1987. We did not begin routinely tracking these numbers until 1987, but North Carolina lost 76 homes to wildfire in 1985.

Natural disasters such as hurricanes Hugo, Opal and Fran, along with recent ice storms, felled vast areas of timber which have become a dense and volatile fuel mass. Fuel loadings have increased by 600%. Fire intensity increased by 1700% causing fires to be much more difficult to control. The potential for future fire losses in the State is greater than ever.

For natural disasters, other than fire, we work very closely with the State Division of Emergency Management and have responded to numerous hurricanes, tornadoes, floods and ice storms in the past few years. Our training and experience with fire have prepared the division to respond to emergencies quicker and with more punch than most other agencies. We have actually been training Emergency Management in effective organizational structure for emergencies.

We have many other programs but all contribute to our primary objective of sustaining and maintaining the health and productivity of North Carolina's forest resources.

I would also like to talk to you sometime about the most effective inmate program in North Carolina which the Division of Forest Resources administers with the Department of Correction - our Young Offenders Forest Conservation Program, referred to as the BRIDGE Program.

Number of Non-Industrial Private Forestland Owners Provided On-Site Forest Management Assistance

Fiscal Year	Number of Landowners	Cumulative Total
1988-89	7,342	7,342
1989-90	6,771	14,113
1990-91	6,389	20,502
1991-92	6,605	27,107
1992-93	7,745	34,852
1993-94	7,603	42,455
1994-95	7,205	49,660
1995-96	8,328	57,988
1996-97	8,179	66,167
1997-98	7,255	73,422

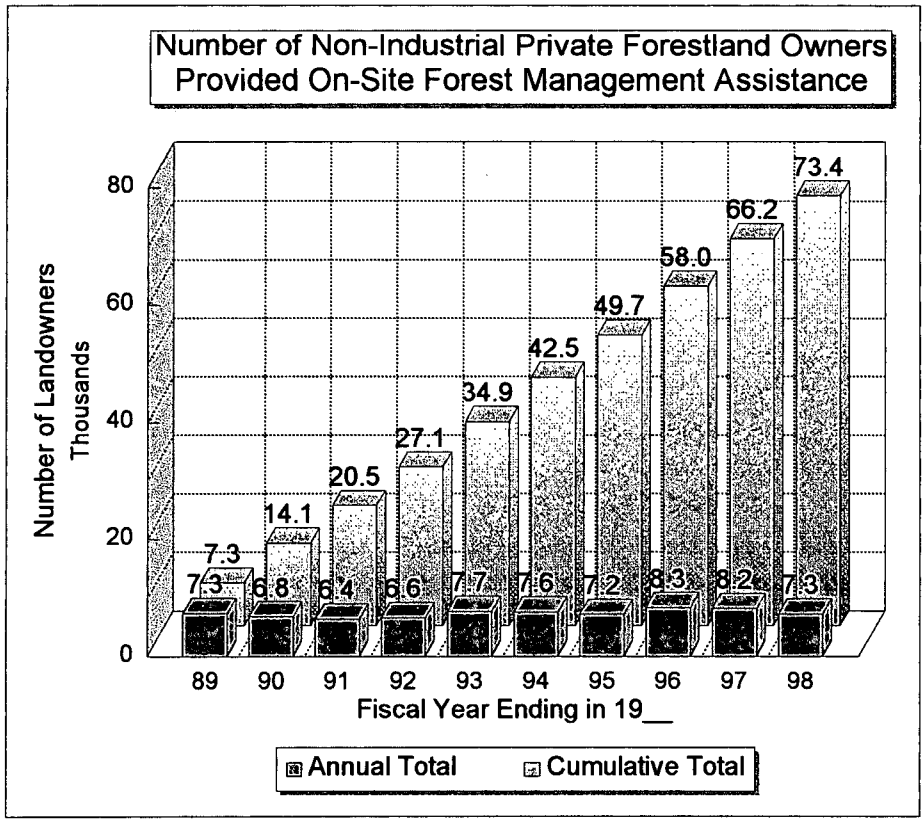


CHART #1

Additional Acres of Non-Industrial Private Forestland Placed under Management in North Carolina

Fiscal Year	Total Acres	Cumulative Total
1988-89	266,382	266,382
1989-90	239,952	506,334
1990-91	246,136	752,470
1991-92	252,104	1,004,574
1992-93	317,433	1,322,007
1993-94	320,086	1,642,093
1994-95	339,280	1,981,373
1995-96	312,323	2,293,696
1996-97	294,132	2,587,828
1997-98	291,463	2,879,291

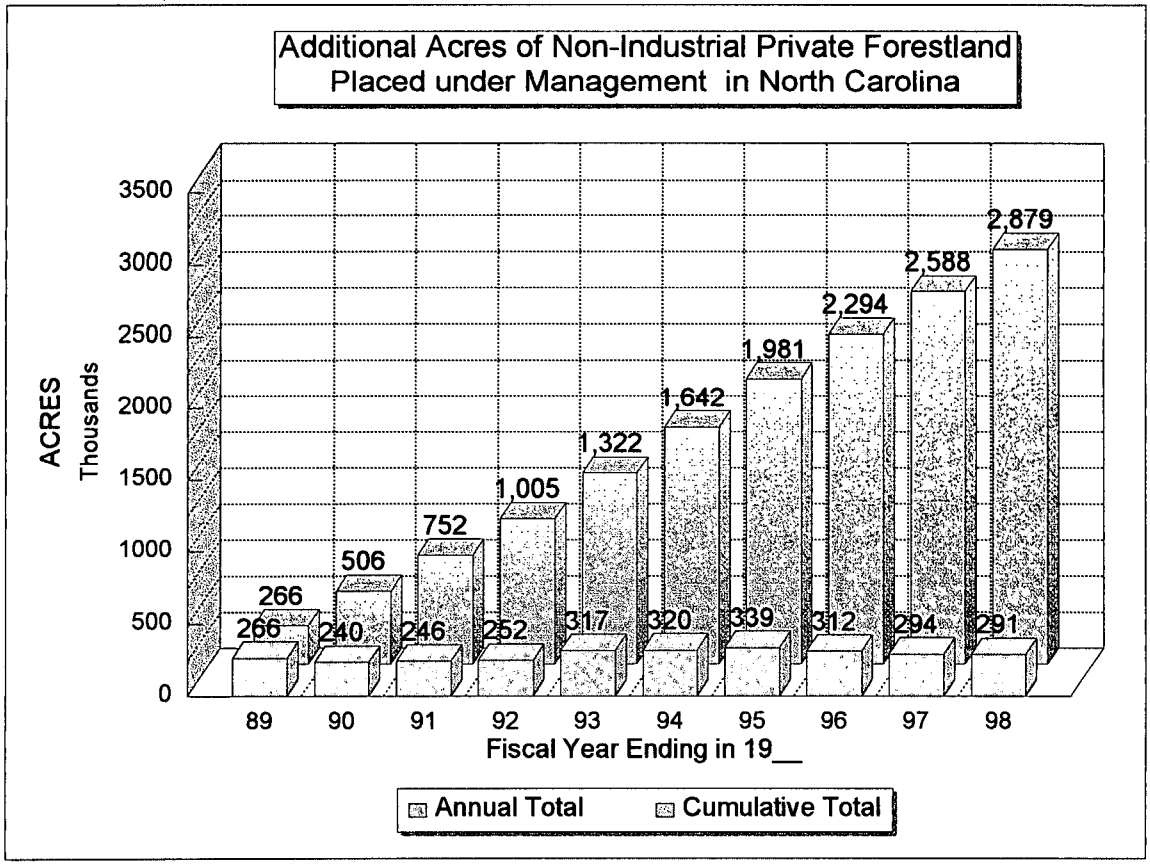


CHART #2

Acres of Tree Planting and Natural Regeneration on Private Non-Industrial Private Forestland in North Carolina

PLANTING SEASON	ACRES PLANTED*		TOTAL ACRES PLANTED	ACRES NATURAL REGENERATION	TOTAL ACRES FOREST EST..
	FDP**	OTHER			
1978-79	7,175	33,337	40,512	2,922	43,434
1979-80	17,544	27,954	45,498	3,427	48,925
1980-81	18,123	26,289	44,412	5,555	49,967
1981-82	15,670	24,862	40,532	9,491	50,023
1982-83	14,732	29,191	43,923	13,760	57,683
1983-84	22,170	32,216	54,386	8,910	63,296
1984-85	25,508	31,628	57,136	10,800	67,936
1985-86	23,795	25,633	49,428	17,816	67,244
1986-87	29,306	40,441	69,747	17,073	86,820
1987-88	38,732	55,385	94,117	16,603	110,720
1988-89	38,636	48,292	86,928	28,330	115,258
1989-90	33,866	35,317	69,183	28,183	97,366
1990-91	40,933	27,029	67,962	21,957	89,919
1991-92	41,668	29,202	70,870	18,485	89,355
1992-93	40,240	27,135	67,375	29,854	97,229
1993-94	44,457	34,117	78,574	26,106	104,680
1994-95	56,292	22,966	79,258	25,841	105,099
1995-96	67,868	23,713	91,581	20,020	111,601
1996-97	54,073	18,581	72,654	22,459	95,113
1997-98	60,952	14,244	75,196	19,402	94,598

* Includes direct seeding

** Forest Development Program

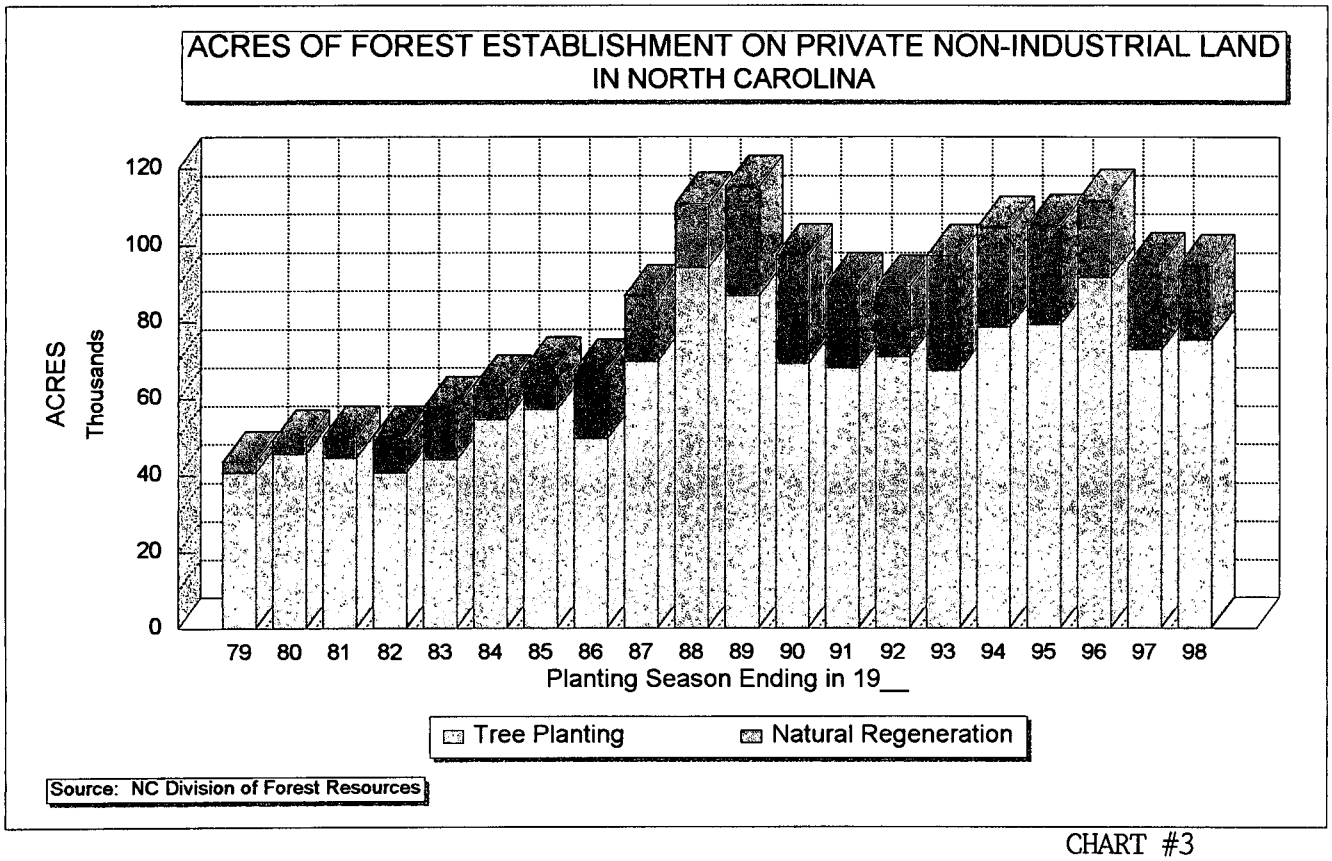
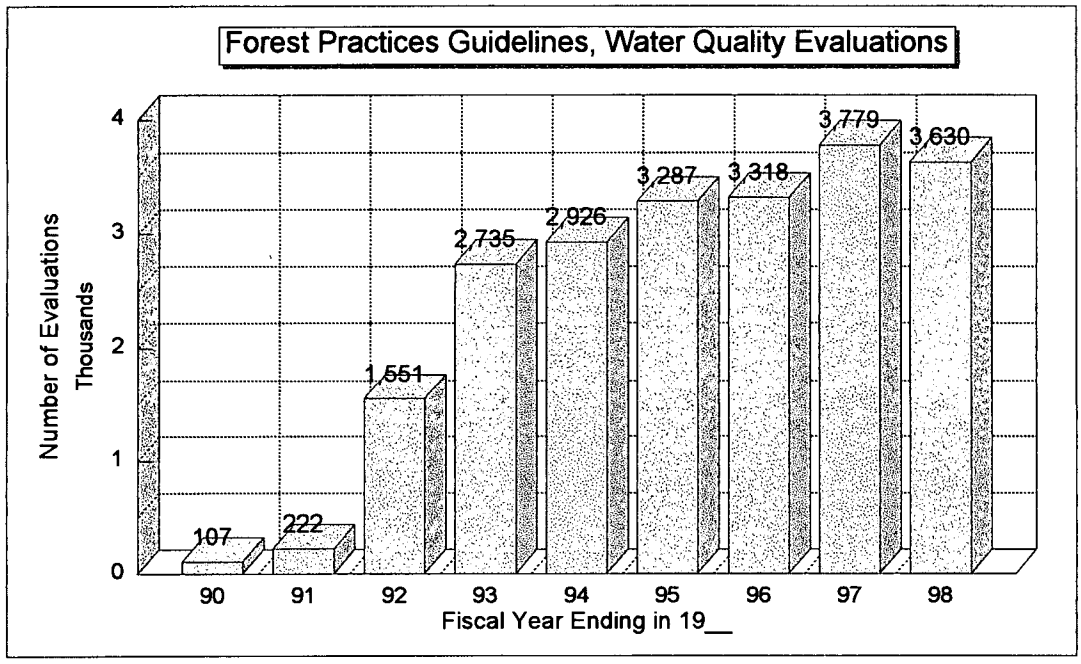


CHART #3

Forest Practice Guidelines Related to Water Quality Evaluations, Notices of Non-Compliance, and Referrals

Fiscal Year	Water Quality Evaluations	Notices of Non-Compliance	Referrals for Enforcement	Percent Non-Compliance
1989-90	107	78	2	73%
1990-91	222	177	4	80%
1991-92	1,551	259	19	17%
1992-93	2,735	246	10	9%
1993-94	2,926	162	7	6%
1994-95	3,287	172	7	5%
1995-96	3,318	192	9	6%
1996-97	3,779	197	7	5%
1997-98	3,630	159	10	4%



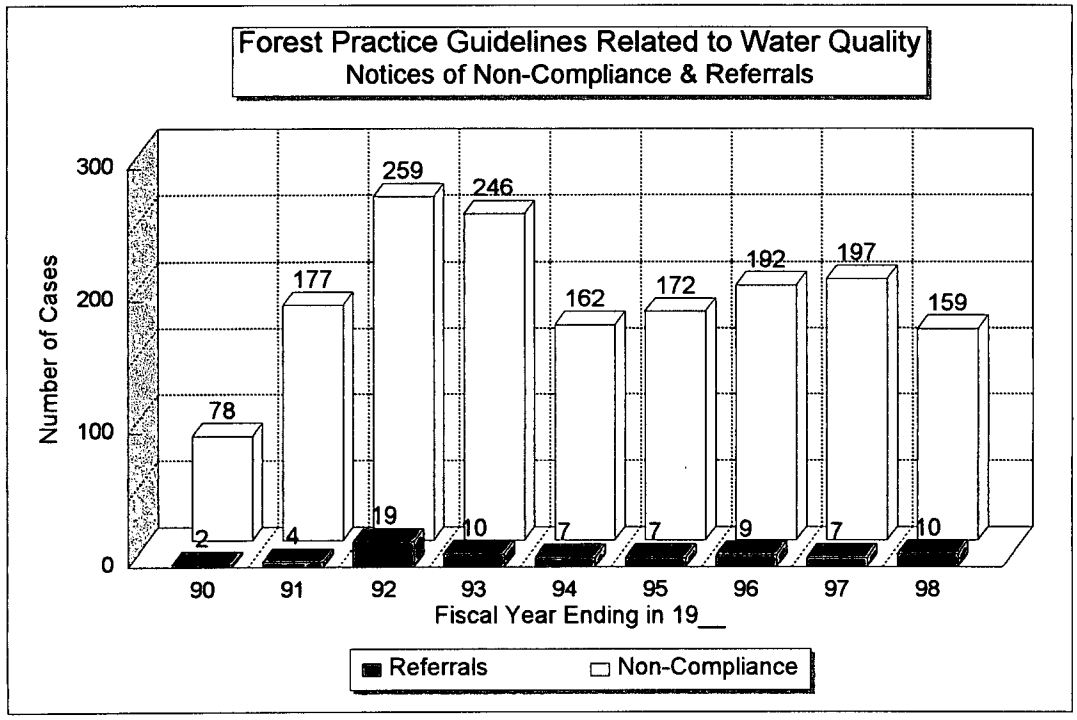


CHART #4

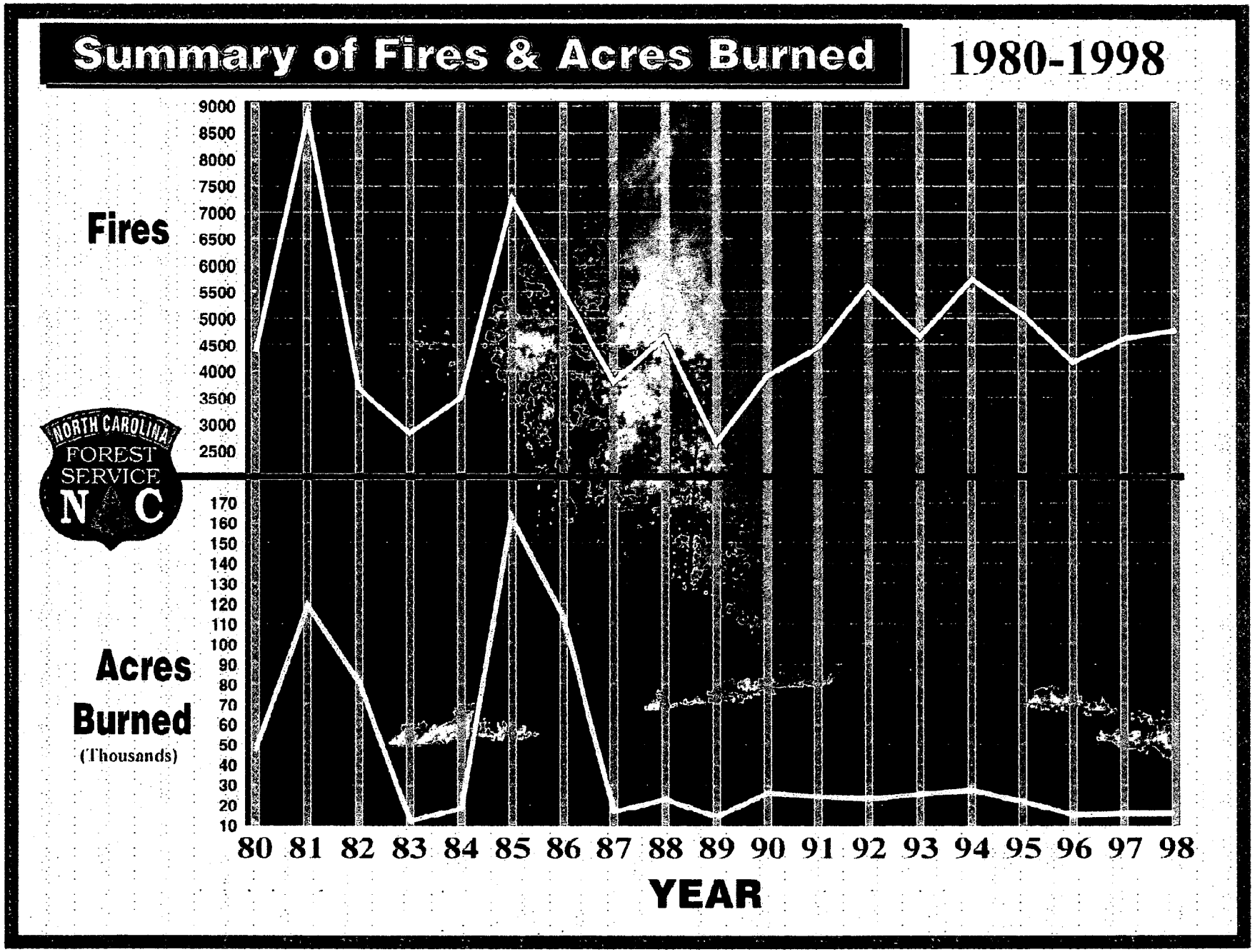

Summary of Fires & Acres Burned
1980-1998
Fires
9000
8500
8000
7500
7000
6500
6000
5500
5000
4500
4000
3500
3000
2500
NORTH CAROLINA
FOREST
SERVICE
N C
Acres
Burned
(Thousands)
170
160
150
140
130
120
110
100
90
80
70
60
50
40
30
20
10
80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98
YEAR

CHART #5

Structures Lost, Homes Lost, and Structures Saved
STRUCTURES LOST
260
240
220
200
180
160
140
120
100
80
60
40
20
0
HOME LOST
60
50
40
30
20
10
0
STRUCTURES SAVED
4500
4000
3500
3000
2500
2000
1500
1000
500
0
87
88
89
90
91
92
93
94
95
96
97
98
YEAR
NORTH CAROLINA
FOREST SERVICE
N C

CHART #6

Attachment C

Department of Environment and Natural Resources

Division of Water Resources							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	3,643,254	2,464,081	3,734,592	2,999,121		2,999,121	
Less Receipts	(585,856)	(361,796)	(387,731)	(354,714)		(354,714)	
State Appropriations	*3,057,399*	*2,102,285*	*3,346,861*	*2,644,407*		*2,644,407*	
Less State NR 1998-99			*(656,598)*	-		-	
Adjusted Appropriation			*2,690,263*	*2,644,407*	-1.7%	*2,644,407*	-1.7%
Positions	31.00	32.00	35.00	35.00		35.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

The mission of the Division is to assure the conservation and productive use of the state's water resources through water supply planning, hydrologic analysis, technical assistance, financial assistance to local governments, and promoting cooperative activities among federal, state and local agencies

DIVISION ACTIVITIES

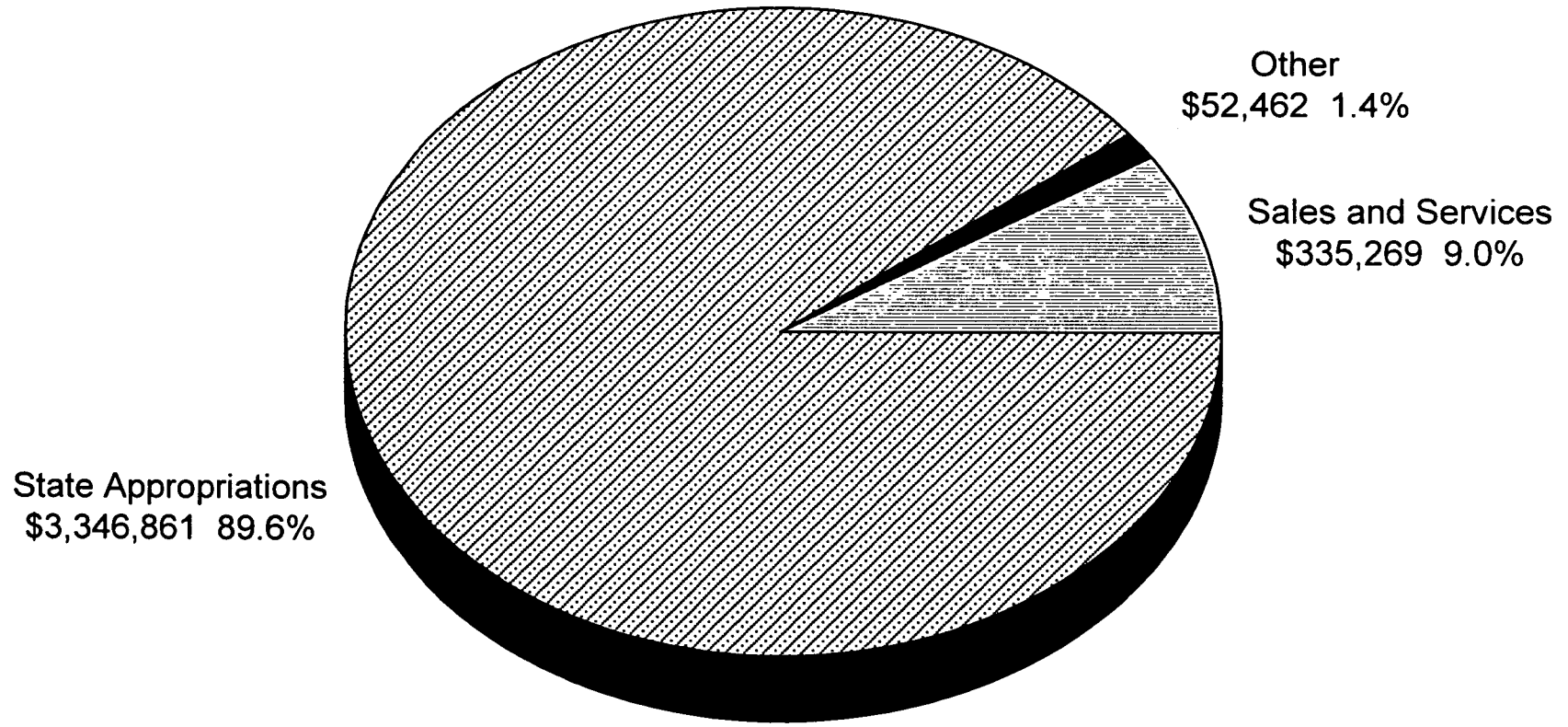
- Water Supply Plan and Management
- Water Resources Development Projects
- Aquatic Weed Control
- Stream Watch and Project WET

Fiscal Research Division - March 1999

Governor's Budget, Volume 5, pp 198-199

Division of Water Resources

FY 1998-99 (Authorized) Funding Sources

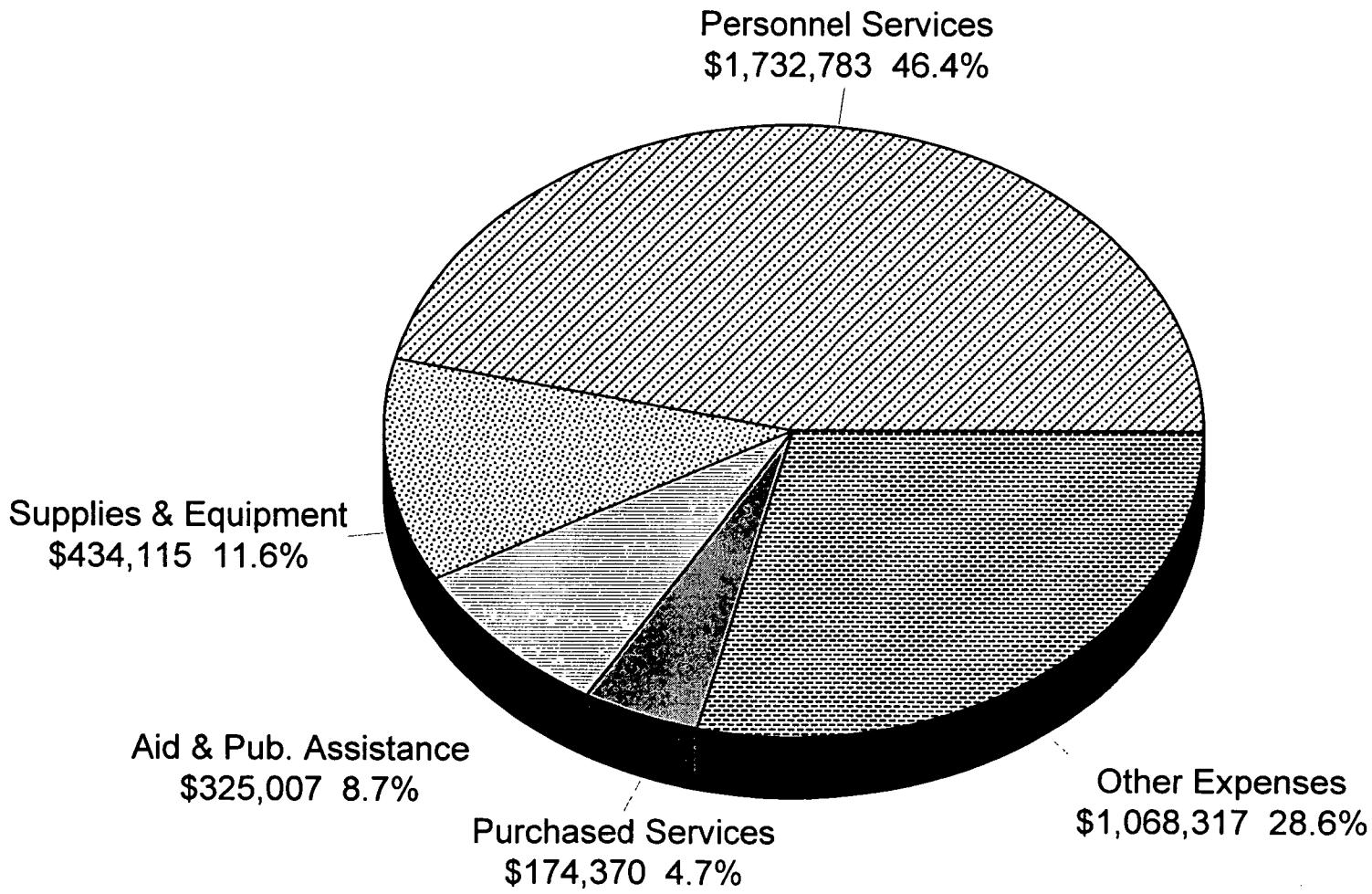


Fiscal Research Division - March 1999

DENR 49

Division of Water Resources

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

DENR220

DIVISION OF WATER RESOURCES
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
None		

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Regional Groundwater Management	$150,000 R 3.00	$150,000 R 3.00
2. Groundwater Resource Management		$414,724 R $386,598 NR 4.00
3. Real Time Stream Gauge Data		$ 10,000 R $170,000 NR
4. Oregon Inlet Sand Study		$100,000 NR
5. Capital - Water Resources Development Projects	$7,030,600 NR	$7,300,000 NR
6. Capital - Channel Widening/Deepening- Wilmington Port		$4,800,000 NR

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

CONTINUATION BUDGET INCREASES	1999-2000	2000-2001
1. Inflationary increase – stream gages	$ 12,380	$ 12,380

DENR122

Mission Statement

To assure the conservation and productive use of the water resources of North Carolina.

Operations

- Develop a State Water Supply Plan and technical assistance to local governments for water supply planning.
- Administer the Water Use Act and the Regulation of Interbasin Transfers Act.
- Provide technical and financial assistance to local governments for navigation, flood damage reduction, stream restoration, beach protection, and aquatic weed control.
- Resolve water management problems.
- Register large water users maintain data on water use.
- Protect streams by providing from adequate instream flows downstream of water withdrawals, reservoirs, and hydroelectric projects.
- Promote water conservation.
- Encourage stewardship of water resources through the Stream Watch and N.C. Rivers Assessment programs.
- Train teachers (K-12) in water resources through the Project WET program.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Ensure that local governments have updated water supply plans that indicate the amount the water supply system's ability to meet projected demands. *PPB: 5330*				
• Percent of local governments with completed water supply plans	80%	83%	84%	85%
Ensure that North Carolina surface water and groundwater resources are managed to achieve their maximum beneficial use for water supply while protecting them from depletion. *PPB: 5330*				
• Number of river basins and regional aquaifers in which water use conflicts or shortages exist or are projected without adequate management measures in place to correct the problem	8	8	8	8
Ensure that all local governments have water conservation programs in place. *PPB: 5330*				
• Percent of local governments with water conservation programs	37%	38%	39%	40%
Provide coordination, planning, management, and funding of water resources development projects for navigation, flood control, drainage, stream restoration, beach protection, recreation, and aquatic weed control. *PPB: 5330*				
• Percent of water resources development projects with sound benefit-cost ratios and acceptable environmental impacts which receive state funding and technical assistance	100%	90%	80%	70%
• Number of local governments receiving state assistance for water resource development projects	32	30	30	30

Attachment D

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES

PROGRAM REVIEW FOR NER APPROPRIATIONS SUBCOMMITTEE

The mission of the Division of Water Resources is to assure the conservation and productive use of the water resources of North Carolina. This review will cover three programs that contribute to this mission.

1) Assuring an adequate water supply for all water uses (in partnership with local governments and others).

2) Planning and financing water resources development projects for navigation, flood control, beach protection, stream restoration, recreation, and aquatic weed control.

3) Increasing public knowledge of and participation in good water resources management.

1) <u>Assuring an adequate water supply for all water uses</u>.

The Division of Water Resources does four things to assure that we have an adequate water supply for our future needs in North Carolina.

a) ***Water Resources Data Collection***

In order to have a scientific and objective basis for planning and managing water resources, we need good information on the availability of water. A network of stream gages and ground water monitoring wells throughout North Carolina provides this data. The Department supports about 77 stream gages in cooperation with the U.S. Geological Survey and operates 316 ground water monitoring wells. Another 69 monitoring wells are operated in partnership with the USGS.

Monitoring information from the networks is available through the Internet. The primary users are local governments, industries, state and federal agencies, and engineering firms. This information is necessary for water supply planning, drought response, water quality and wastewater discharge planning, flood control and flood plain management, design of reservoirs and bridges, and other water management projects. The 1998 General Assembly upgraded both the stream gage and the ground water monitoring networks to assure a good foundation for water management.

b) ***Data Analysis***

In order to interpret information about water resource availability, various kinds of analysis are required, including computer hydrologic models. These models can answer questions about whether a river basin can support projected future needs and how a proposed water use may affect other users.

Issues such as interbasin transfer, relicensing of major hydroelectric projects, and increased needs for water for municipalities, industry, and agriculture will make river basin management more necessary and more challenging. The Division needs to develop hydrologic models for our major river basins to provide an objective way to evaluate these water management decisions. Development of the models must be an open process, with participation by stakeholders.

The Division of Water Resources is currently developing a hydrologic model for the Cape Fear River Basin to allow the evaluation of proposed interbasin transfers, to plan for management of the basin during droughts, and to assist local government water supply planning.

c) ***Water Supply Planning***

As North Carolina grows, we are using more water. More careful planning will be necessary to assure that we can meet our future water needs. See Exhibit 1 for water use trends.

Local governments are required by statute to prepare local water supply plans, updated every five years, to assess the availability of water to meet future needs. We are currently assisting over 500 local governments to prepare plans for water supply through the year 2020. These local water supply plans have proven very useful to local governments and to regional water supply planners. Exhibit 2 shows North Carolina's progress in completing local water supply plans.

The division will be developing a state water supply plan by January 2000, using the local government plans as building blocks. The state plan will identify those areas of the state where there may be difficulty in providing enough water to meet projected needs or where special planning and management may be needed. Water conservation and water reuse will play a significant role in meeting our future water needs.

(d) ***Regulation***

The Division of Water Resources is responsible for administering statutes on interbasin transfer, instream flow protection, water use regulation in designated capacity use areas, and water use registration. The purpose of these regulatory programs is to assure equity among water users and to prevent the depletion of our water resources.

The division's present top priority for water supply management is working to reverse a problem of ground water overdraft and to achieve a sustainable water supply for a fifteen-county region in the coastal plain.

Exhibit 3 shows how the divisions's responsibilities for data collection, analysis, planning, and regulation are related to the goal of an adequate water supply for all uses.

2) **Water Resources Development**

The Division of Water Resources works in partnership with local governments and with the U.S. Army Corps of Engineers to plan and finance water resources projects for navigation, flood control, beach protection, stream restoration, recreation, and aquatic weed control. These projects are part of North Carolina's essential economic infrastructure.

The General Assembly has enacted statutes providing for the Department of Environment and Natural Resources to sponsor federal water projects and to share the non-federal cost of various types of water development projects with local governments. While the large projects usually involve financing from the Corps of Engineers, we also have a program of smaller projects without federal participation.

The Water Resources Development Program for fiscal year 1999-2000 potentially involves $9 million in state funds, which could be matched by $26.9 million in federal funds and $1.4 million in local government funds. Some examples of key projects coming up for consideration in the next fiscal year are:

- Deepening Wilmington Harbor to make it accessible to modern container ships. The harbor is a major factor in North Carolina's ability to compete in world trade.

- Initiation of restoration of a portion of Long Beach to improve turtle habitat and to protect property.

- Removal of another obsolete dam in the Neuse Basin to open up habitat for shad and striped bass. Removal of two dams in 1998 has opened hundreds of miles of stream habitat.

3) **Increasing public knowledge and participation.**

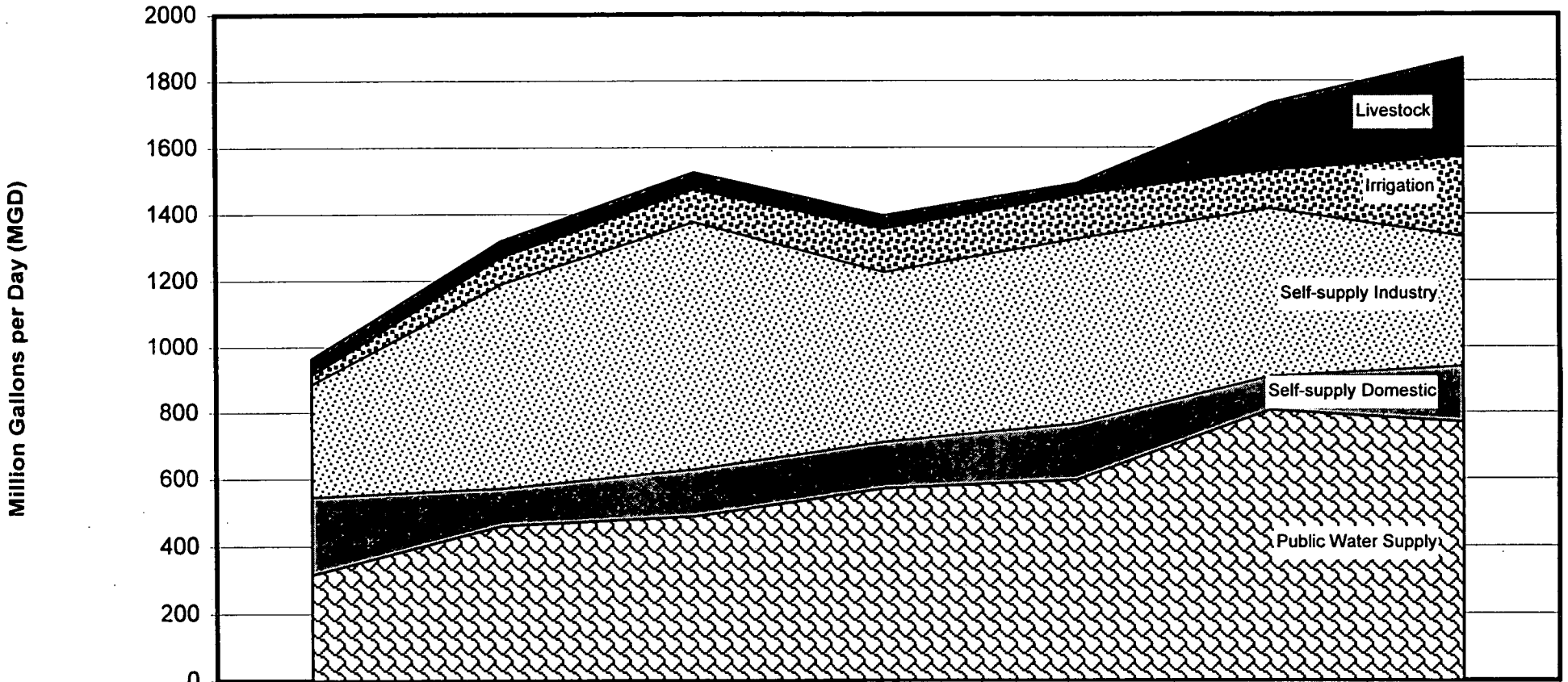
The Division of Water Resources manages several small programs which have a potentially large effect in informing citizens about water resources management. The Stream Watch program assists local citizen groups to learn more about local water resources and to carry out stream cleanup or educational projects. The Project WET program provides water resources educational materials and training to teachers, who can then include these subjects in lesson plans. These educational

materials include all aspects of the beneficial use of water resources, including water supply, water quality protection, flood control, and navigation. The North Carolina Rivers Assessment is working with volunteers all across North Carolina to inventory the scenic, fishery, historic, cultural, and economic values of rivers to achieve better multipurpose management of these resources.

Exhibit 1

Water Use in North Carolina

Surface Water and Ground Water Use 1965 - 1995



	1965	1970	1975	1980	1985	1990	1995
Livestock	50	49	52	39	34	201	297
Irrigation	29	82	97	132	132	114	239
Self-supply Industry	340	620	750	515	562	509	393
Self-supply Domestic	230	111	140	140	169	103	171
Public Water Supply	316	460	487	570	595	805	769

(data from USGS except 1980 industry from NCDNRCD)

Exhibit 2

% Local Governments with Water Supply Plans

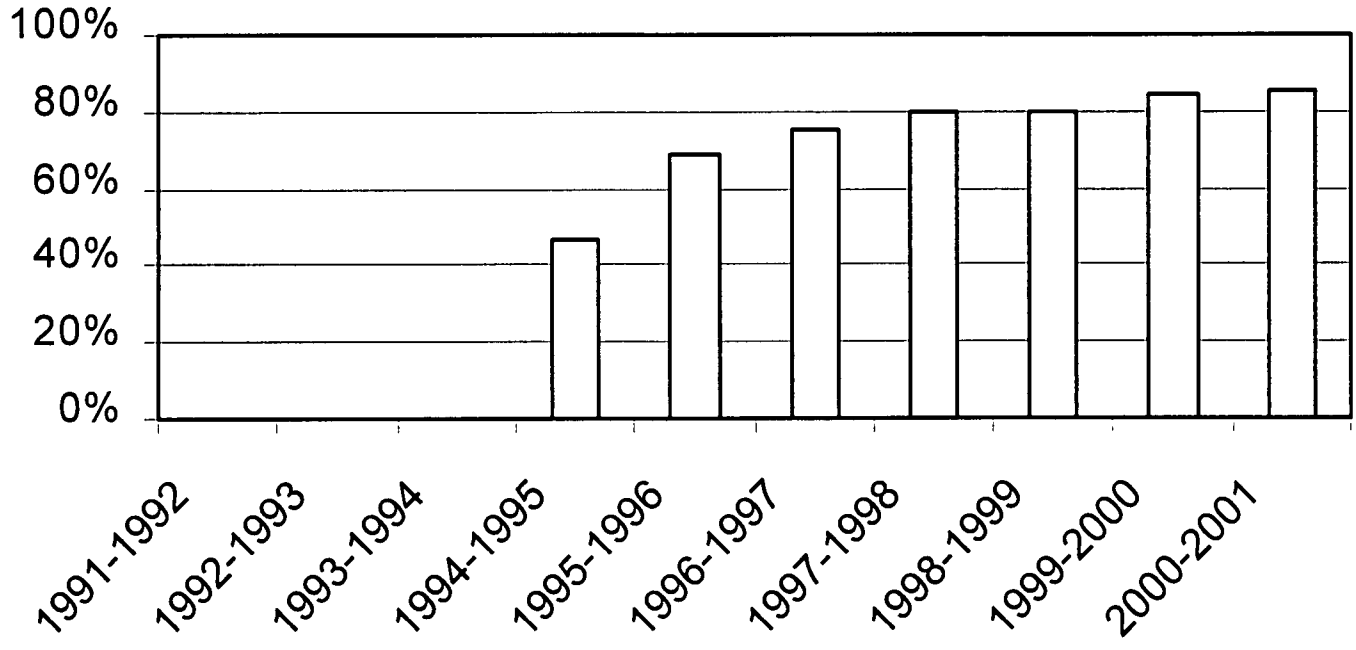
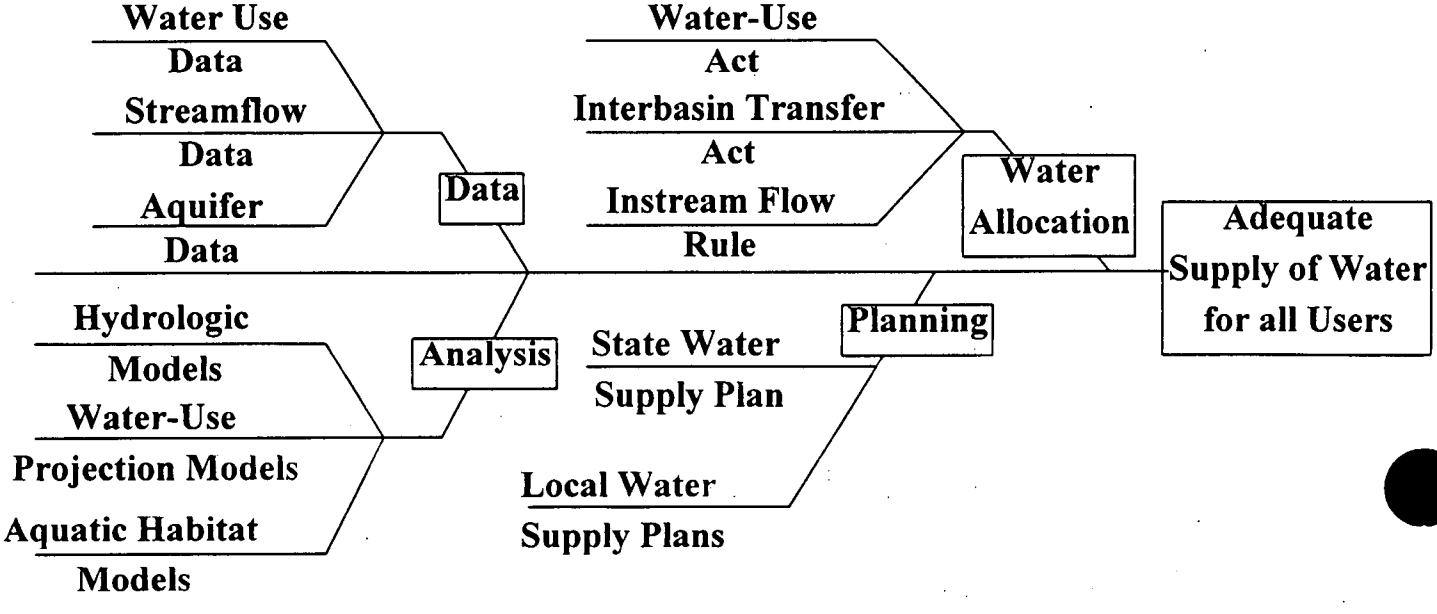


Exhibit 3

Water Supply Management Program Relationships



VISITOR REGISTRATION SHEET

NER - MARTIN (Chair) 3-16-99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. Shelle Wattieri	OSBM
2. JW Reel	"
3. Johnny Gray	"
4. Anita McNeil	DENR BPA
5. Dan Smith	" DFR
6. [illegible]	" DFR
7. Sherri Evans-Stanton	DENR
8. Tommy Thompson	NCDFR
9. Mike Hendricks	NCDFR
10. RM Fry	DENR-DRP
11. Tom Fransen	DENR-DWR
12. Jane Smith	DENR
13. Denny Botts	DENR
14. Richard Rogers	DENR
15. Dianne Beasley	Forestry
16. Stan Adams	Forestry
17. Becky Browne	Labor
18. Joe McClure	TDA
19. Carl Rupert	CCNC
20. Ed Burt	DENR - DRP
21. [illegible]	DENR
[illegible]	DOC
Walter Cherry	NCPC

VISITOR REGISTRATION SHEET

NER – MARTIN (Chair) 3-16-99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY
1.	[illegible]	NCFB
2.	Brenda Doughety	Sprint
3.	Kathryn Saunier	Commerce
4.	Kelly Diggins	Siena Club
5.	[illegible]	[illegible]
6.	Frank Bockleman	NCAFA
7.	[illegible]	Moore, Van Allen
8.	Stuart Dixon	NCNG
9.	Steve Woodson	NC Farm Bureau
10.	[illegible]	NC Forestry Assn.
11.		
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14.		
15.		
16.		
17.		
18.		
19.		
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21.		

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, March 16, 1999 at 2:00 p.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, March 16, 1999 at 2:00 p.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, Tolson, and Warwick were present.

Senator Martin called the meeting to order. Mona Moon, Fiscal Research, continued with the DENR budget presentations. Ms. Moon continued with the Division of Radiation Protection presentation. This is Attachment E of these minutes. Mr. Mel Fry, Director, was recognized to address the Committee. His remarks are Attachment F of these minutes.

Ms Moon explained the items in the proposed budget for the Division of Pollution Prevention and Environmental Assistance. This is Attachment G of these minutes. Mr. Gary Hunt, Director, PPEA, was recognized to address the Committee. His remarks are Attachment H of these minutes.

The Committee members discussed the above divisions and questions were answered..

The meeting adjourned at 2:50 p.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Attachment E
2:00

Department of Environment and Natural Resources

Division of Radiation Protection							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	3,672,757	3,320,274	2,702,077	2,789,515		2,725,860	
Less Receipts	(1,465,418)	(1,409,953)	(1,541,064)	(1,512,204)		(1,512,204)	
State Appropriations	*2,207,339*	*1,910,321*	*1,161,013*	*1,277,311*	10.0%	*1,213,656*	4.5%
Positions	53.00	53.00	48.00	48.00		48.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

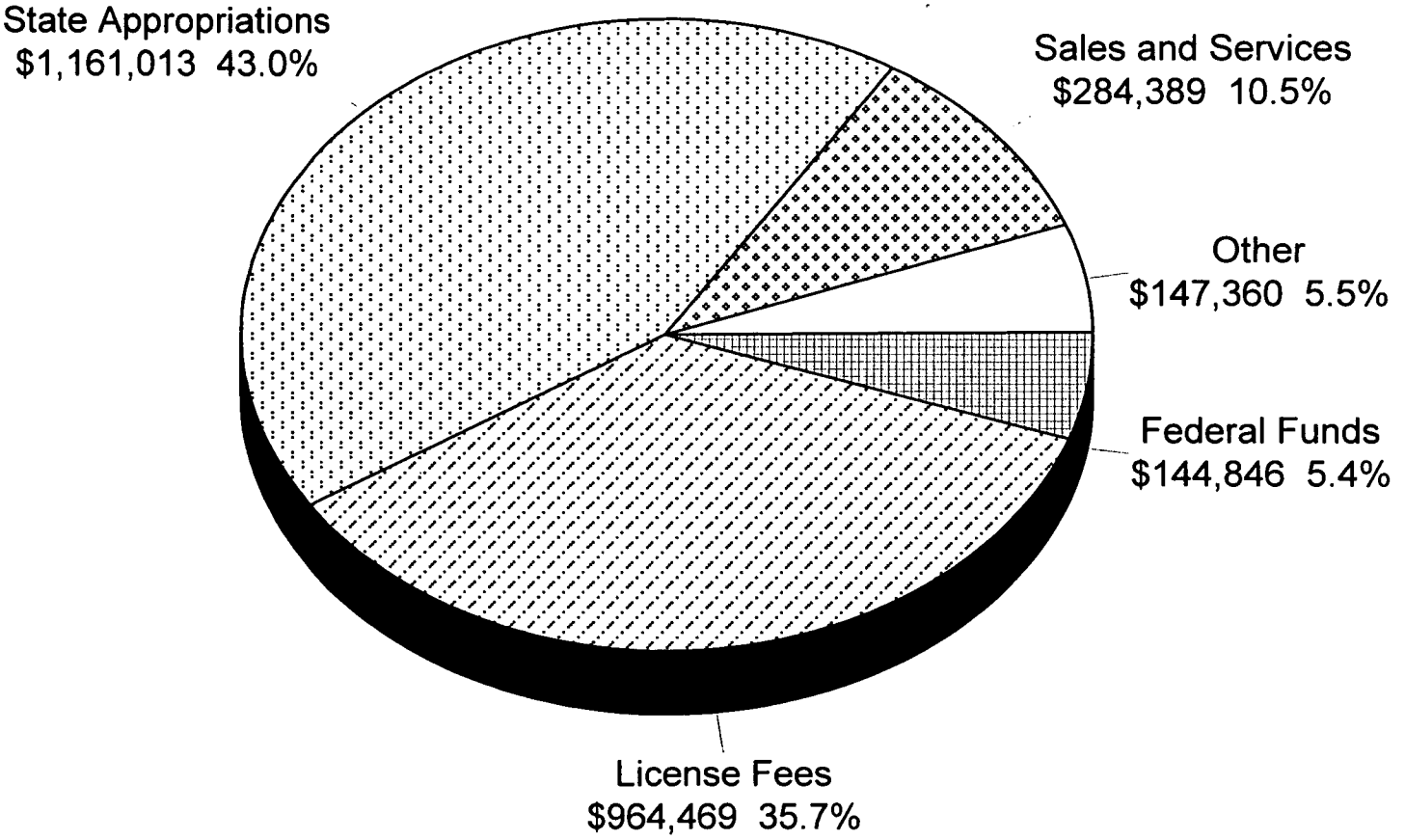
- Licensing, inspection and regulation of facilities that use radioactive materials
- Registration and regulation of x-ray machines, tanning equipment and providers of radiation-related services
- Environmental radiation surveillance
- Response to radiation accidents and emergencies in cooperation with the Department of Crime Control and Public Safety
- If the project resumes, licensing and regulation of the regional Low Level Radioactive Waste Disposal Facility

Governor's Budget, Volume 5, pp. 220-221

Division of Radiation Protection

Fund Sources

1998-99 Authorized

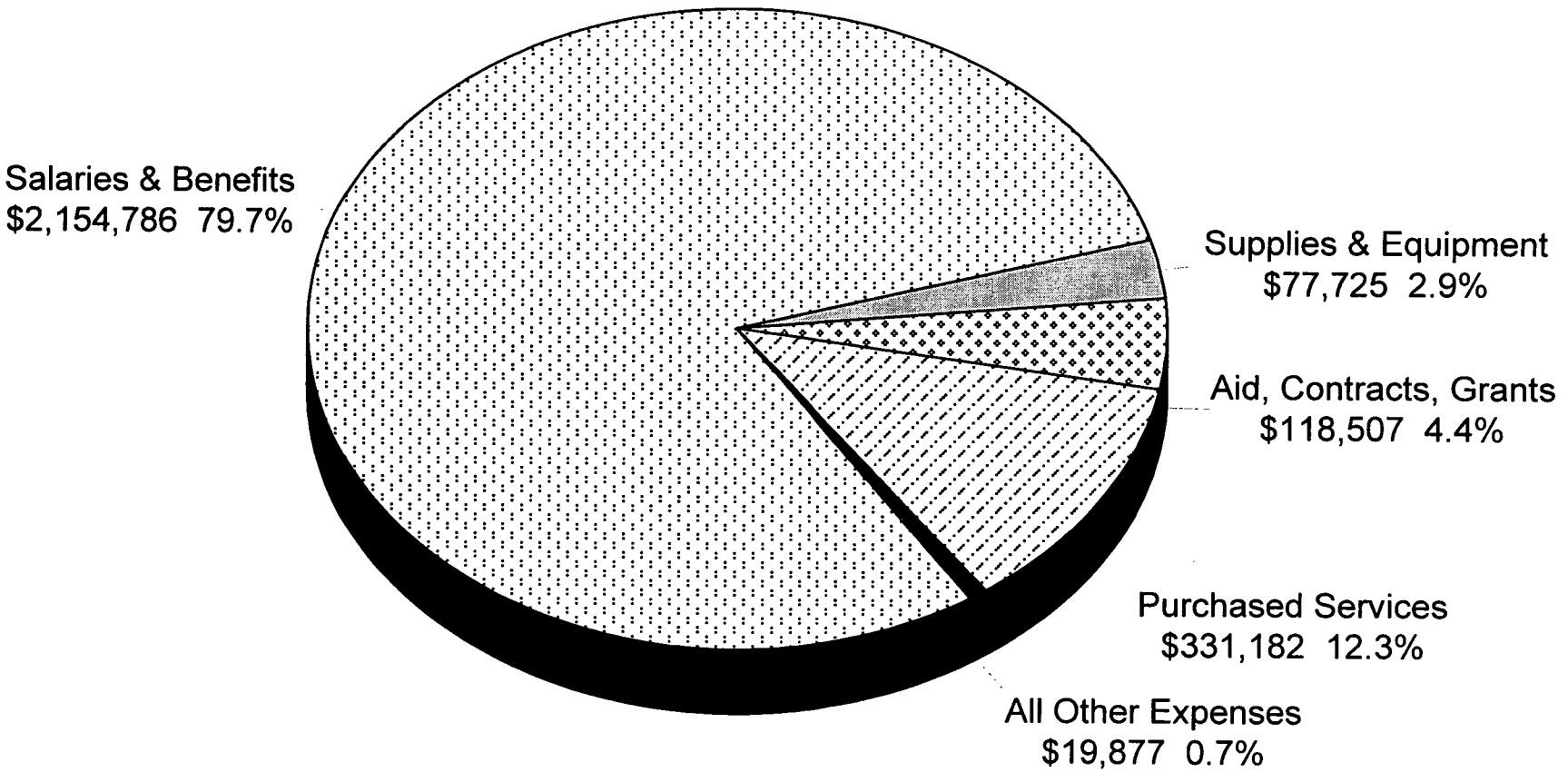


Fiscal Research Division -- March 1999

Division of Radiation Protection

Expenditures By Category

FY 1998-99 Authorized



Fiscal Research Division March 1999

DENR 126

DIVISION OF RADIATION PROTECTION

Overview of Budget Actions for the Current Biennium (1999-99)

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Eliminate Environmental Supervisor I Position	($59,477) R -1.00	($59,477) R -1.00
2. Reduce Contracts	($25,094) R	($25,094) R
3. Reduce Support for LLRW		($767,472) R -5.00

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

Proposed Recommendations for the Upcoming 1999-2000 Biennium

CONTINUATION BUDGET ITEMS	FY 1999-2000	FY 2000-01
1. Increase Rent per Lease Agreement	$28,792	$86,375
2. Increase Scientific/Medical Equipment	$121,238	

GOVERNOR'S RECOMMENDED REDUCTIONS (FROM SUMMARY VOLUME)

None

Mission Statement

To protect the public and the environment from radiation hazards.

Operations

- Register and inspect x-ray machines and tanning facilities.
- License and inspect facilities that possess, use, transfer, and dispose of radioactive material and particle accelerator facilities.
- Monitoring radiation and radioactive contamination levels in the environment and at nuclear facilities statewide to minimize the public's exposure.
- License and regulate a low-level radioactive waste disposal site.
- Respond to all accidents and emergencies in which radioactive materials are involved and coordinate responses with the Division of Emergency Management.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Ensure that 90 percent of registered x-ray facilities and licensed radioactive material and accelerator facilities are in substantial compliance with the Radiation Protection Commission's regulations for protection against radiation. *PPB: 6920*				
• X-ray inspections	5,045	4,875	5,000	5,000
• Radioactive facility inspections	365	370	370	370
• Percent of registered x-ray and licensed radioactive material facilities inspected that are in substantial compliance with the Radiation Protection Commission's regulations	90%	90%	90%	90%
Ensure that 100 percent of licensed low-level radioactive waste disposal and waste generator facilities and that 100 percent of monitored releases from nuclear facilities that use or release radioactive material are in substantial compliance with the Radiation Protection Commission's regulations for protection against radiation. *PPB: 6920*				
• Percent of licensed low-level radio active waste disposal and waste generator facilities in substantial compliance with the Radiation Protection Commission's regulations	100%	100%	100%	100%
• Percent of monitored releases from nuclear facilities that use or release radioactive material that are in substantial compliance with the Radiation Protection Commission's regulations	100%	100%	100%	100%
• Radiation samples	3,741	2,700	2,700	2,700
Improve compliance of registered tanning facilities in accordance with the Radiation Protection Commission's regulations for protection against radiation. *PPB: 6920*				
• Tanning inspections	3,200	3,200	3,200	3,200
• Percent of registered tanning facilities inspected that are in substantial compliance with the Radiation Protection Commission's regulations	85%	90%	90%	90%
Ensure that 100 percent of emergency response events are conducted in accordance with accepted radiation protection practices. *PPB: 6920*				
• Percent of emergency response events that are conducted in accordance with accepted radiation protection practices	100%	100%	100%	100%
• Nuclear facility exercises	4	0	2	3

DENR 128

Attachment F

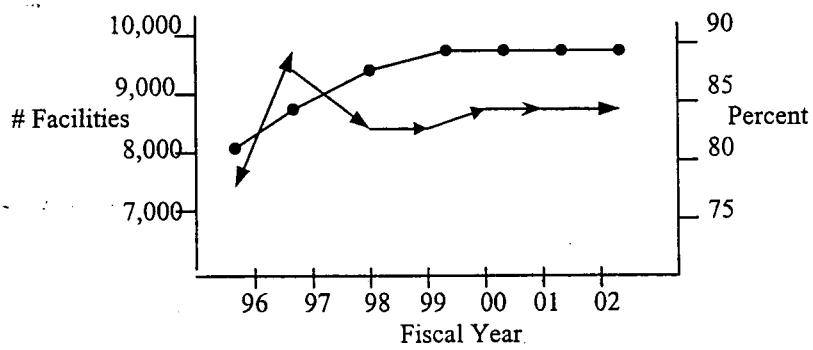
Department of Environment and Natural Resources
Division of Radiation Protection
NER Budget Presentation

I am Mel Fry, the Director of the Division of Radiation Protection in the Department of Environment and Natural Resources. Our Division's purpose is to reduce unnecessary radiation exposure to the citizens of North Carolina, prevent radiation contamination of the environment, and to protect the public from radiation hazards. We try to optimize beneficial uses while minimizing unwanted exposure to radiation.

To do this we permit facilities throughout North Carolina that use radiation - from the 1-2 person private dental office to the large industrial complex that use radiation to make automobile tires or to sterilize medical products. To accomplish that we have certain key objectives on which we focus.

The first is to ensure that 90% of registered x-ray and tanning facilities and licensed radioactive material and accelerator facilities are in substantial compliance with the Radiation Protection Commission's Regulation for Protection Against Radiation.

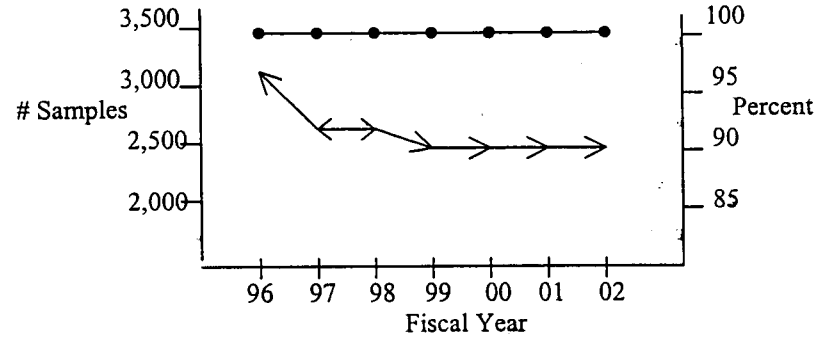
a. Number of facilities inspected (⟷)
b. Percentage in substantial compliance (●—●)



For example we conduct RADIATION INSPECTIONS that include safety checks on x-ray machines in individual Doctors' offices; tanning inspections in local tanning salons; and radioactive material licenses and inspections at local hospitals, clinics, universities, research laboratories, industries, etc. This is done to insure the safety for the facility operator, their employees, the general public and, in the case of medical facilities, their patients.

A second objective is to ensure that 100% of licensed low-level radioactive waste disposal and waste generator facilities and that 100% of monitored releases from nuclear facilities that use or release radioactive material are in substantial compliance with the Radiation Protection Commission's Regulation for Protection Against Radiation.

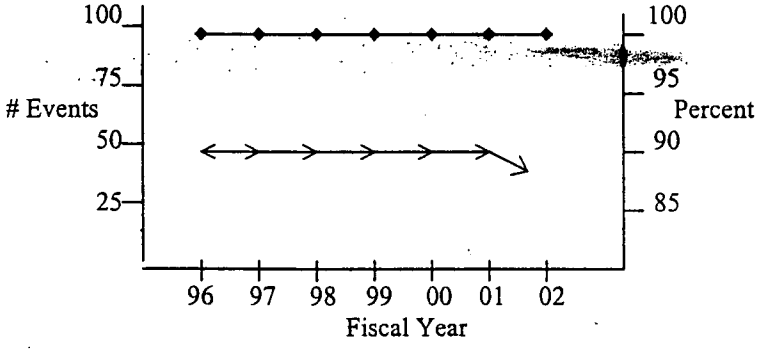
a. Number of radiation samples taken (⟷)
b. Percent in substantial compliance (●—●)



An example of our RADIATION MONITORING includes sampling around nuclear reactors in Brunswick, Wake and Mecklenburg counties. The Federal government licenses these reactor facilities. However, our Division monitors the off-site releases and radiation exposure levels. In cooperation with the Division of Emergency Management we are also responsible for off-site emergency response. A major portion of the equipment replacement costs in the continuation budget is to cover the costs of two major pieces of laboratory equipment needed by DHHS to analyze the samples collected by DRP.

A third objective is to ensure that 100% of emergency response events are conducted in accordance with accepted radiation protection practices.

a. Number of emergency response events (⟷)
b. Percent with acceptable practices (◆—◆)



An example of our EMERGENCY RESPONSE efforts was the investigation into the theft/loss of radioactive sources at Moses Cone Hospital in Greensboro. At this facility the entire radiation therapy stock of treatment needles was stolen. After extensive searches by the hospital, its consultant, DRP with assistance from the U.S. Department of Energy contractors, as well as the FBI and to date the sources have not been recovered.

DRP is focused on meeting the needs of all the customers involved – the permit holders; their workers; in some cases their patients; the neighbors who live nearby; and the general public. We continue to strive for excellence in our management practices and continue our pursuit of better data management in the differences we make in protecting the public health and safety and the environment.

Attachment G

Department of Environment and Natural Resources

Division of Pollution Prevention and Environmental Assistance							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	2,565,636	2,359,736	2,545,588	2,511,658		2,515,398	
Less Receipts	(933,463)	(743,560)	(842,289)	(823,660)		(823,660)	
State Appropriations	*1,632,173*	*1,616,176*	*1,703,299*	*1,687,998*	-0.9%	*1,691,738*	-0.7%
Positions	34.00	37.00	36.50	36.50		36.50	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION PROGRAMS AND ACTIVITIES

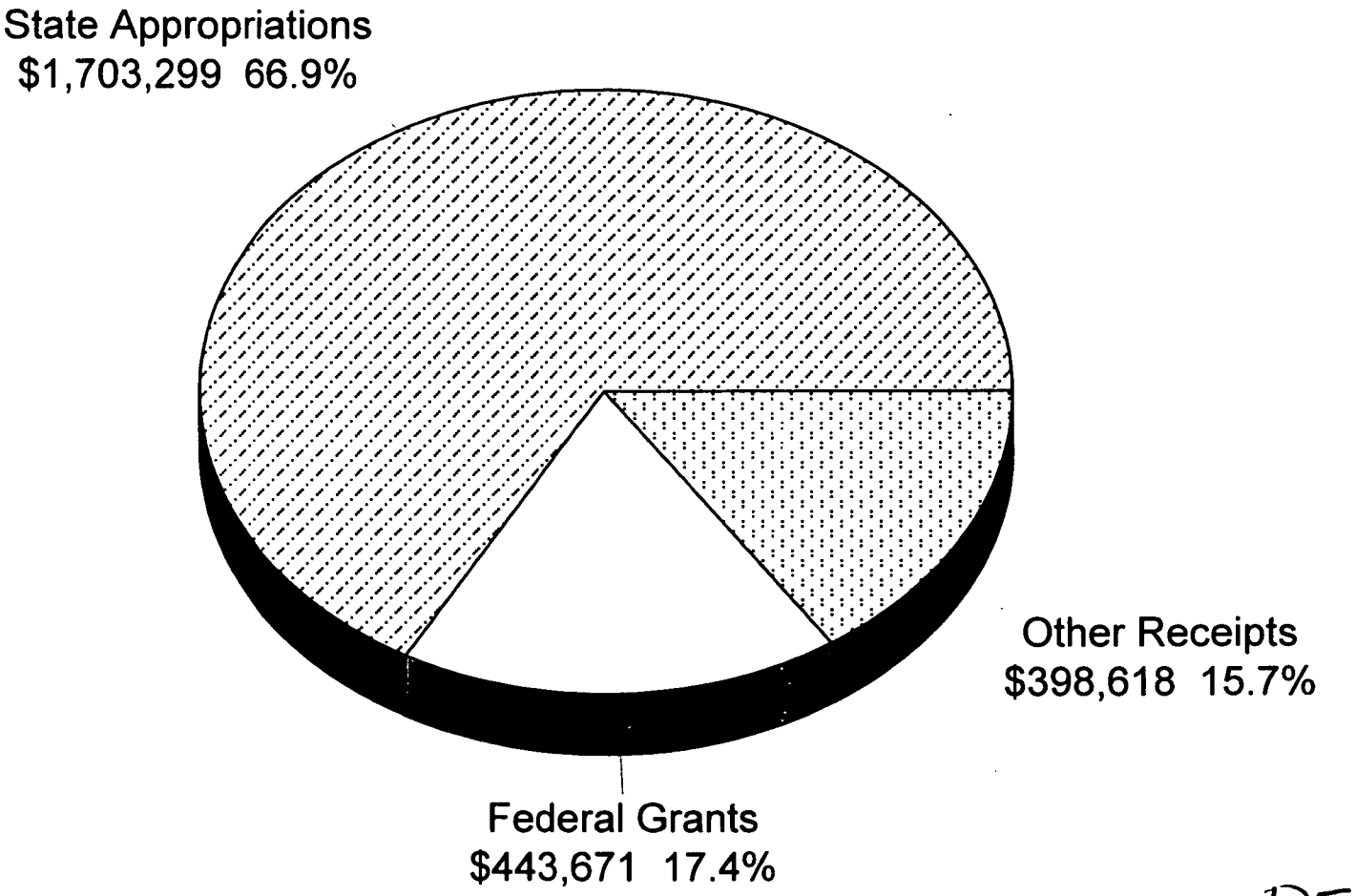
- Recycling Business Assistance Center
- Technical and Financial Assistance to Communities and Businesses
- Outreach, Education and Training
- Environmental Permits Information Center
- Office of Small Business Ombudsman

Governor's Budget, Volume 5, pp. 218 to 219

Pollution Prevention and Environmental Assistance

Fund Sources

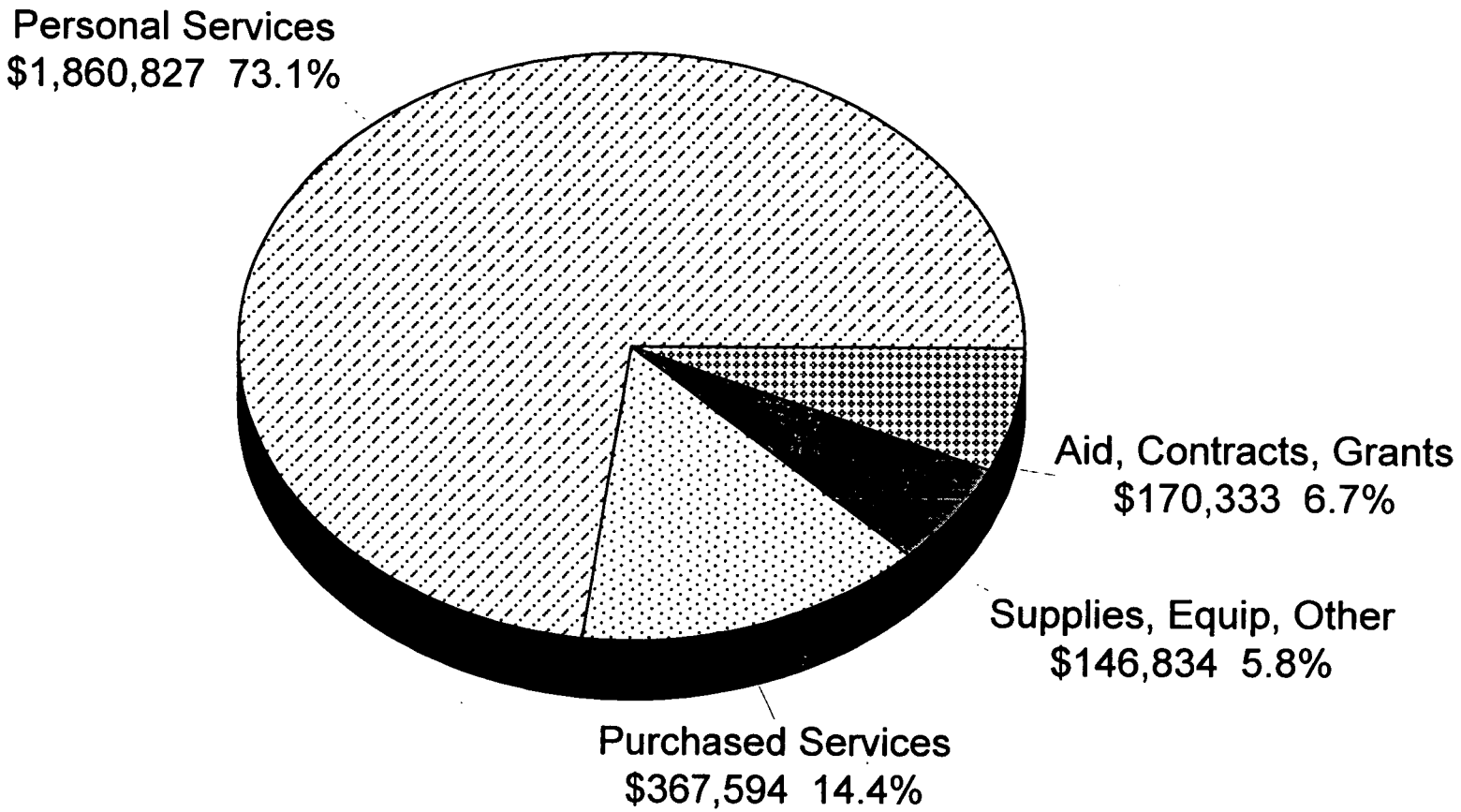
FY 1998-99 Authorized



Pollution Prevention and Environmental Assistance

Expenditures By Category

FY 1998-99 Authorized



Fiscal Research Division March 1999

DIVISION OF POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE

Overview of Budget Actions for the Current 1997-99 Biennium

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Eliminate Position	($19,800) R -1.0	($19,800) R -1.0
2. Reduce Operating Support	($2,332) R	($2,332) R
3. Reduce Pollution Prevention Grants		($24,362) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

Proposed Recommendations for the Upcoming 1999-2001 Biennium

CONTINUATION BUDGET ITEMS	FY 1999-2000	FY 2000-01
1. Increase Rent per Lease Agreement	$4,793	$8,533

GOVERNOR'S RECOMMENDED REDUCTIONS (FROM SUMMARY VOLUME)

None

Mission Statement

To provide non-regulatory pollution prevention technical assistance and cost-effective resolution to environmental problems.

Operations

- Provide non-regulatory technical assistance on pollution prevention to business, industries, local governments, and state agencies.
- Develop outreach and training materials, such as fact sheets and manuals, and conduct training and workshops for businesses, industry, local governments, and state agencies on pollution prevention.
- Provide grants to businesses, industries, and local governments to develop/implement pollution prevention efforts.
- Assist small businesses in understanding environmental regulations and help them solve environmental problems.
- Act as an advocate for small businesses during the department's development of environmental rules, regulations, and policies.
- Act as a single point of contact for information on environmental permits.
- Evaluate available environmental data to track key environmental indicators and to develop reports on the state of the environment.
- Assist recycling businesses in the establishment of markets for discarded materials and promote the manufacture of products made from recyclable materials.
- Recognize businss, industry, and state agencies for excellence in pollution prevention and environmental management.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase annual diversion of solid waste from disposal facilities in North Carolina to 1.3 million tons by 2000. *PPB: 5400*				
• Amount of solid waste diverted from disposal facilities by local programs (tons)	1,050,000	1,100,000	1,200,000	1,300,000
• Cumulative quantity of new recycling capacity developed (tons)	528,000	575,000	625,000	675,000
Facilitate the adoption of pollution prevention practices in 75 percent of the facilities provided assistance by 2000. *PPB: 5400*				
• Percentage of facilities which were provided direct assistance that have implemented pollution prevention practices	96%	96%	96%	96%
Incorporate pollution prevention into all applicable division enforcement actions, compliance activities, operations, regulatory, and policy development and planning by 2000. *PPB: 5400*				
• Number of Regulatory Divisions with active pollution prevention strategies	2	3	5	7
Provide all clients with accurate and relevant environmental management information in a timely manner. *PPB: 5400*				
• Percent of positive responses on customer service survey	98.4%	100.0%	100.0%	100.0%

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Attachment H

Examples of DPPEA Pollution Prevention Assistance

1. **Cott Beverages, Wilson** - Cott Beverages produces 29 million gallons of canned and bottled soft drinks per year. From Jan. 1998 to Aug. 1998, they received $60,000 in fines for non-compliance with their wastewater treatment permit due to exceedances of BOD discharge limits. During this timeframe, Cott was also accessed a monthly surcharge of $700 related to pollutant discharges. Sugars and sweetners used in production along with other sources from lubricating soaps, cleanup detergents, and human wastes were the primary contributors to BOD problems. DPPEA conducted a waste assessment and proposed water conservation techniques and installation of a fluids collection system to capture liquid product change-over waste and off-spec. products. DPPEA also identified a facility that could reuse this sugary material in fertilizer and soil additive processing. Cott Beverage now collects an estimated 10,000-20,000 gallons per month of liquid waste which is reused. This process brought Cott back into compliance with its permit and aided in reducing daily wastewater discharge volumes. Daily wastewater discharged now averages 25,000 gallons as opposed to 50,000 gallons before working with DPPEA.

2. **Buncombe County: Regional Water Authority** - In response to drought conditions in Western NC, the DPPEA has assisted with over 25 technical assistance visits in Dec, Jan and Feb 1999, to industries and companies in Buncombe and Henderson Counties to help them conserve water. DPPEA co-sponsored 5 "roundtable" water conservation meetings and co-sponsored a water efficiency conference in August on Water Efficiency with the Regional Water Authority of Asheville, Buncombe and Henderson counties. At the conference, over 90 business and local government officials learned about the importance of demand site management of water supply programs.

3. **Holt Manufacturing, Burlington** - Holt is a graphics arts company and sportswear manufacturer. As part of their application for Industrial Revenue Bonds, they became aware of a need for an air permit. DPPEA, working in cooperation with the Small Business Ombudsman Office, assisted them in the initial application and in reviewing the hazardous air pollutants in their inks, dyes, etc. They completely eliminated all of the photochemical reactive substances and reduced the HAP emissions by more than 85%. Holt avoided the photochemical reactive daily limits and has requested to rescind their air permit.

4. **T. S. Designs, Burlington** - T.S. Designs is a small textile screen printing company. By switching from a solvent-based aerosol adhesive to a non-aerosol water-based adhesive the company reduced consumption of solvent-based adhesives by 91 percent, from 4,800 to 430 aerosol cans per year. The company also installed a chemical reclamation and reuse system reducing chemical consumption by 86 percent and water use by 630 gallons/week. T.S. Designs was recently highlighted in a national satellite videoconference for the screen printing industry.

5. **Southern Finishing, Stoneville** - Southern manufactures bed railings for the furniture industry. DPPEA has worked with them in reviewing their coatings from several suppliers, and they have been able to replace a large portion of their HAPs to the point they are now well below the MACT limits. They currently have four plants, one of which is Title V and another rapidly approaching this level. DPPEA was able to help them avoid a retroactive PSD situation, delay an additional Title V permit, and assist the Winston-Salem Regional Office in working with this company.

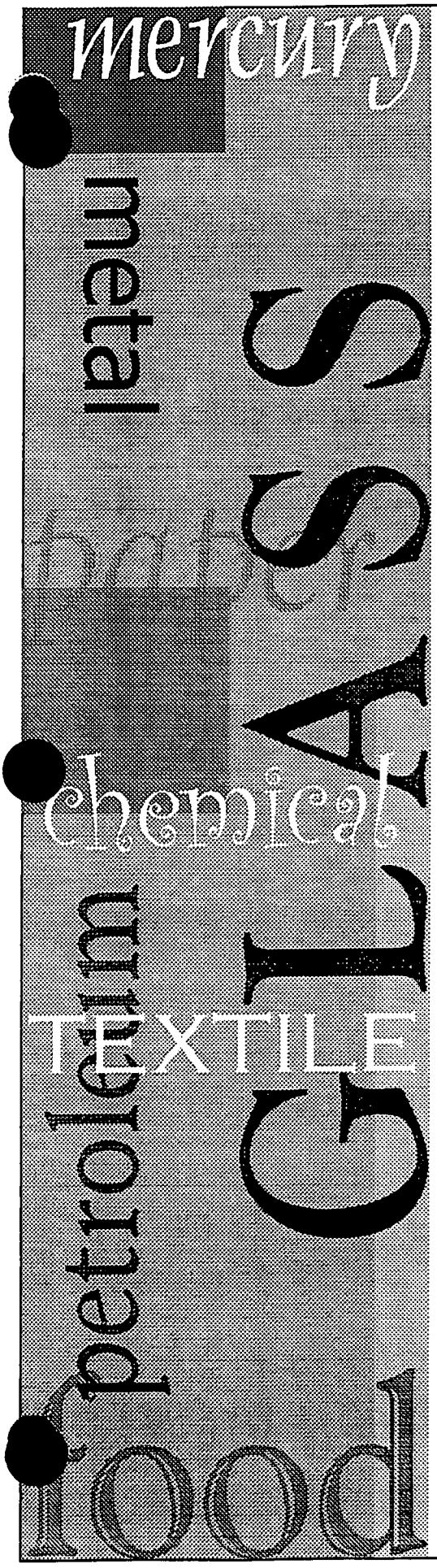
6. **Getrag Gears, Newton** - This gear manufacturer had problems meeting its BOD, COD, oil & grease, and ammonia limits. DPPEA assessed and identified several major sources of these pollutants. One significant area was the discharge of coolants from the metal fabrication equipment. The facility had taken an approach of treating these coolants to remove them from the wastewater as opposed to keeping them out in the first place. We suggested a coolant-recycling program and other measures to reduce coolants entering the wastewater. The facility implemented several of these suggestions and improved their wastewater compliance status.

7. **US Soft Wiping Cloth, Maiden** - US Soft Wiping Cloth is a small textile wet processing facility that was seeking to begin a chlorine bleaching operation. The City was concerned that the amount of chlorine that would be used would effect compliance with their NPDES permit. DPPEA staff did several chlorine bleaching trails to determine the amount of residual chlorine entering the effluent and the amount of chlorine truly necessary for bleaching. Through this effort we determined that much lower amounts of chlorine could be used to bleach the fabric and there was potential to recover the bleach bath for reuse. We also determined that there was little residual chlorine left in the effluent after peroxide addition to the bleaching operation.

8. **Alcatel Telecommunications Cable, Claremont** - Alcatel had been issued a synthetic minor permit limiting MEK emissions to less than 10 tons per year. Production projections would have resulted in emissions exceeding the synthetic minor permit thresholds so a thermal oxidation control device was installed. Alcatel began looking for other options and developed an ultra-violet light-activated system, which replaced a methyl ethyl ketone (MEK) painting system for color-coding individual optical fibers. This resulted in a 16-ton per year reduction in VOC emissions, a 5-ton per year hazardous waste reduction, and allowed for the thermal oxidation control device to be removed.

9. **Tyson Foods, Harmony** - Tyson Foods is a rendering operation that was having problems meeting their effluent toxicity limit (NPDES). DPPEA conducted a facility assessment and made recommendations on sources of problems and options within the facility as well as improvements in the operations of the waste treatment system. One toxicity issue identified was salinity. From a chemical usage review, DPPEA staff determined a high usage in the incoming water treatment operations. Tyson looked further into this and found they were regenerating the water exchange resin system too often. By cutting back from every other day to once a week, they significantly reduce salt usage and reduced toxicity.

10. **Microfibers, Winston Salem** - Microfibers is a textile printing operation that was having problems meeting their chromium limit. On two occasions, DPPEA did assessments to help identify major sources of chromium and options for reducing their contribution to the effluent. On both occasions, DPPEA staff was able to identify major sources and suggest P2 options for reducing chromium. The facility implemented most of the suggestions and effectively reduced chromium discharges.



Looking for a recycler? Check out the Directory of Markets for Recyclable Materials Web site

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The Directory of Markets for Recyclable Materials (DMRM) is a database maintained by the Recycling Business Assistance Center (RBAC) that contains information about recycling companies serving North Carolina's private and public sectors. The database includes a variety of information including the types of materials each company accepts, material specifications, company contact information, etc. The database is found on the Division of Pollution Prevention and Environmental Assistance (DPPEA) Web site, which can be accessed through the Internet. For more information, call (919) 715-6500.

How to Use the Site

1. *Go to http://www.p2pays.org/dmrm/*
2. *Before selecting any materials, go to the Frequently Asked Questions page for helpful hints such as "How to select an appropriate recycling company."*
3. *Begin the search by selecting the major category for the material of interest. For example:* **TEXTILES.**
4. *Narrow the search by selecting the more specific material. For example:* **TEXTILE THREADS AND YARN WASTE.**
5. *The Web site generates a list of recycling companies accepting textile threads and yarn waste. The list also has a link to each company's full information, including other materials they accept.*
6. *Print the list with the contact information provided, and find the best recycling company with which to work.*

Cool Features

The "Links Page." Links you to:

- *Other similar recycling market development programs nationwide.*
- *Trade associations for specific recyclable commodities.*
- *Recyclable Commodity Exchanges.*
- *The "Electronic Submission Form" for new recycling companies to be listed on the site.*

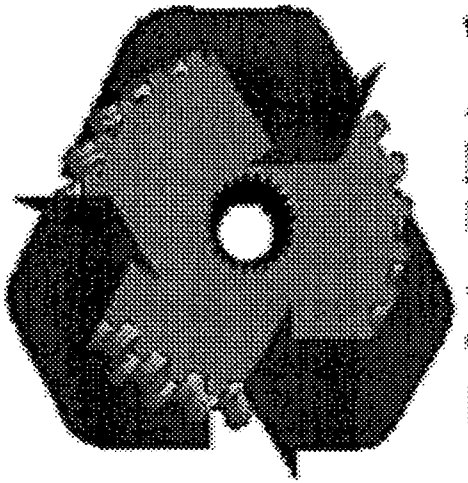
Directory of Markets for Recyclable Materials - Microsoft Internet Explorer

File Edit View Go Favorites Help

Back Stop Refresh Home Search Favorites History Channels Fullscreen Mail Print Edit

Address http://www.p2pays.org/dmrm/ Links

Directory of Markets for Recyclable Materials



Welcome to the *Directory of Markets for Recyclable Materials*. This directory is produced by the **North Carolina Recycling Business Assistance Center (RBAC)**, in the Division of Pollution Prevention and Environmental Assistance. We hope it serves as a useful tool in finding an outlet for your recyclable material. For further information, please contact the RBAC Market Development Team, at (919) 715-6500 or (800) 763-0136.

Directory of Markets for Recyclable Materials	Go to the Directory
Frequently Asked Questions	Help using this directory.
Links	Additional recycling information.
Submit Company	Add your company to the directory

Internet zone

Start Directory of Markets f... 1:43 PM

2:00

VISITOR REGISTRATION SHEET

NER

3-16-99

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Gary Hunt	DPPEA / DENR
Shawn Johnson	DPPEA / DENR
Scott Mouw	DPPEA / DENR
Becky Brown	Labor
Ed Burt	DENR - DRP
Johnny Gray	OSBM
[illegible]	OSBM
Malcolm Blalock	DEH / DENR
Linda Sewall	DEH / DENR
Lucia Merritt	DEH / DENR
Sherri Evans-Stanton	DENR
Jane Smith	DENR
Richard E Rogers	DENR
Sherrill Harris	DENR
[illegible]	NC [illegible]
Lori Ann Harris	LAHA
Diane Long	DENR
Doug Lanter	NC Septic Tank Assoc
Joe McClees	McClees Consulting
RM Fry	DRP - DENR

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

March 17, 1999

The Joint House Appropriations / Subcommittee on Natural and Economic Resources met on Wednesday, March, 1999 in Room 423 of the Legislative Office Building at 8:30 A.M. The following House Members were present: Representative Fox, Chairman, Representatives Owens, Warren, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, and Tolson. Five Senate Committee members were present. Mona Moon, Jennifer Hoffmann, and Jennifer Herrera, Fiscal Staff members were in attendance. A Visitor Registration list is attached and made part of these minutes.

The Chairman called the meeting to order.

Representative Fox made comments to the Committee members regarding the budget items on the agenda. He explained the Committee would continue to hear DENR Budget items. The Chairman recognized and introduced Mr. Bob Jenkins, President of Farm Bureau.

- Mr. Gary Hunt, Director of the Division of Pollution Prevention & Environmental Assistance spoke and explained this division to the Committee Members.

  - Mona Moon explained the Clean Water Management Trust Fund items in the Governor's proposed budget (*Attachments 1 and 2*). David McNaught, Executive Director, CWMTF was a guest speaker.

  - Mona Moon explained the Division of Soil and Water Conservation items in the Governor's proposed budget. Dewey Botts, Assistant Secretary for Natural Resources, was a guest speaker. He presented the Committee with handouts (*Attachments 3, 4, 5 and 6*).

  - Mona Moon explained the items in the proposed budget for the Division of Waste Management (*Attachment 7*). Bill Meyer, Director, DWM, was a guest speaker.

Committee members discussed the above divisions, and questions were answered.

There being no further business, the Chair adjourned the meeting at 9:50 A.M.

Respectfully submitted,

Representative Stanley H. Fox.
Chairman

Judith M. Veorse
Legislative Assistant

VISITOR REGISTRATION SHEET

N.E.R Committee 3/17/99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. Anita McNeil	DENR BPA
2. Sherrill Harris	DENR
3. Jane Smith	DENR
4. John Cameron	TDA
5. Doug Lassiter	NC Septic Tank Assoc.
6. J.W. Reel	OSBM
7. Mike Kelly	DWM
8. Brenda Rivera	DWM
9. Bill Meyer	DWM, DENR
10. Johnny Gray	OSBM
11. Sheila Wattieri	OSBM
12. Paul Fogleman	City of Hickory
13. Laura DeKoe	DENR
14. Pope Shuford	Shuford Mills, Inc.
15. Earl Rountree	Farm Bureau
16. Susan Britt	NCFB
17. Jay Boyette	NCFB
18. Leonard J. Kilian	NCFB
19. Pat Barbour	NCFB
20. Eva S. Bridgers	NCFB
21. Steve Woodson	NCFB

VISITOR REGISTRATION SHEET

3/17/99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. David Herlong	State Planning
2. Mark A. Wellons	NCFB
3. James Barbour	NCFB
4. Ellis W. Taylor	NCFB
5. Eric W. West	NCFB
6. Donald Madre	NCFB
7. Robert M. Phthisis	NCFB
8. Earl Hall	NCFB
9. John Stallings	NCFB
10. Lisa Aycock	Commerce
11. Ronald Parks	N.C.F.B
12. Andrea Balhouse	NCFB
13. Jeff VanDyke	Bellsouth
14. W. B. Jenkins	N.C.F.B.
15. Bobby Joe Fisher	NCFB - Nash County
16. David McNaught	Cl. Water Trust Fund
17. [illegible]	Parker, Poe, Adams & Bernstein
18.	
19.	
20.	
21.	

Department of Environment and Natural Resources

Clean Water Management Trust Fund				
Summary of Receipts and Operating Expenses	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized January	Total
Year-end General Fund Credit Balance Earmarking	$37,900,000	$49,354,893	$47,400,000	$134,654,893
Interest Earnings *	$431,481	$7,127,746	$2,872,318	$10,431,545
Total Available	$38,331,481	$56,482,639	$50,272,318	$145,086,438
Administrative Expenses	$51,101	$519,524	$857,289	$1,427,914
Positions	5.00	8.00	9.25	

**Reflects year to date actual interest earnings for the 1998-99 fiscal year.*

Clean Water Management Trust Fund

- **Created** - 1996
- **Purpose** - To preserve, protect and improve the state's surface waters and to establish riparian buffers and greenways for environmental, educational and recreational benefits.
- **Source of Funding** - 6.5% of the year-end General Fund credit balance [G.S. 143-15.3B]; investment earnings [G.S. 113-145.3(b)]
- **Statutory Authority** - G.S. 113-145.1 through G.S. 113-145.8
- **Governance** - Eighteen member Board of Trustees appointed by the Governor and the General Assembly upon recommendation by the President Pro Tempore of the Senate and the Speaker of the House of Representatives; Advisory Council [G.S. 113-145.8]
- **Allocation of Funds** - Funds may be used to:
    1) acquire conservation easements and land for riparian buffers
    2) repair failing wastewater treatment systems, septic tank systems and eliminate illegal drainage connections
    3) coordinate with other public programs with similar purpose
    4) restore previously degraded lands
    5) improve stormwater control and management practices
    6) facilitate pollution reduction planning efforts
- **Administrative Costs** - May use up to 2% of the trust fund balance as of July 1, not to exceed $850,000 annually for administrative and operating costs.
- **Reporting Requirement** - Annually by November 1st and quarterly to Gov Ops, ERC, NER and FRD

ARTICLE 13A.
Clean Water Management Trust Fund.

Sec.
113-145.1. Purpose.
113-145.2. Definitions.
113-145.3. Clean Water Management Trust Fund: established.
113-145.4. Clean Water Management Trust Fund: eligibility for grants; matching funds or property requirement.
113-145.5. Clean Water Management Trust Fund: Board of Trustees established; membership qualifications; vacancies; meetings and meeting facilities.
113-145.6. Clean Water Management Trust Fund Board of Trustees: powers and duties.
113-145.6A. Clear Water Management Trust Fund: reporting requirement.
113-145.7. Clean Water Management Trust Fund: Executive Director and staff.
113-145.8. Clean Water Management Trust Fund: Advisory Council.
113-145.9 through 113-150. [Reserved.]

§ 113-145.1. Purpose.

The General Assembly recognizes that a critical need exists in this State to clean up pollution in the State's surface waters and to protect and conserve those waters that are not yet polluted. The task of cleaning up polluted waters and protecting the State's water resources is multifaceted and requires different approaches that take into account the problems, the type of pollution, the geographical area, and the recognition that the hydrological and ecological values of each resource sought to be upgraded, conserved, and protected are unique.

It is the intent of the General Assembly that moneys from the Fund created under this Article shall be used to help finance projects that specifically address water pollution problems and focus on upgrading surface waters, eliminating pollution, and protecting and conserving unpolluted surface waters, including urban drinking water supplies. It is the further intent of the General Assembly that moneys from the Fund also be used to build a network of riparian buffers and greenways for environmental, educational, and recreational benefits. While the purpose of this Article is to focus on the cleanup and prevention of pollution of the State's surface waters and the establishment of a network of riparian buffers and greenways, the General Assembly believes that the results of these efforts will also be beneficial to wildlife and marine fisheries habitats.

(1996, 2nd Ex. Sess., c. 18, s. 27.6(a).)

§ 113-145.2. Definitions.

As used in this Article:

(1) Council. - The advisory council for the Clean Water Management Trust Fund.

(2) Economically Distressed Units of Local Government. - Counties designated as economically distressed by the Secretary of Commerce under G.S. 143B-437A and any cities located in those counties.

(3) Fund. - The Clean Water Management Trust Fund created pursuant to this Article.

(4) Land. - Real property and any interest in, easement in, or restriction on real property.

(5) Trustees. - The trustees of the Clean Water Management Trust Fund.

(1996, 2nd Ex. Sess., c. 18, s. 27.6(a).)

§ 113-145.3. Clean Water Management Trust Fund: established.

(a) Fund Established. - There is established a Clean Water Management Trust Fund in the State Treasurer's Office that shall be used to finance projects to clean up or prevent surface water pollution in accordance with this Article.

(b) Fund Earnings, Assets, and Balances. - The State Treasurer shall hold the Fund separate and apart from all other moneys, funds, and accounts. Investment earnings credited to the assets of the Fund shall become part of the Fund. Any balance remaining in the Fund at the end of any fiscal year shall be carried forward in the Fund for the next succeeding fiscal year. Payments from the Fund shall be made on the warrant of the Chair of the Board of Trustees.

(c) Fund Purposes. - Moneys from the Fund may be used for any of the following purposes:

(1) To acquire land for riparian buffers for the purposes of providing environmental protection for surface waters and urban drinking water supplies and establishing a network of riparian greenways for environmental, educational, and recreational uses.

(2) To acquire conservation easements or other interests in real property for the purpose of protecting and conserving surface waters and urban drinking water supplies.

(3) To coordinate with other public programs involved with lands adjoining water bodies to gain the most public benefit while protecting and improving water quality.

(4) To restore previously degraded lands to reestablish their ability to protect water quality.

(5) To repair failing waste treatment systems if: (i) an application has first been submitted to receive a loan or grant from the Clean Water Revolving Loan and Grant Fund and the application was denied during the latest review cycle; (ii) the repair is a reasonable remedy for resolving an existing waste treatment problem; and (iii) the repair is not for the purpose of expanding the system to accommodate future anticipated growth of a community. Priority shall be given to economically distressed units of local government.

(6) To repair and eliminate failing septic tank systems, to eliminate illegal drainage connections, and to expand waste treatment systems if the system is being expanded as a remedy to eliminate failing septic tank systems or illegal drainage connections. Priority shall be given to economically distressed units of local government.

(7) To improve stormwater controls and management practices.

(8) To facilitate planning that targets reductions in surface water pollution.

(9) To fund operating expenses of the Board of Trustees and its staff.

(d) Limit on Operating and Administrative Expenses. - No more than two percent (2%) of the annual balance of the Fund on July 1 or a total sum of eight hundred fifty thousand dollars ($850,000), whichever is less, may be used each fiscal year for administrative and operating expenses of the Board of Trustees and its staff.

(1996, 2nd Ex. Sess., c. 18, s. 27.6(a).)

§ 113-145.4. Clean Water Management Trust Fund: eligibility for grants; matching funds or property requirement.

(a) Eligible Grant Applicants. - Any of the following are eligible to apply for a grant from the Fund for the purpose of protecting and enhancing water quality:

(1) A State agency.

(2) A local government or other political subdivision of the State or a combination of such entities.

(3) A nonprofit corporation whose primary purpose is the conservation, preservation, and restoration of our State's environmental and natural resources.

(b) Grant Matching Requirement. - The Board of Trustees shall establish matching requirements for grants awarded under this Article. The Board of Trustees may require a match of up to twenty percent (20%) of the amount of the grant awarded. This requirement may be satisfied by the donation of land to a public or private nonprofit conservation organization as approved by the Board of Trustees. The Board of Trustees may also waive the requirement to match a grant pursuant to guidelines adopted by the Board of Trustees.

(c) Grants Not Available to Satisfy Compensatory Mitigation Requirements. - No grant shall be awarded under this article to satisfy compensatory mitigation requirements under 33 USC § 1344 or G.S.143-214.11.

(1996, 2nd Ex. Sess., c. 18, s. 27.6(a).)

§ 113-145.5. Clean Water Management Trust Fund: Board of Trustees established; membership qualifications; vacancies; meetings and meeting facilities.

(a) Board of Trustees Established. - There is established the Clean Water Management Trust Fund Board of Trustees. The Clean Water Management Trust Fund Board of Trustees shall be independent, but for administrative purposes shall be located under the Department of Environment and Natural Resources.

(b) Membership. - The Clean Water Management Trust Fund Board of Trustees shall be composed of 18 members. Six members shall be appointed by the Governor, six by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, and six by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121. The office of Trustee is declared to be an office that may be held concurrently with any other executive or appointive office, under the authority of Article VI, Section 9, of the North Carolina Constitution.

Persons appointed shall be knowledgeable in one of the following areas:

(1) Acquisition and management of natural areas.

(2) Conservation and restoration of water quality.

(3) Wildlife and fisheries habitats and resources.

(4) Environmental management.

(c) Initial Appointments. - Each appointing officer shall designate two of the officer's initial appointments to serve two-year terms, two to serve four-year terms, and two to serve six-year terms. Thereafter, all appointments shall be for four years, subject to reappointment. All initial appointments shall be made on or before January 1, 1997. The Governor shall appoint one Trustee to serve as Chair of the Board.

(d) Vacancies. - If a vacancy occurs, other than by the expiration of term, of a member subject to appointment by the General Assembly upon the recommendation of the Speaker of the House of Representatives or the President Pro Tempore of the Senate, the vacancy shall be filled in accordance with G.S. 120-122. All other vacancies shall be filled by the appointing official in the original manner.

(e) Frequency of Meetings. - The Trustees shall meet at least twice each year and may hold special meetings at the call of the Chair or a majority of the members.

(f) Per Diem and Expenses. - The Trustees shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5. Per diem, subsistence, and travel expenses of the Trustees shall be paid from the Fund.

(g) Meeting Facilities. - The Secretary of the Department of Environment and Natural Resources shall provide meeting facilities for the Board of Trustees and its staff as requested by the Chair.

(1996, 2nd Ex. Sess., c. 18, s. 27.6(a); 1997-443, s. 11A.119(a).)

Editor's Note. - Session Laws 1997-443, s. 1.1, provides: "This act shall be known as 'The Current Operations and Capital Improvements Appropriations Act of 1997.'"

Session Laws 1997-443, s. 35.4, is a severability clause.

Effect of Amendments. - The 1997 amendment, effective August 28, 1997, substituted "Environment and Natural Resources" for "Environment, Health, and Natural Resources."

§ 113-145.6. Clean Water Management Trust Fund Board of Trustees: powers and duties.

(a) Allocate Grant Funds. - The Trustees shall allocate moneys from the Fund as grants. A grant may be awarded only for a project or activity that satisfies the criteria and furthers the purposes of this Article.

(b) Develop Grant Criteria. - The Trustees shall develop criteria for awarding grants under this Article. The criteria developed shall include consideration of the following:

(1) The significant enhancement and conservation of water quality in the State.

(2) The objectives of the basinwide management plans for the State's river basins and watersheds.

(3) The promotion of regional integrated ecological networks insofar as they affect water quality.

(4) The specific areas targeted as being environmentally sensitive.

(5) The geographic distribution of funds as appropriate.

(6) The preservation of water resources with significant recreational or economic value and uses.

(7) The development of a network of riparian buffer- greenways bordering and connecting the State's waterways that will serve environmental, educational, and recreational uses.

(c) Develop Additional Guidelines. - The Trustees may develop guidelines in addition to the grant criteria consistent with and as necessary to implement this Article.

(d) Acquisition of Land. - The Trustees may acquire land by purchase, negotiation, gift, or devise. Any acquisition of land by the Trustees must be reviewed and approved by the Council of State and the deed for the land subject to approval of the Attorney General before the acquisition can become effective. In determining whether to acquire land as permitted by this Article, the Trustees shall consider whether the acquisition furthers the purposes of this Article and may also consider recommendations from the Council. Nothing in this section shall allow the Trustees to acquire land under the right of eminent domain.

(e) Exchange of Land. - The Trustees may exchange any land they acquire in carrying out the powers conferred on the Trustees by this Article.

(f) Land Management. - The Trustees may designate managers or managing agencies of the lands acquired under this Article.

(g) Tax Credit Certification. - The Trustees shall develop guidelines to determine whether land donated for a tax credit under G.S. 105-130.34 or G.S. 105-151.12 are suitable for one of the purposes under this Article and may be certified for a tax credit.

(h) Rule-making Authority. - The Trustees may adopt rules to implement this Article. Chapter 150B of the General Statutes applies to the adoption of rules by the Trustees.

(i) The Chair of the Board of Trustees of the Clean Water Management Trust Fund shall report to the Environmental Review Commission beginning November 1, 1996, and annually thereafter on implementation of this section. A written copy of the report shall also be sent to the Fiscal Research Division of the General Assembly beginning November 1, 1996, and annually thereafter on implementation of this section.

(1996, 2nd Ex. Sess., c. 18, s. 27.6(a), (c).)

Editor's Note. - Session Laws 1996, Second Extra Session, c. 18, s. 27.6(c), was codified as subsection (i) of this section at the direction of the Revisor of Statutes.

§ 113-145.6A. Clear Water Management Trust Fund: reporting requirement.

(a) The Chair of the Trustee shall report each year by November 1 to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission and the Subcommittees on Natural and Economic Resources of the House of Representatives and Senate Appropriations Committees regarding the implementation of this Article. A written copy of the report shall also be sent to the Fiscal Research Division of the General Assembly by November 1 each year.

(b) No later than November 1, 1997, and quarterly thereafter, the Chair of the Trustees shall submit to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission and the Subcommittees on Natural and Economic Resources of the House

of Representatives and Senate Appropriations Committees a list of the projects awarded grants from the Fund that quarter. The list shall include for each project a description of the project, the amount of the grant awarded for the project, and the total cost of the project. A written copy of the list and other information regarding the projects shall also be sent to the Fiscal Research Division of the General Assembly by November 1, 1997, and for each subsequent quarter.

(1997-443, s. 7.10.)

Editor's Note. - Session Laws 1997-443, s. 1.1, provides: "This act shall be known as 'The Current Operations and Capital Improvements Appropriations Act of 1997'".

Session Laws 1997-443, s. 35.4, is a severability clause.

Session Laws 1997-443, s. 35.5, made this section effective July 1, 1997.

§ 113-145.7. Clean Water Management Trust Fund: Executive Director and staff.

The Clean Water Management Trust Fund Board of Trustees, as soon as practicable after its organization, shall select and appoint a competent person in accordance with this section as Executive Director of the Clean Water Management Trust Fund Board of Trustees. The Executive Director shall be charged with the supervision of all activities under the jurisdiction of the Trustees and shall serve as the chief administrative officer of the Trustees. Subject to the approval of the Trustees and the Director of the Budget, the Executive Director may employ such clerical and other assistants as may be deemed necessary.

The person selected as Executive Director shall have had training and experience in conservation, protection, and management of surface water resources. The salary of the Executive Director shall be fixed by the Trustees, and the Executive Director shall be allowed travel and subsistence expenses in accordance with G.S. 138-6. The Executive Director's salary and expenses shall be paid from the Fund. The term of office of the Executive Director shall be at the pleasure of the Trustees.

(1996, 2nd Ex. Sess., c. 18, s. 27.6(a).)

§ 113-145.8. Clean Water Management Trust Fund: Advisory Council.

There is established the Clean Water Management Trust Fund Advisory Council. The Council shall advise the Trustees with regard to allocations made from the Fund, and other issues as requested by the Trustees. The Council shall be composed of the following or its designees:

(1) Commissioner of Agriculture.

(2) Chair of the Wildlife Resources Commission.

(3) Secretary of the Department of Environment and Natural Resources.

(4) Secretary of the Department of Commerce.

(1996, 2nd Ex. Sess., c. 18, s. 27.6(a); 1997-443, s. 11A.119(a).)

Editor's Note. - Session Laws 1997-443, s. 1.1, provides: "This act shall be known as 'The Current Operations and Capital Improvements Appropriations Act of 1997.'"

Session Laws 1997-443, s. 35.4, is a severability clause.

Effect of Amendments. - The 1997 amendment, effective August 28, 1997, substituted "Environment and Natural Resources" for "Environment, Health, and Natural Resources."

Local Government, state agencies, and conservation non-profits are eligible to apply to CWMTF for a grant. CWMTF has widely broadcast application forms (with instructions) and details of the Trustee's evaluation criteria to potential applicants. Through various forums, staff has met extensively with eligible parties to apprise them of the opportunities afforded by the program. In addition, we maintain a website with considerable information on the program at www.cwmtf.net.

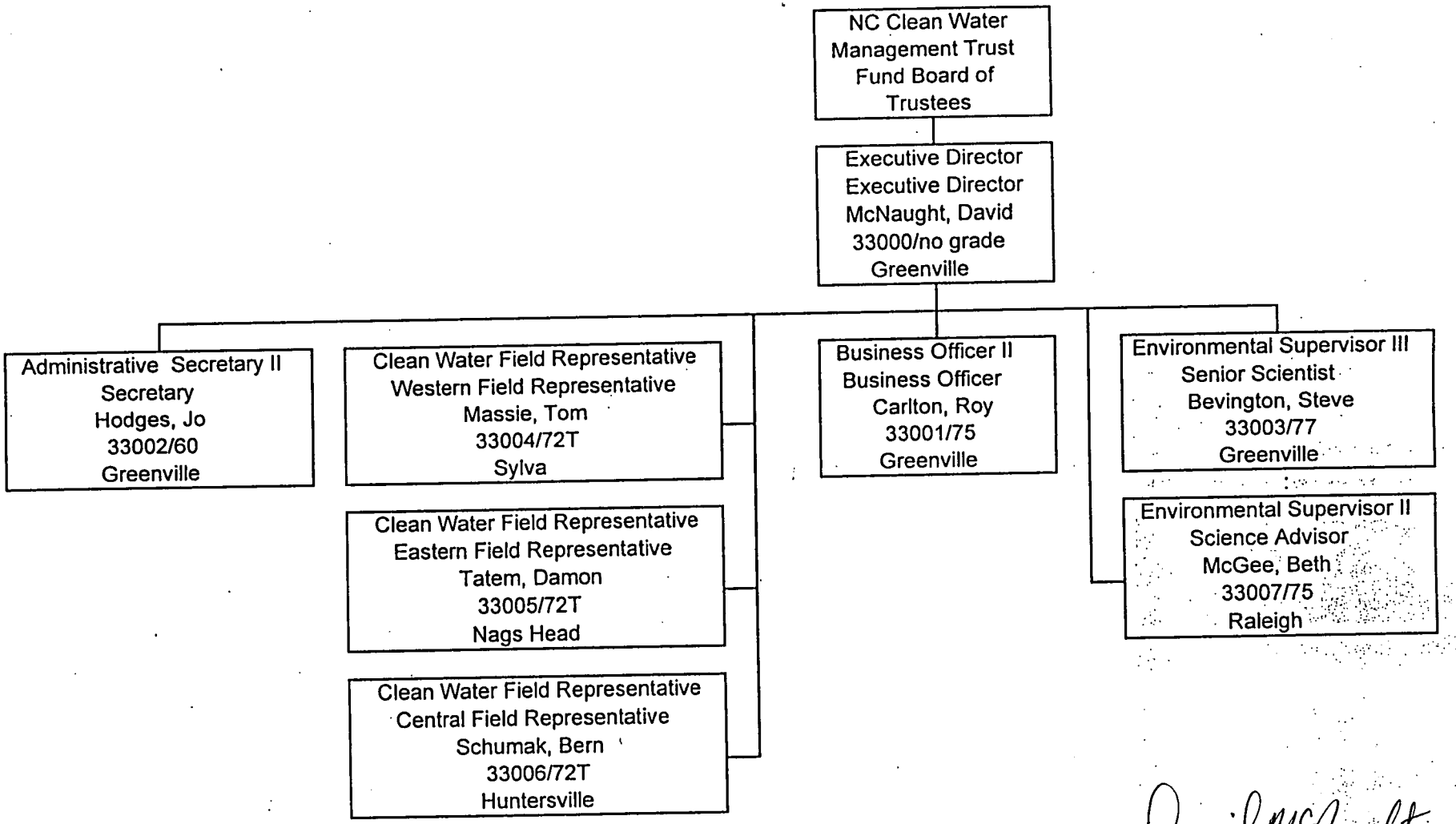
The CWMTF accepts applications at any time. Twice during the year, June 1 and December 1, a cycle closes, and all applications received since the previous cycle closing are collated by staff into a workbook. Those applications are then subject to review for the five months following the closing date. Copies of the workbook, which include the narratives, budgets, maps and application forms for each project, are distributed to the Trustees, staff and the Advisory Council by the middle of the first month.

By the first meeting (second month or January/July) of the review cycle, the Board has begun to review the full workbook; and at that meeting, an agenda is established for the full (project by project) review. The projects are categorized by purpose (stormwater, restoration, property acquisition, wastewater, or planning) and certain categories are reviewed at each of the two-day meetings in the three subsequent months (February/March/April or August/September/October). Prior to the Trustees review of specific projects, CWMTF field staff meet with the applicant to fully clarify the details of the project. Field staff present the projects and supplemental information to the Trustees at the designated meeting. The Trustees fully discuss each project, and take action on whether or not to offer a grant. This process usually leaves the opportunity for a one day meeting (November or May) in which the Trustees can discuss general operations, policies and other matters.

When a grant has been tentatively approved by the Trustees, CWMTF staff and the applicant must execute a formal grant agreement (contract) to ensure that the project will be completed in a fashion that is technically, fiscally and ethically responsible. Once a contract has been established, funding is encumbered and the project is begun. In most cases, the funds are allocated on a periodic reimbursement schedule. The applicant files a progress report with each draw-down request, and a final report is required at the close of the project.

Department of Environment and Natural Resources

Clean Water Management Trust Fund
1/27/99



David McNaught
Executive Director

CLEAN WATER MANAGEMENT TRUST FUND
PROGRESS REPORT: February 1, 1999
(revised march 9, 1999)

My last communication with the legislative committees on November 1, 1998, detailed the actions of CWMTF during the first application cycle of this fiscal year. The final report for fiscal year 1997-1998 had indicated that CWMTF had approved funding for 81 projects at a total cost of approximately $63 million. During the first application cycle of this year, CWMTF approved an additional 40 projects for an estimated cost of approximately $35 million. Furthermore, CWMTF will be supporting the Conservation Reserve Enhancement Program (CREP) at a level of approximately $5.885 million this year. (CREP is the federal/state program wherein states can leverage significant federal revenues for voluntary, incentive-based programs to reduce runoff from agricultural operations. The NC-CREP relies on CWMTF for the majority [80%, or approximately $40 million over five years] of the state contribution, and calls for a federal contribution of approximately $221 million). Hence, as CWMTF began the spring review cycle, total funding for 119 tentatively approved projects (2 projects were cancelled) and the first year of CREP equals $103 million.

The distribution of those 119 projects by general purpose is as follows: 44 (37%) are to acquire fee simple or easement interests in riparian buffers or greenways; 33 (28%) are wastewater projects to repair or construct infrastructure (either for failed waste management systems or for wastewater reuse programs); 22 (18%) are projects to restore degraded lands; 7 (6%) are to better control urban stormwater; and 13 (11%) are planning projects.

Prior to December 1, 1998, CWMTF received 81 applications requesting approximately $132 million. These applications will be evaluated and actions to approve or reject the projects should be taken prior to May 1, 1999. Meanwhile through June 1, 1999, CWMTF is accepting applications, which will be reviewed this summer and fall.

In February, the Trustees evaluated a subset of applications in the spring cycle: applications for restoration, stormwater control and planning projects. The Trustees approved 9 projects, which will cost approximately $11 million. Seven other projects were deferred for further consideration, and 15 projects were not approved for funding. In March the Trustees will consider applications to acquire riparian properties, and in April, they will evaluate applications for projects to repair failing waste management systems.

To date, CWMTF has approved 128 projects (and the first year of funding for CREP) for an estimated cost of approximately $114 million (see attached table, listing the 128 projects).

Funded Projects by General Purpose

Proj. ID	*Applicant Name*	*Region*	*Riverbasin*	*Amount Funded*
Acquisition-Buffers				
1997A-025	Coastal Land Trust	Eastern	Neuse	$378,200
1997A-104	Durham County	Piedmont	Cape Fear	$750,000
1997A-048	NC Coastal Federation	Eastern	White Oak	$2,520,000
1997A-108	NC Division of Parks/Recreation	Eastern	Lumber	$400,000
1997A-126	Piedmont Land Conservancy	Piedmont	Yadkin	$880,000
1997A-086	Wildlife Resources Comm.	Western	Broad	$4,200,000
1997A-088	Wildlife Resources Comm.	Eastern	Roanoke	$1,056,000
1997A-087	Wildlife Resources Comm.	Eastern	Cape Fear	$2,250,000
1997A-119	Fayetteville	Piedmont	Cape Fear	$502,500
1997A-074	Hillsborough	Piedmont	Neuse	$254,000
1997A-085	Orange Sewer/Water Authority	Piedmont	Cape Fear	$1,042,500
1997A-012	Waynesville	Western	French Broad	$500,000
1997B-004	Centralina Council of Governments	Piedmont	Catawba	$6,560,000
1997B-002	Div. Of Parks & Rec. NCDEHNR	Eastern	Lumber	$550,000
1997B-023	Gastonia	Piedmont	Catawba	$347,000
1997B-014	Land Trust for Central North Carolina	Piedmont	Yadkin	$500,000
1997B-013	Land Trust for Central North Carolina	Piedmont	Yadkin	$50,000
1997B-016	Maiden	Western	Catawba	$360,000
1997B-006	NC Division of Coastal Management	Eastern	Pasquotank	$3,858,500
1997B-008	Ramseur	Piedmont	Cape Fear	$134,000
1997B-009	Triangle Land Conservancy	Piedmont	Cape Fear	$2,750,000
1997B-001	Yadkinville	Piedmont	Yadkin	$980,000
1998A-001	Long Beach	Eastern	Lumber	$456,000
1998A-012	NC Division of Parks and Recreation	Eastern	White Oak	$1,480,000
1998A-010	NC Wildlife Resources Commission	Eastern	Pasquotank	$250,000
1998A-011	NC Wildlife Resources Commission	Eastern	Pasquotank	$620,000
1998A-014	Pacolet Area Conservancy	Western	Broad	$290,000
1998A-002	Southern Appalachian Highlands Cons	Western	Little Tennessee	$222,000
1998A-004	Triangle Land Conservancy	Piedmont	Cape Fear	$1,189,000
1998A-005	NC Wildlife Resources Commission	Eastern	Cape Fear	$1,070,000
1998A-008	NC Wildlife Resources Commission	Eastern	Pasquotank	$169,000
1998A-101	New Hanover County	Eastern	Cape Fear	$6,000,000
			Group Total:	*$42,568,700*

Proj. ID	Applicant Name	Region	Riverbasin	Amount Funded
Acquisition-Greenways				
1997A-010	Rocky Mount	Eastern	Tar-Pamlico	$200,000
1997A-039	Claremont	Western	Catawba	$56,000
1997A-042	Lenoir	Western	Catawba	$50,000
1997A-032	Morganton	Western	Catawba	$550,000
1997A-045	Riverlink	Western	French Broad	$250,000
1998A-103	Chapel Hill	Piedmont	Cape Fear	$200,000
1998A-104	Raleigh	Piedmont	Neuse	$2,850,000
			Group Total:	*$4,156,000*
Easements				
1997B-201	Conserv.Fund/Southern Appalachian	Western	Little Tennessee	$294,300
1997B-011	Pamlico-Tar River Foundation	Eastern	Tar-Pamlico	$27,000
1998A-201	Conservation Fund	Western	French Broad	$1,148,000
1998A-203	Southern Pines	Piedmont	Lumber	$96,000
1998A-202	North Carolina Coastal Land Trust	Eastern	Neuse	$263,000
			Group Total:	*$1,828,300*
Planning				
1997A-138	Land of Sky COG	Western	French Broad	$110,000
1997A-049	NC Coastal Federation	Eastern	Multiple	$90,000
1997A-051	NC Global TransPark Dev. Comm.	Eastern	Neuse	$50,000
1997A-120	NC-CGIA	Statewide/Regional	Multiple	$250,000
1997A-094	Triangle J COG	Piedmont	Neuse	$59,000
1997A-030	Buncombe Soil & Water	Western	French Broad	$118,866
1997A-137	Catawba Lands Conservancy	Piedmont	Catawba	$50,000
1997A-009	Conservation Trust For NC	Statewide/Regional	Multiple	$470,000
1997A-097	Triangle J COG	Piedmont	Cape Fear	$70,000
1997B-305	NC Dept. of Commerce/Div. Communit	Statewide/Regional	Multiple	$63,347
1997B-803	Yadkin-Pee Dee River Basin Associati	Piedmont	Yadkin	$50,000
1998A-803	Conservation Fund	Western	New	$92,500
1998A-807	Fayetteville	Piedmont	Cape Fear	$63,200
1998B-805	NC Division of Water Quality	Statewide/Regional	Multiple	$2,118,400
			Group Total:	*$3,655,313*

Proj. ID	*Applicant Name*	*Region*	*Riverbasin*	*Amount Funded*
Restoration				
1997A-006	Macon County	Western	Little Tennessee	$3,885,000
1997A-112	NC Div. of Water Resources	Statewide/Regional	Multiple	$250,000
1997A-076	NCSU-Coop. Ext. Svs.	Western	Watauga	$394,103
1997A-024	Swain County Economic Development	Western	Little Tennessee	$195,900
1997B-408	McDowell County	Western	Catawba	$294,250
1997B-402	National Committee for the New River,	Western	New	$75,000
1997B-908	NCSU Cooperative Extension Service	Statewide/Regional	Neuse	$329,520
1997B-404	North Carolina Council of Trout Unlimit	Western	French Broad	$25,000
1997B-405	Pilot View, Inc.	Piedmont	Yadkin	$125,000
1997B-407	UNC Institute of Marine Sciences	Eastern	Neuse	$1,064,190
1997B-801	Mountain Valleys Resource Conserv.a	Western	Broad	$581,000
1998A-402	Boone	Western	New	$522,000
1998A-407	Craven County	Eastern	Neuse	$1,300,000
1998A-414	Currituck County	Eastern	Pasquotank	$352,610
1998A-408	Greenville	Eastern	Multiple	$1,149,000
1998A-416	NC State University	Western	French Broad	$300,000
1998A-411	NC State University	Piedmont	Neuse	$1,123,000
1998A-413	Pasquotank County	Eastern	Pasquotank	$413,600
1998A-403	Roper	Eastern	Pasquotank	$60,000
1998A-409	Wake County Parks and Recreation	Piedmont	Neuse	$635,000
1998A-302	Cape Fear Botanical Garden	Piedmont	Cape Fear	$77,000
1998A-003	Creedmoor	Piedmont	Neuse	$290,000
1998B-404	Hiwassee River Watershed Coalition, I	Western	Hiwassee	$2,100,000
1998B-407	NC Wildlife Resources Commission -	Western	Catawba	$156,500
1998B-410	Pilot View RC&D, Inc.	Piedmont	Yadkin	$298,000
			Group Total:	*$15,995,673*

Proj. ID	Applicant Name	Region	Riverbasin	Amount Funded
Stormwater				
1997A-067	Greensboro	Piedmont	Cape Fear	$1,000,000
1997A-121	Lake Waccamaw	Eastern	Lumber	$30,514
1997A-139	NC Sea Grant	Eastern	White Oak	$200,000
1997B-904	Greensboro	Piedmont	Cape Fear	$600,000
1997B-705	Mecklenburg County Dept. of Environ.	Piedmont	Catawba	$750,000
1997B-017	Edenton	Eastern	Chowan	$880,000
1998A-703	Jacksonville	Eastern	White Oak	$572,043
1998B-701	Elisha Mitchell Audubon Society	Western	French Broad	$139,700
1998B-702	Mecklenburg County Park & Recreatio	Piedmont	Catawba	$209,000
1998B-704	Plymouth	Eastern	Roanoke	$835,000
1998B-705	Tryon Palace	Eastern	Neuse	$1,000,000
1998B-706	Washington	Eastern	Tar-Pamlico	$3,946,000
			Group Total:	*$10,162,257*

Proj. ID	Applicant Name	Region	Riverbasin	Amount Funded
Wastewater				
1997A-100	Goldsboro	Eastern	Neuse	$789,360
1997A-101	Goldsboro	Eastern	Neuse	$1,640,000
1997A-022	Craven County	Eastern	Neuse	$160,000
1997A-133	Gastonia	Piedmont	Catawba	$1,000,000
1997A-001	Pamlico County	Eastern	Neuse	$1,650,000
1997A-034	Bryson City	Western	Little Tennessee	$80,000
1997A-118	Fairmont	Eastern	Lumber	$1,000,000
1997A-129	Seaboard	Eastern	Chowan	$1,037,000
1997A-117	Tabor City	Eastern	Lumber	$570,000
1997A-128	Tuckaseigee S/W Authority	Western	Little Tennessee	$1,200,767
1997B-515	Stovall	Piedmont	Roanoke	$800,000
1997A-018	Grimesland	Eastern	Tar-Pamlico	$425,000
1997B-304	Wilson	Eastern	Neuse	$803,350
1997B-506	Gibson	Eastern	Lumber	$286,500
1997B-610	Hildebran	Western	Catawba	$136,000
1997B-613	Madison County	Western	French Broad	$903,000
1997B-516	Mt. Gilead	Piedmont	Yadkin	$498,000
1997B-512	Swansboro	Eastern	White Oak	$1,663,760
1997B-604	Village of Flat Rock	Western	French Broad	$551,695
1997B-611	Wagram	Eastern	Lumber	$400,000
1997B-609	Western Piedmont Council of Govern	Western	Catawba	$450,000
1997B-501	Bethel	Eastern	Tar-Pamlico	$1,531,000
1998A-508	Chadbourn	Eastern	Lumber	$1,312,000
1998A-507	Contentnea Metro.Sewerage Distr.	Eastern	Neuse	$720,000
1998A-509	Granite Falls	Western	Catawba	$1,228,000
1998A-604	Jackson County	Western	Little Tennessee	$452,000
1998A-602	Pembroke	Piedmont	Lumber	$380,000
1998A-606	PPCC Health District	Eastern	Multiple	$857,000
1998A-505	Ramseur	Piedmont	Cape Fear	$344,000
1998A-501	Stoneville	Piedmont	Roanoke	$643,000
1998A-605	Toe River Health District	Western	French Broad	$791,500
1998A-301	Brunswick County	Eastern	Lumber	$1,500,000
1998A-304	Johnston County	Piedmont	Neuse	$3,800,000
			Group Total:	*$29,602,932*
			Grand Total:	$107,969,175

Fund Balance Summary
28-Feb-99

	7/1/96 to 6/30/97	7/1/97 to 6/30/98	7/1/98 to 2/28/99
Income			
Prior Period Carry Forward	$ -	$ 40,312,892	$ 31,139,380
Allocation	$ 47,100,000	$ 49,354,893	$ 47,400,000
Interest Earned	$ 2,463,993	$ 4,210,988	$ 3,233,711
Subtotal	$ 49,563,993	$ 93,878,774	$ 81,773,091
Expenses			
Administration	$ 51,101	$ 519,024	$ 850,000
Wetlands Restoration Program	$ 9,200,000	$ -	$ -
	$ 9,251,101	$ 519,024	$ 850,000
Available for Grants	$ 40,312,892	$ 93,359,750	$ 80,923,091
Grants Tentatively Approved	$ -	$ 62,220,370 *	$ 45,748,805
CREP Approved			$ 5,885,549
Carry Forward to Next Period	$ 40,312,892	$ 31,139,380	$ 29,288,737

Department of Environment and Natural Resources

Division of Soil and Water Conservation							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	20,483,689	14,350,194	19,078,746	12,492,303		12,492,303	
Less Receipts	(106,283)	(278,550)	(5,982,982)	(189,460)		(189,460)	
State Appropriations	*20,377,406*	*14,071,644*	*13,095,764*	*12,302,843*	-6.1%	*12,302,843*	-6.1%
Less 1998-99 NR			*(732,500)*				
Adjusted Appropriations			*12,363,264*	*12,302,843*	-0.5%	*12,302,843*	-0.5%
Positions	59.50	58.50	55.20	55.20		55.20	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriations.

DIVISION ACTIVITIES

- Agriculture Cost Share Program – provide financial and technical assistance in the installation of BMPs
- Conduct operations reviews of animal waste facilities
- Support of local Soil and Water Conservation District programs
- Soil Survey Program
- Watershed Planning

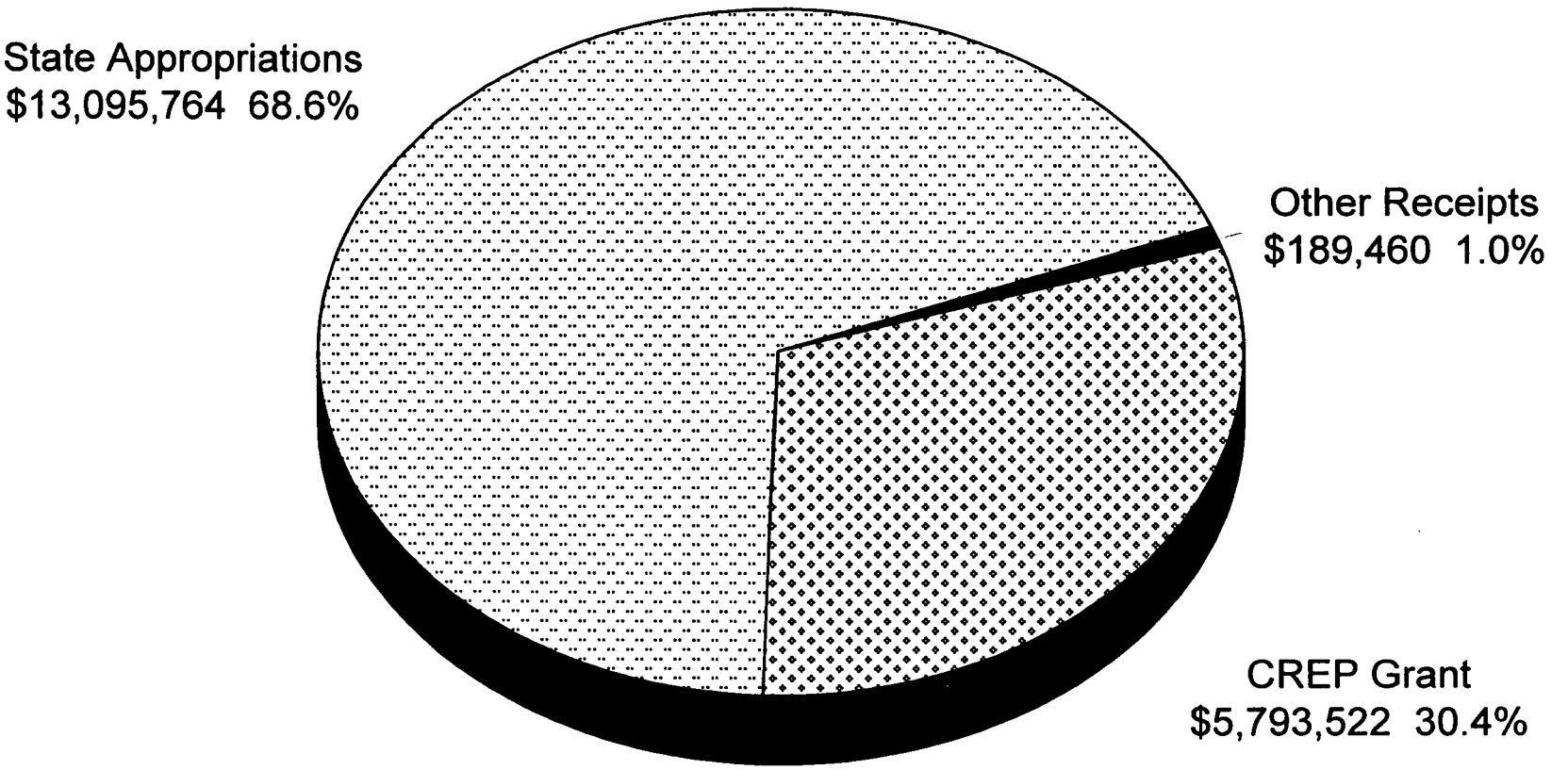
Governor's Budget, Volume 5, pp. 194 to 195.

Attachment 3

Division of Soil and Water Conservation

Fund Sources

FY 1998-99 Authorized

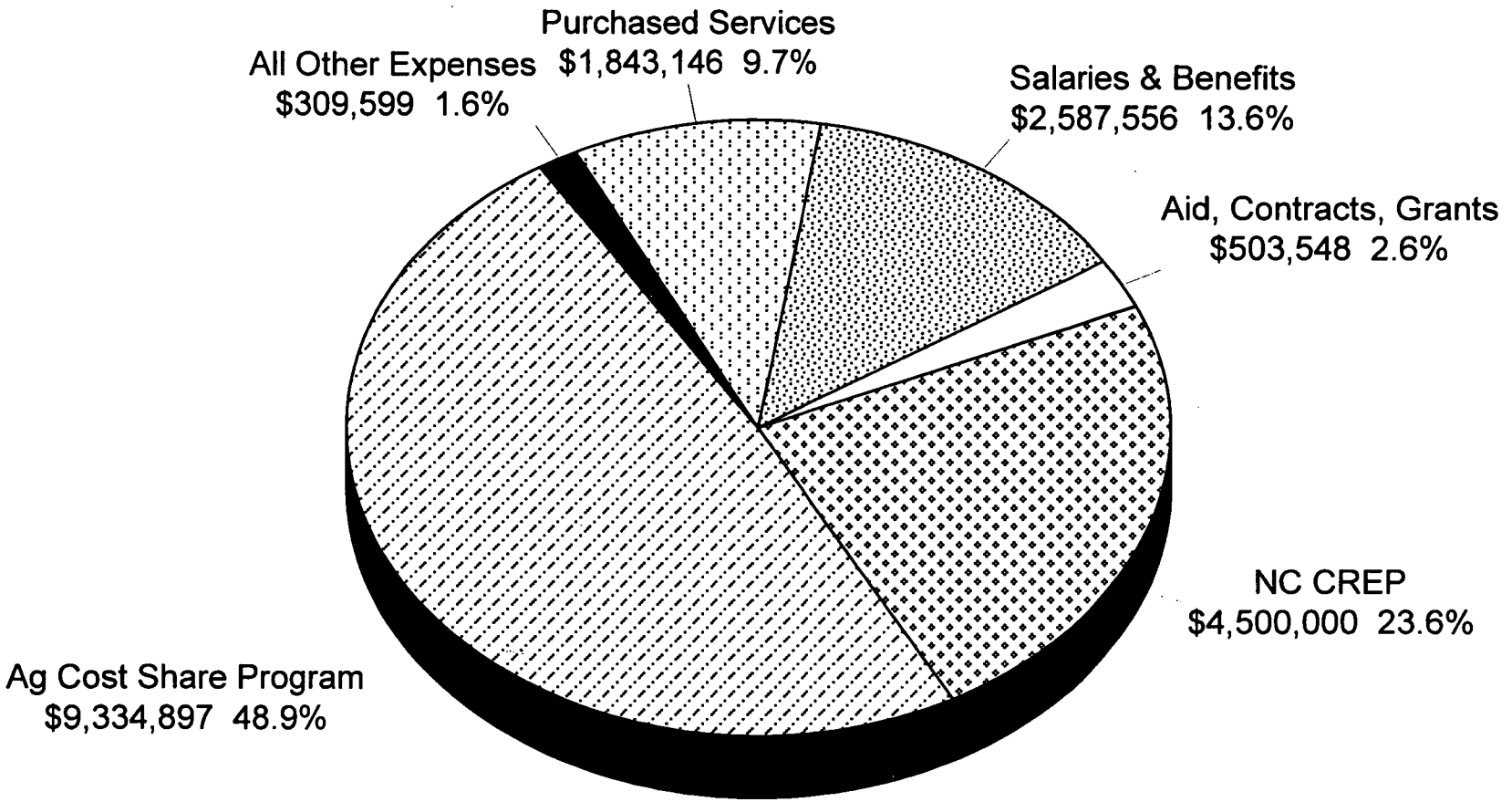


Fiscal Research Division -- March 1999

Division of Soil and Water Conservation

Expenditures by Category

FY 1998-99 Authorized



Fiscal Research Division -- March 1999

DIVISION OF SOIL AND WATER CONSERVATION

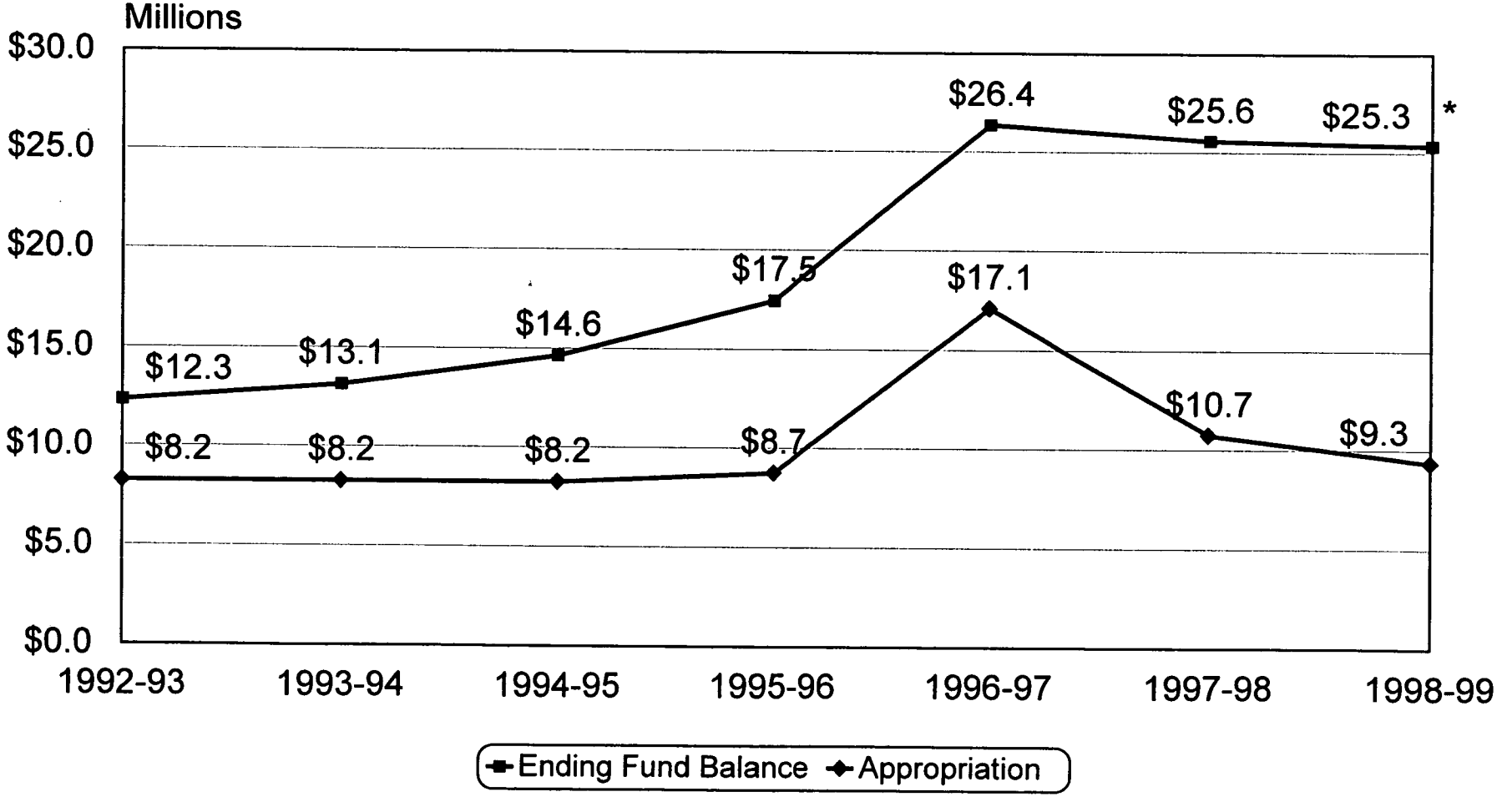
OVERVIEW OF BUDGET ACTIONS FOR THE CURRENT 1997-99 BIENNIUM

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Reduce Equipment, Supplies and Travel Funds	($56,875) R	($56,875) R
2. Technical Assistance for Animal Waste Compliance		($185,445) R -5.50
SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Agriculture Cost Share BMP Funds – Animal Waste Management	$2,000,000 NR	
2. Agriculture Cost Share BMP Funds		$500,000 NR
3. Agriculture Cost Share County Technical Assistance	$300,000 R	$300,000 R $100,000 NR
4. Soil and Water District Travel Funds	$50,000 NR	$50,000 NR
5. Neuse and Tar-Pam River Basin Assistance		$75,000 NR

Division of Soil and Water Conservation

Agriculture Cost Share Program

Annual State Appropriations and Year-end Cash Balances



Fiscal Research Division -- March 1999

* Cash Balance as of 1/31/99

DENR 155

PROPOSED RECOMMENDATIONS FOR THE UPCOMING 1999-2001 BIENNIUM

CONTINUATION BUDGET ITEMS

None

GOVERNOR'S RECOMMENDED REDUCTIONS (SUMMARY VOLUME)

None

Mission Statement

To conserve the state's soil and water resources.

Operations

- Administer statewide comprehensive program for conserving the state's soil and water.
- Encourage the adoption of Best Management Practices (BMPs) to reduce agricultural nonpoint source pollution.
- Administer the Agricultural Cost Share Program.
- Conduct annual operational reviews of animal waste facilities.
- Support acitivities of the 96 Soil and Water Conservation Districts.
- Provide technical assistance to control crop and animal waste pollutants to waters of the state.
- Administer the Cooperative Soil Survey Program.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase waters meeting their designated uses by 20 percent from 1992-93 to 2002-03. *PPB: 5610*				
• Number of acres treated by Best Management Practices are implemented to prevent delivery of nutrients, sediment, animal wastes, pesticides, etc into public waters	130,000	140,000	150,000	170,000
• Percentage of Agriculture Cost Share Program funds spent in watersheds of impaired waters		40%	60%	65%
• Tons of soil erosion reduced through best management practices (BMP) installation (projects initiated earlier)	231,885	240,460	265,720	280,000
• Pounds of nitrogen loss reduced through best management practices (BMP) installation (projects initiated earlier) (98-99 data for Tar-Pamlico and Neuse basins only)		592,000	2,598,000	3,000,000
• Pounds of phosphorous loss reduced through best management practices (BMP) installation (projects initiated earlier) (98-99 data for Tar-Pamilco and Neuse basins only)		272,000	906,000	1,400,000
• Number of operations reviews of animal waste management systems conducted	3,685	2,800	2,800	2,800
Provide natural resources conservation technical and educational assitance to the agricultural community and the general public. *PPB: 5610*				
• Animal waste management plans developed	141	125	125	125
• Number of operations reviews of animal waste management systems conducted	3,685	2,800	2,800	2,800
• Number of cost share contracts approved for installation of best management practices (BMP)	119	129	139	150
• Number of participants in workshops and training events	400	400	450	450
Develop and maintain an accurate soil survey for all 100 counties via the Cooperative Soil Survey Program. *PPB: 5610*				
• Acres mapped by division soils staff in support of the NC Cooperative Soil Survey Program	47,586	75,000	75,000	75,000

DENR 157

Soil and Water Conservation

History

- The first Soil and Water Conservation District in U.S. was formed in Anson County (Brown Creek District) 62 years ago (1937).
- Now 96 Districts with 492 District supervisors (5 per District; 3 elected, 2 appointed)
- Function as a partnership between local Districts, State Government (SWCC, DSWC), and Federal Government (NRCS)
- Division of Soil and Water Conservation formed in 1979 in DENR.

Soil and Water Conservation Commission

- All Commission members except the Chairman are required to be Supervisors at the local District level (Current Chairman is a Supervisor, as well)
- Non-partisan except for the Chairman, but serve at pleasure of the Governor

Our Mission

To conserve (and preserve) the State's soil and water resources.

Operations

- Administer the Agriculture Cost Share Program
- Provide technical assistance to control pollution to NC waters from cropland and animal operations.
- Conduct annual operations reviews of animal waste facilities

Objectives and Key Performance Measures

1. Increase surface waters that meet their designated use by 20% from 1994 to 2004.

Examples/Measures

- Since 1994 participants in the Agriculture Cost Share Program have reduced sediment leaving cropland acreage by at least 1.3 million tons per year. Sediment is considered the number one cause of water quality impairment in North Carolina.
- Long term no-till is one of the most effective practices for reducing sediment leaving cropland. The acreage using long-term no-till (5 consecutive years without tillage) under the Agriculture Cost Share Program doubled from Program Year 1997 to 1998. Significant increases in acreage under long term no-till are expected over the next several years. Long-term no-till has the added benefit of lowering production costs and improving soil health.
- Documented nitrogen and phosphorus reductions through cost-shared best management practices totaled 2.6 million pounds and 906,000 pounds respectively. Program year 1998 was the first year of statewide accounting for nutrient reductions, and the reduction estimates are believed to be significantly underestimated.

2. Provide natural resources conservation technical and educational assistance to agricultural community and general public.

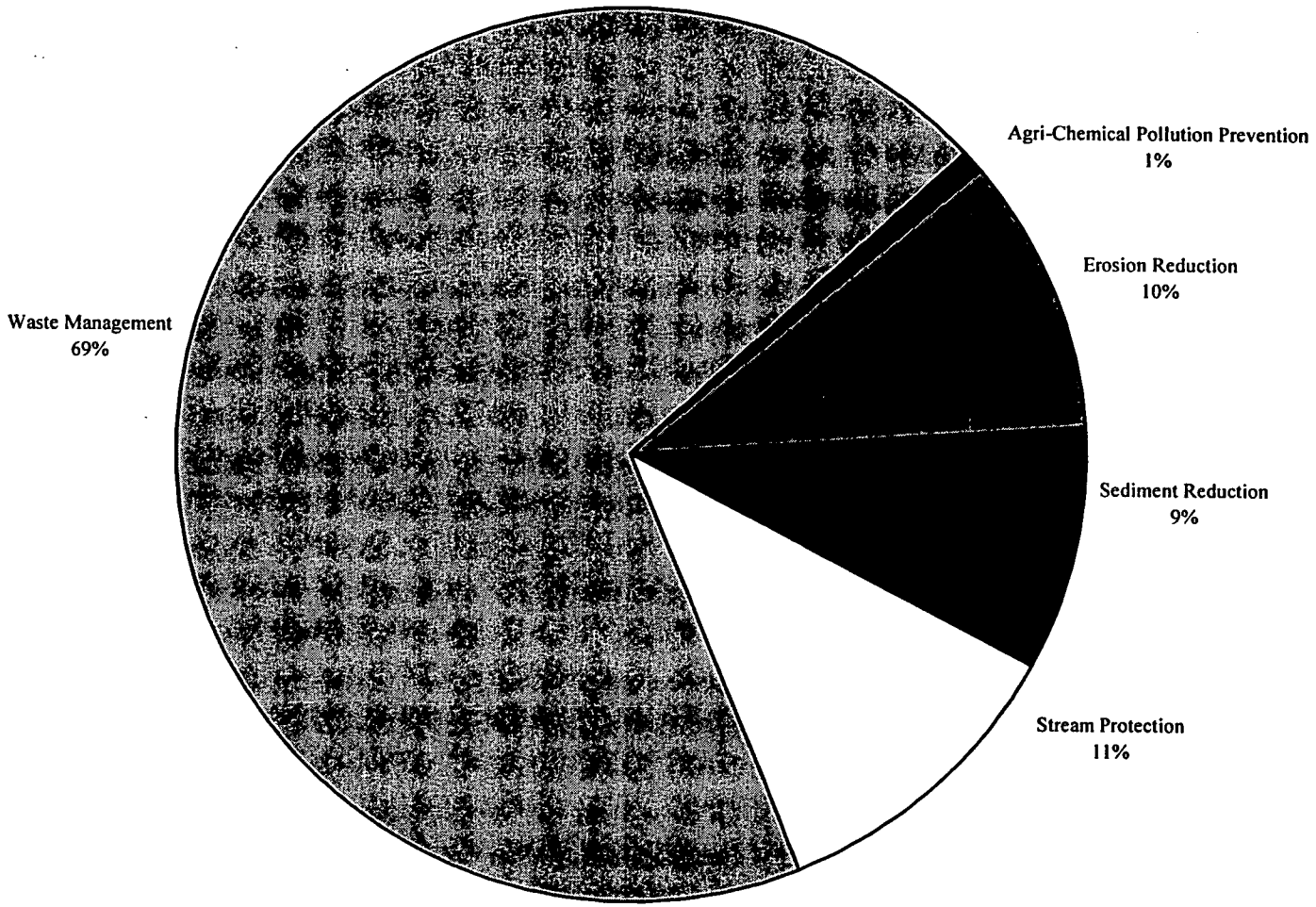
Examples/Measures:

- Completed 100% (2800) of operational reviews for animal operations. Livestock operations are doing a better job in managing waste (discharges of waste to surface waters decreased from 77 in 1997 to 45 in 1998).
- The Division currently cost shares (50/50) 131 positions in local Soil and Water Conservation Districts to provide technical assistance to agricultural producers and landowners in the implementation of agricultural best management practices.
- Division staff provide assistance to approximately 125 animal producers per year in developing and revising animal waste management plans.
- Division staff conduct and participate in numerous workshops aimed at providing technical information to agricultural producers about best management practices and how to qualify for assistance under the Agriculture Cost Share Program.

Major Accomplishments of 1998-1999

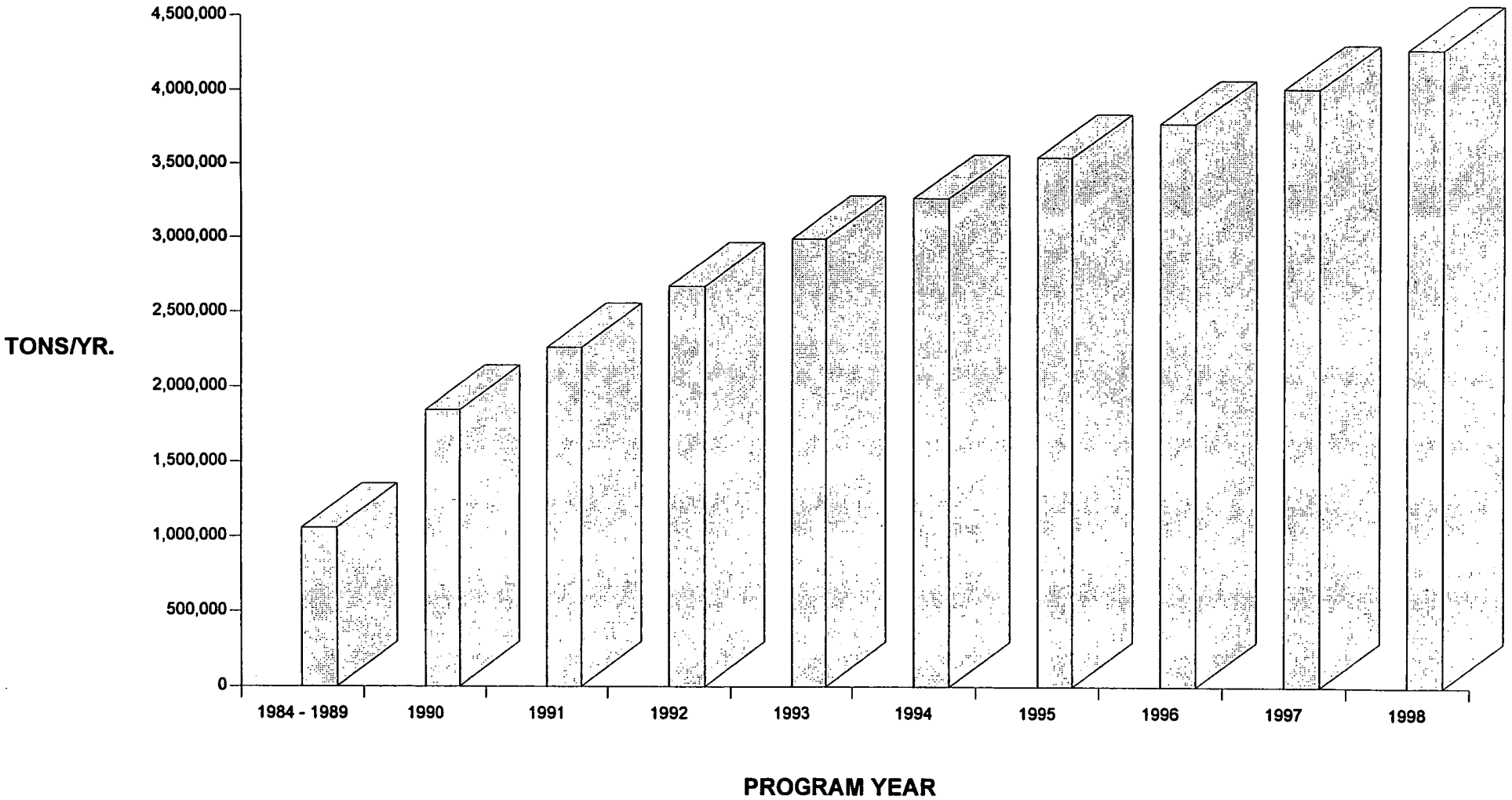
- Initiated the Conservation Reserve Enhancement Program (CREP) in partnership with the U.S. Department of Agriculture, the Clean Water Management Trust Fund, Division of Water Quality, and Soil and Water Conservation Districts. This $274 million program provides financial incentives to eligible landowners in the Neuse, Tar-Pamlico, and Chowan River Basins and the Jordan Lake Watershed to establish vegetated riparian buffers.
- Initiated several actions to improve accountability, tracking, and targeting for the Agriculture Cost Share Program, including:
  - Instituted new, Oracle-based Agriculture Cost Share Program Database System
  - Initiated a Cost/Benefit study of current and potential new best management practices for the program.
  - Began to measure the percentage of Agriculture Cost Share Program dollars that are spent in watersheds of impaired waters. Stressed to Districts importance of prioritizing impaired waters for cost share work.
  - Began exploration of opportunities for using satellite and aerial imagery to target and track best management practice installation on cropland.
- Completed a successful Animal Waste Inspection Pilot Program in Jones and Columbus Counties. In this program the Division conducted both the annual operational review and the annual regulatory inspection.

1997-98 Funding by BMP Type



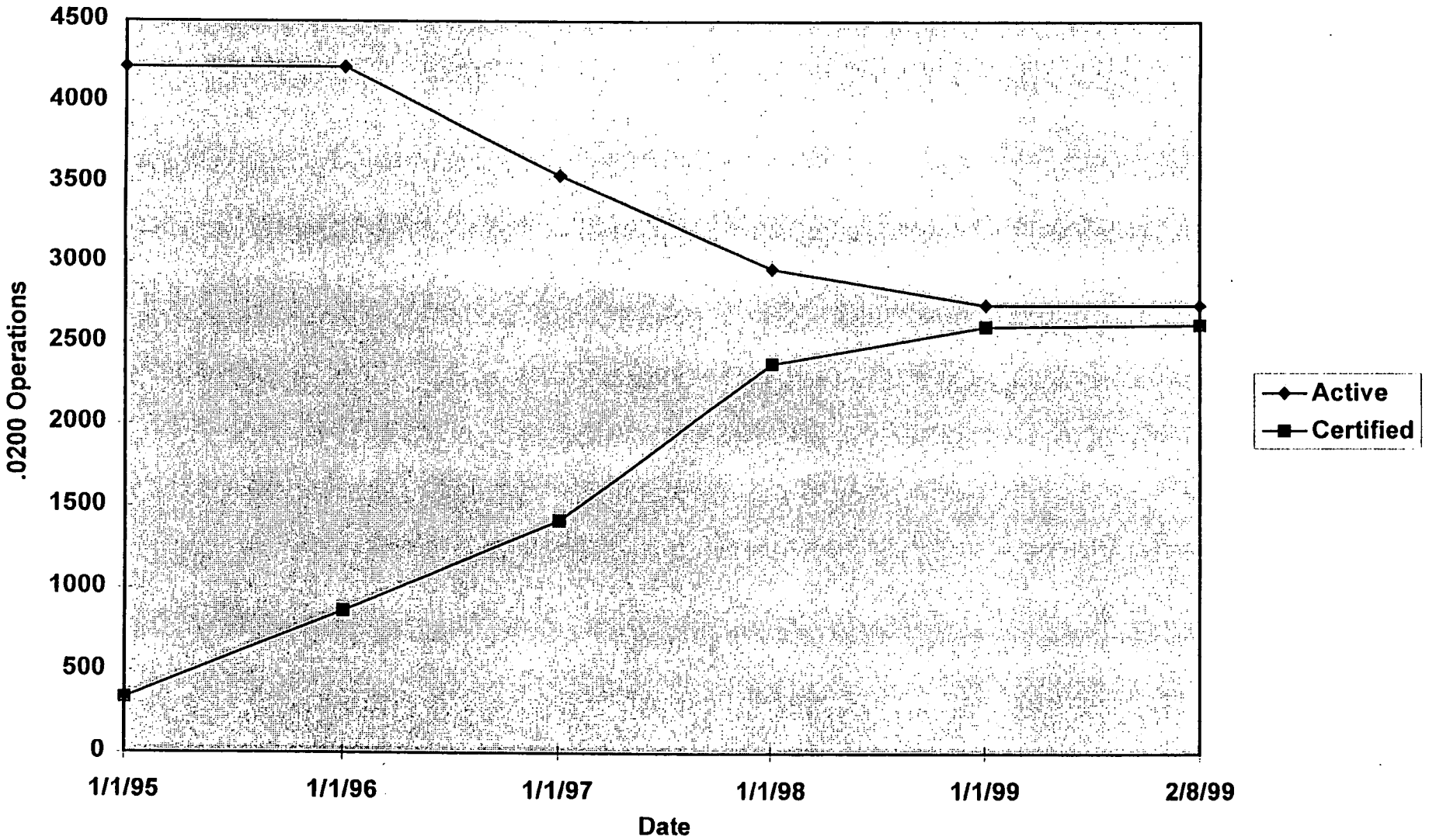
AGRICULTURE COST SHARE PROGRAM

REDUCTION IN SOIL LOSS



DSWC

.0200 Certification Progress



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SOIL AND WATER CONSERVATION (DDH011)

Budget Code(s)

14300, 24300

Mission Statement

To encourage and facilitate the adoption of sustainable practices for conserving the state's soil and water resources.

Operations

- Administer statewide comprehensive program for conserving the state's soil and water (op_id:591)
- Encourage the adoption of Best Management Practices (BMPs) to reduce agricultural nonpoint source pollution (op_id:593)
- Administer the Agriculture Cost Share Program
- Conduct annual operational reviews of animal waste facilities (op_id:596)
- Support activities of the 96 Soil and Water Conservation Districts (op_id:592)
- Provide technical assistance to control crop and animal waste pollutants to NC waters (op_id:595)
- Administer the Cooperative Soil Survey Program (op_id:594)

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
1. Increase surface waters that meet their designated use by 20% from 1994 to 2004. (obj_id:397) PPB:5610				
• Acres on which agricultural best management practices are in place* (meas_id:3107)	81,000	111,000	120,000	150,000
• Percentage of Ariculture Cost Share Program funds spent in watersheds of impaired waters.	N/A	N/A	40%	50%
• Tons of soil erosion reduced through BMP installation*	231,885	240,460	265,720	280,000
• Pounds of nitrogen loss reduced through BMP installation*	N/A	592,000**	2,598,000	3,000,000
• Pounds of phosphrous loss reduced through BMP installation*	N/A	272,000**	906,000	1,400,000
• Number of operations reviews of animal waste management systems conducted	3,685	2,800	2,800	2,800
2. Provide Natural Resources conservation technical and educational assistance to agricultural community and general public. (obj_id:399) PPB: 5610				
• Number of animal waste management plans developed (meas_id:2550)	141	125	125	125
• Number of operations reviews of animal waste management systems conducted (meas_id:2552)	3,685	2,800	2,800	2,800
• Number of cost share contracts approved for installation of BMPs	2014	1922	2000	2000
• Number of participants in workshops and training events	Not available	Not available	Not available	Not available
3. Develop and maintain an accurate soil survey for all 100 counties via the Cooperative Soil Survey Program.				
• Number of counties with complete up-to-date soil survey.				
• Acres mapped by division soils staff in support of the NC Cooperative Soil Survey Program (meas_id:2554)		75,000	75,000	75,000

***- Note: Measure based on implementation of projects initiated two fiscal years earlier.**

**** - Note: N&P reduction for FY-99 estimated only for Tar-Pamlico and Neuse basins**

Conservation Reserve Enhancement Program
Enrollment Guidelines

- The Conservation Reserve Enhancement Program seeks to enroll 100,000 acres of cropland and highly erodible pastureland near rivers, streams, wetlands, field ditches, estuaries, or Jordan Lake.

- Eligible land must have a cropping history in 2 of the last 5 years or must be located on highly erodible pastureland.

- There are three primary practices in which a producer can choose to implement under the CREP: forested riparian buffers, grassed filter strips, and wetland practice.

- The forested riparian buffer practice may extend from a minimum of 35 feet to a maximum of 350 feet from a river, stream, wetland, field ditch, estuary, or Jordan Lake.
  - Exception: This practice may extend to a maximum of 750 feet if the enrollment area is classified as highly erodible land.

- The grassed filter strip practice may extend from a minimum of 20 feet to a maximum of 350 feet from a river, stream, wetland, field ditch, estuary, or Jordan Lake.

- The wetland practice may extend 750 feet from rivers, streams, field ditches, estuaries, wetlands, or Jordan Lake.

- Land to be enrolled in these practices must be contiguous along the watercourse.

- All practices will be installed such that water from the field or pasture will flow though the CREP enrollment area in order to provide removal of nutrients and sediment.

- Landowners may enroll in a 10-year, 15-year, 30-year, or permanent conservation agreement.

Tim Baumgartner
CREP Manager
Division of Soil and Water Conservation, DENR
(919) 715-6107

March 10, 1999

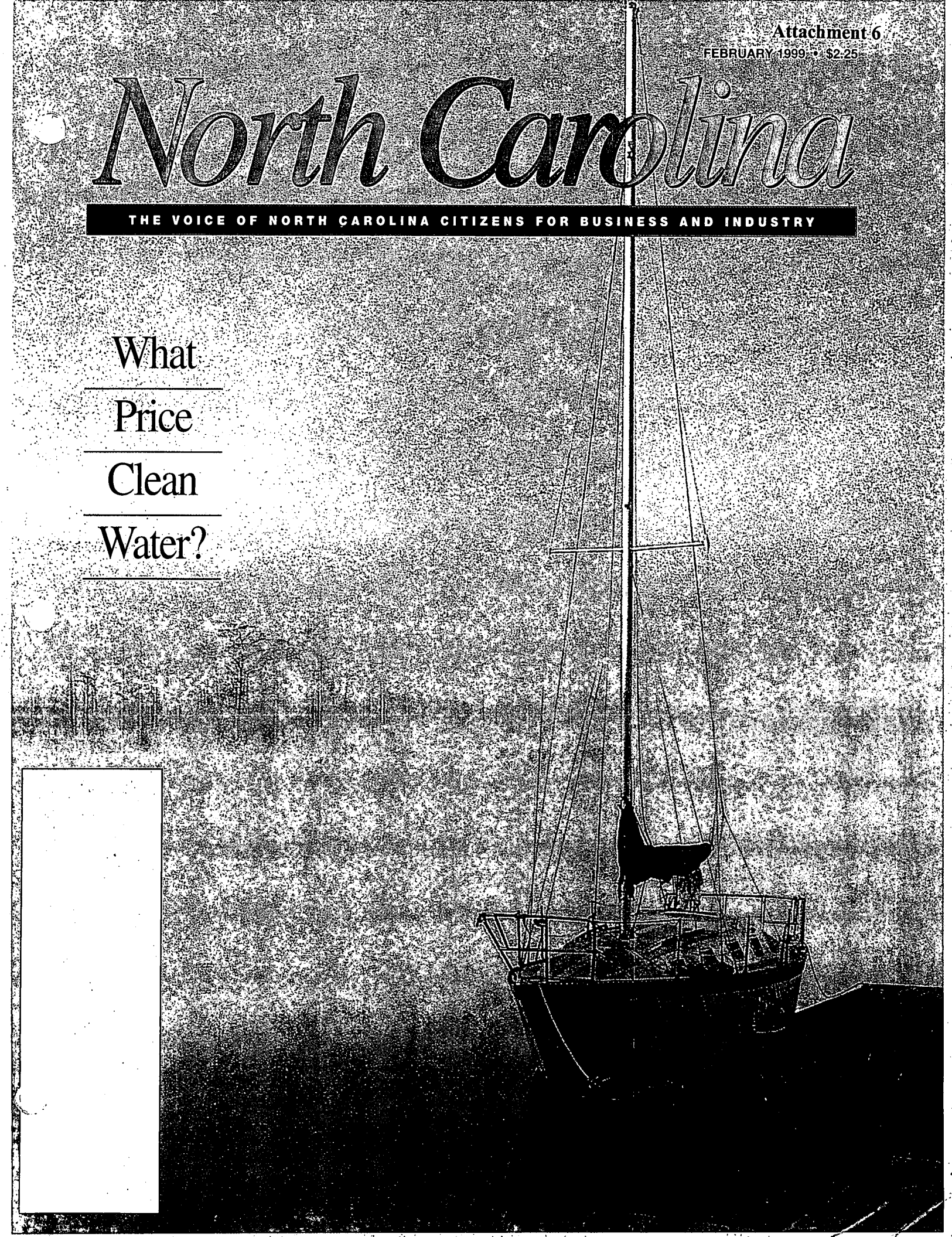
Attachment 6

FEBRUARY 1999 • $2.25

North Carolina

THE VOICE OF NORTH CAROLINA CITIZENS FOR BUSINESS AND INDUSTRY

What Price Clean Water?



Department of Environment and Natural Resources

Nona

Division of Waste Management							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	15,955,995	16,353,750	19,253,143	18,716,443		18,691,295	
Less Receipts	(10,738,715)	(11,034,494)	(13,812,758)	(13,406,207)		(13,399,147)	
Cash Balance +/-	-	-	-	-		-	
State Appropriations	*5,217,280*	*5,319,256*	*5,440,385*	*5,310,236*	-2.4%	*5,292,148*	-2.7%
Positions	260.00	260.00	260.00	260.00		259.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

- Management of solid and hazardous waste
- Clean-up of uncontrolled waste sites
- Provide technical assistance to local governments and waste generators for waste minimization and management
- Permitting and investigation of waste facilities and sites
- Administration of Underground Storage Tank program

Governor's Budget, Volume 5, pp. 213 to 217

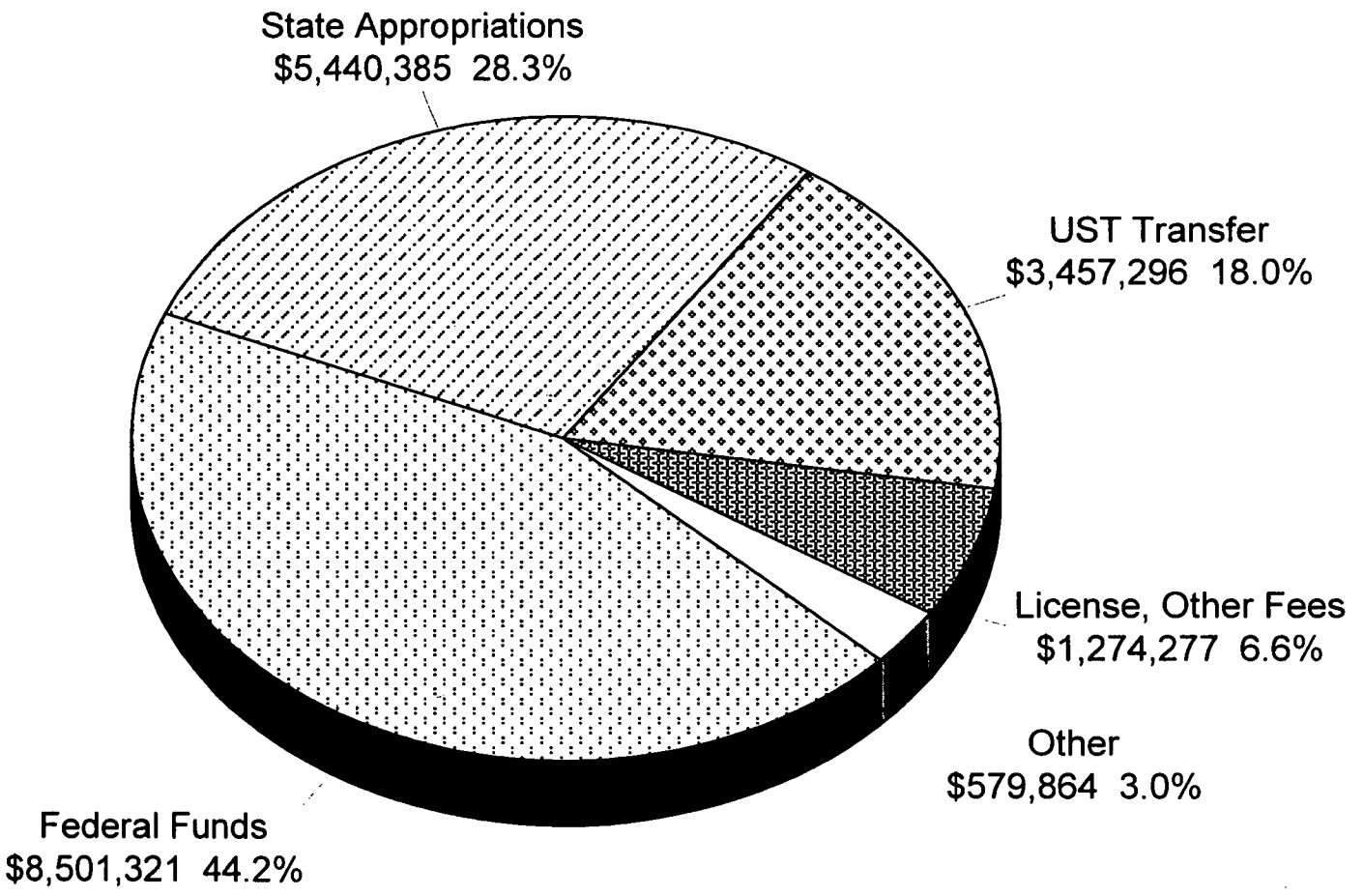
Attachment 7

DENR 158

Division of Waste Management

Sources of Funding

FY 1998-99 Authorized

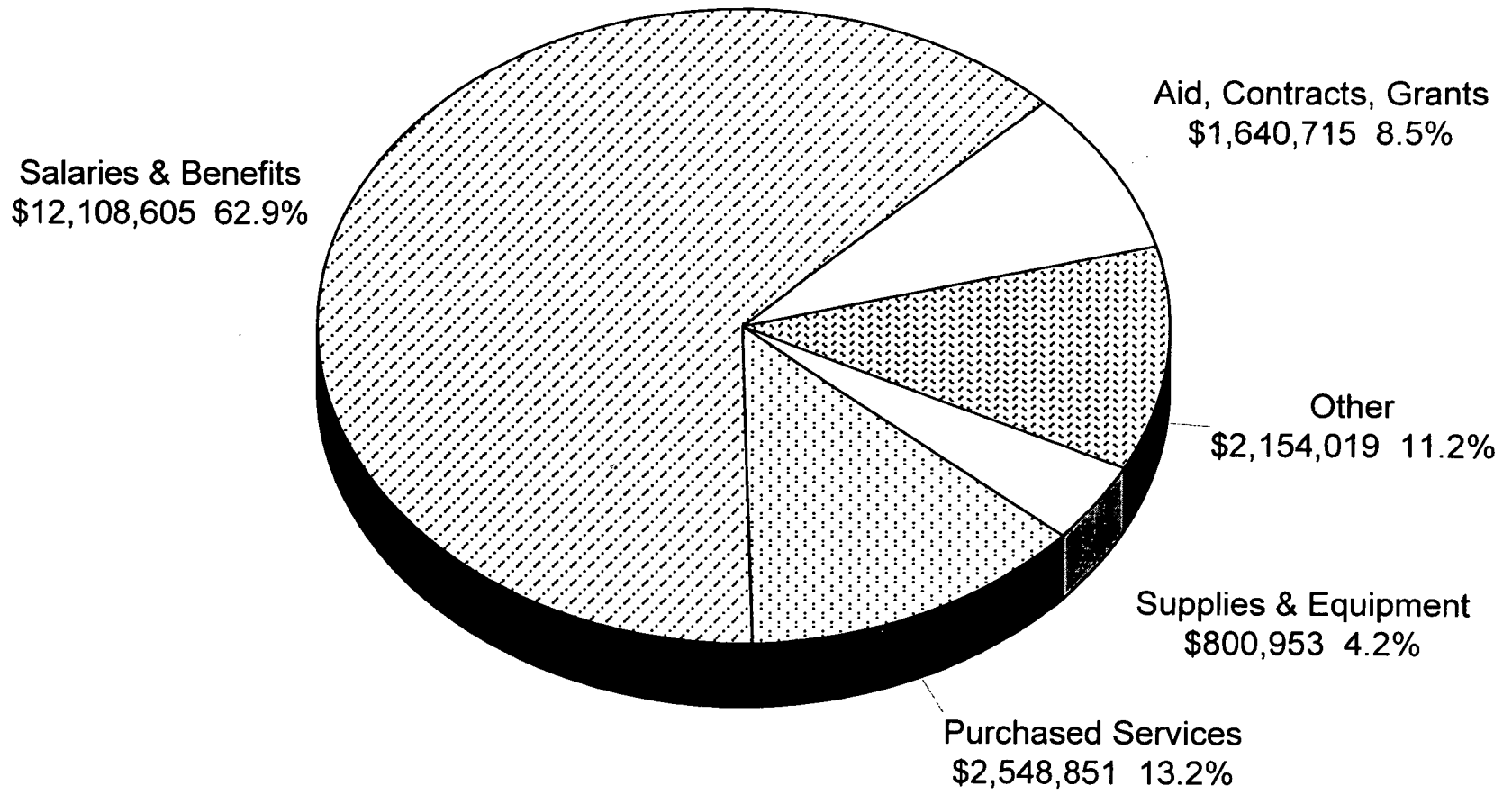


Fiscal Research Division March 1999

Division of Waste Management

Expenditures By Category

FY 1998-99 Authorized



Fiscal Research Division March 1999

DENR 160

DIVISION OF WASTE MANAGEMENT

Overview of Budget Actions for the Current 1997-99 Biennium

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Eliminate Environmental Supervisor Position	($58,566) R -1.00	($58,566) R -1.00
2. Reduce Operating Support	($12,996) R	($12,996) R
3. Eliminate Computer Consultant Position		($45,095) R -1.00

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

Proposed Recommendations for the Upcoming 1999-2001 Biennium

CONTINUATION BUDGET ITEMS	FY 1999-2000	FY 2000-01
1. Equipment Replacement – Vehicle	$25,148	

GOVERNOR'S RECOMMENDED REDUCTIONS (FROM SUMMARY VOLUME)

None

Items for Possible Committee Discussion

1. Warren County PCB Landfill

In 1998 the General Assembly appropriated $2 million to begin detoxification of the Warren County Landfill and directed expenditure of the funds through a special provision in Section 29.9 of the 1998 Appropriations Act (Chapter 212, 1998 Session Laws, SB 1366):

> Requested by: Senator Ballance
> **WARREN COUNTY PCB LANDFILL DETOXIFICATION FUNDS**
> Section 29.9. (a) The Director of the Budget shall place funds appropriated in this act to the Department of Environment and Natural Resources for the 1998-99 fiscal year for the detoxification of the Warren County polychlorinated biphenyl (PCB) landfill and any available federal funds into a nonreverting reserve to be used by the Department for the detoxification of a landfill located in Warren County that contains polychlorinated biphenyl (PCBs) and dioxin/furan contaminated materials. The detoxification treatment standards for residual concentrations of contaminants remaining in the soil shall be 200 parts per billion for PCBs and 200 parts per trillion toxicity equivalent concentration (TEQ) for dioxins/furans. Based catalyzed decomposition (BCD) technology shall be used to detoxify the landfill in accordance with a plan approved by the Department. The Department shall oversee the detoxification of this landfill.
> (b) Any funds remaining in the reserve established under subsection (a) of this section at the conclusion of the detoxification of the landfill shall remain in a nonreverting reserve and shall be transferred to the Department of Commerce to be used for economic development in Warren County or Warren County's infrastructure needs, or both.

The committee may wish to have the division provide an update on detoxification of the site and funding for the project.

2. Transfer of the Underground Storage Tank Program

Effective with the 1998-99 fiscal year, the Secretary of DENR transferred the Underground Storage Tank (UST) program from the Groundwater Section of the Division of Water Quality to the Division of Waste Management.

The committee may wish to have the department comment on any program changes, including any improvements or difficulties encountered as a result of this internal reorganization.

Mission Statement

To ensure the safe management of wastes and compel remediation of contaminated sites with an emphasis on technical assistance for waste minimization.

Operations

- Ensure development and implementation comprehensive plans for management of solid waste by local governments.
- Develop comprehensive plans for management of hazardous waste.
- Develop comprehensive plans for clean-up of uncontrolled waste sites.
- Provide technical assistance to local governments and waste generators for waste minimization and management.
- Permit waste facilities.
- Inspect waste management facilities and enforce waste management standards.
- Educate the public on proper and effective waste management.
- Revise and implement state comprehension of solid waste management plan.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Reduce the quantity of solid waste requiring disposal. *PPB: 5510*				
• Number of compost pilot projects approved	10	10	10	10
• Number of compost sites evaluated	17	15	15	15
• Solid waste facility reports reviewed	221	220	220	220
• Number of solid waste determination decisions made	8	0	0	0
• Number of Comprehensive Solid Waste Management Plans and updates reviewed	145	145	140	140
Protect the environment and public health through proper management of solid waste. *PPB: 5510*				
• The number of illegal disposal sites and solid waste management facilities not in compliance with regulations	206	200	150	100
• Number of solid waste management permit decisions made	95	75	65	60
• Number of compliance audits of solid waste management facilities conducted	502	500	500	500
• Solid waste facility reports reviewed	221	220	220	220
• Number of Septage Management facilities and firms permitted	687	697	702	717

DENR 163

Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Protect the environment and public health through proper management of hazardous waste. PPB: 5510				
• Number of responses to hazardous waste handlers for assistance in controlling and preventing contamination of air, land, and water as well as preventing human exposure to hazardous waste	6,918	6,500	6,500	6,500
• Hazardous waste inspections	1,347	1,250	1,250	1,250
• Hazardous waste permit decisions	76	70	70	70
• Number of resident inspections at commercial facilities	648	612	612	612
• Number of RCRA closures completed	1	5	5	5
• Number of TSDS that have been evaluated and have controlled human exposures	3	6	0	15
• Number of TSDS that have been evaluated and have controlled groundwater contamination	3	6	10	15
Restore the environment through the identification and management of Superfund sites. PPB: 5510				
• The number of Superfund sites at which cleanup activity is initiated	345	355	365	375
• Number of Department of Defense hazardous waste sites (DOD/DERP)	19	25	25	30
• Number of ongoing site assessment and remedial actions	79	80	80	80
• Number of hazardous waste site investigations (sharp increase in 1998-99 due to projected Brownfields activity)	8	35	18	18
Increase the percentage of facilities that are in compliance with underground storage tank regulations. PPB: 5620				
• Percent increase in the number of facilities that are in compliance with underground storage tank release detection	7%	10%	10%	10%
• Percentage of underground storage tanks upgraded	10%	10%	10%	10%
• Underground storage tank compliance field inspections	2,100	2,200	2,300	2,400
Protect the environment and public health through proper management and control of petroleum sites. PPB: 5620				
• Cumulative number of releases from underground storage tanks	11,750	12,750	13,500	14,250
• Cumulative number of petroleum contamination site cleanups completed	2,790	3,165	3,665	4,065
• Percent of petroleum contamination site incidents where site cleanups were completed (cumulative)	23.8%	25.0%	27.2%	28.5%
• Number of petroleum site closures	895	1,500	800	800
• Number of sites permitted to treat petroleum contaminated soils	32	30	28	26

DEN12 164

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 18, 1999
Sen. Bob Martin, Presiding

1. Chairman's comments

2. Completion of Previous Day's Agenda Item

   Division of Waste Management
   Mona Moon, Fiscal Research
   Bill Meyer, Director, DWM

3. Conclusion of DENR Budget Presentations

   Division of Coastal Management
   Jennifer Herrera, Fiscal Research
   Donna Moffitt, Director, DCM

   Division of Environmental Health
   Mona Moon, Fiscal Research
   Linda Sewall, Director, DEH

3. Committee Discussion

4. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, March 18, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, March 18, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Culp, Hunter, Mitchell, Russell, and Tolson, were present.

Senator Martin called the meeting to order. Mona Moon, Fiscal Research, completed the previous day's agenda item, Division of Waste Management. This is Attachment A of these minutes. Mr. Bill Meyer, Director, DWM, was a guest speaker. His remarks are Attachment B of these minutes.

Jennifer Herrera, Fiscal Research, explained the Division of Coastal Management items in the Governor's proposed budget. This is Attachment C of these minutes. Ms. Donna Moffitt, Director, DCM, was recognized to address the Committee. A copy of her remarks was not available.

Mona Moon, Fiscal Research, concluded the DENR budget presentations with the Division of Environmental Health. This is Attachment D of these minutes. Linda Sewall, Director, DEH, was guest speaker. Her remarks are Attachment E of these minutes.

The Committee members discussed the divisions and questions were answered.

The meeting adjourned at 10:00 a.m.

Carolyn M. Gogden, Committee Clerk

Senator R.L. Martin, Chairman

Attachment A

Department of Environment and Natural Resources

Division of Waste Management							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized January	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	15,955,995	16,353,750	19,253,143	18,716,443		18,691,295	
Less Receipts	(10,738,715)	(11,034,494)	(13,812,758)	(13,406,207)		(13,399,147)	
Cash Balance +/-	-	-	-	-		-	
State Appropriations	*5,217,280*	*5,319,256*	*5,440,385*	*5,310,236*	-2.4%	*5,292,148*	-2.7%
Positions	260.00	260.00	260.00	260.00		259.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

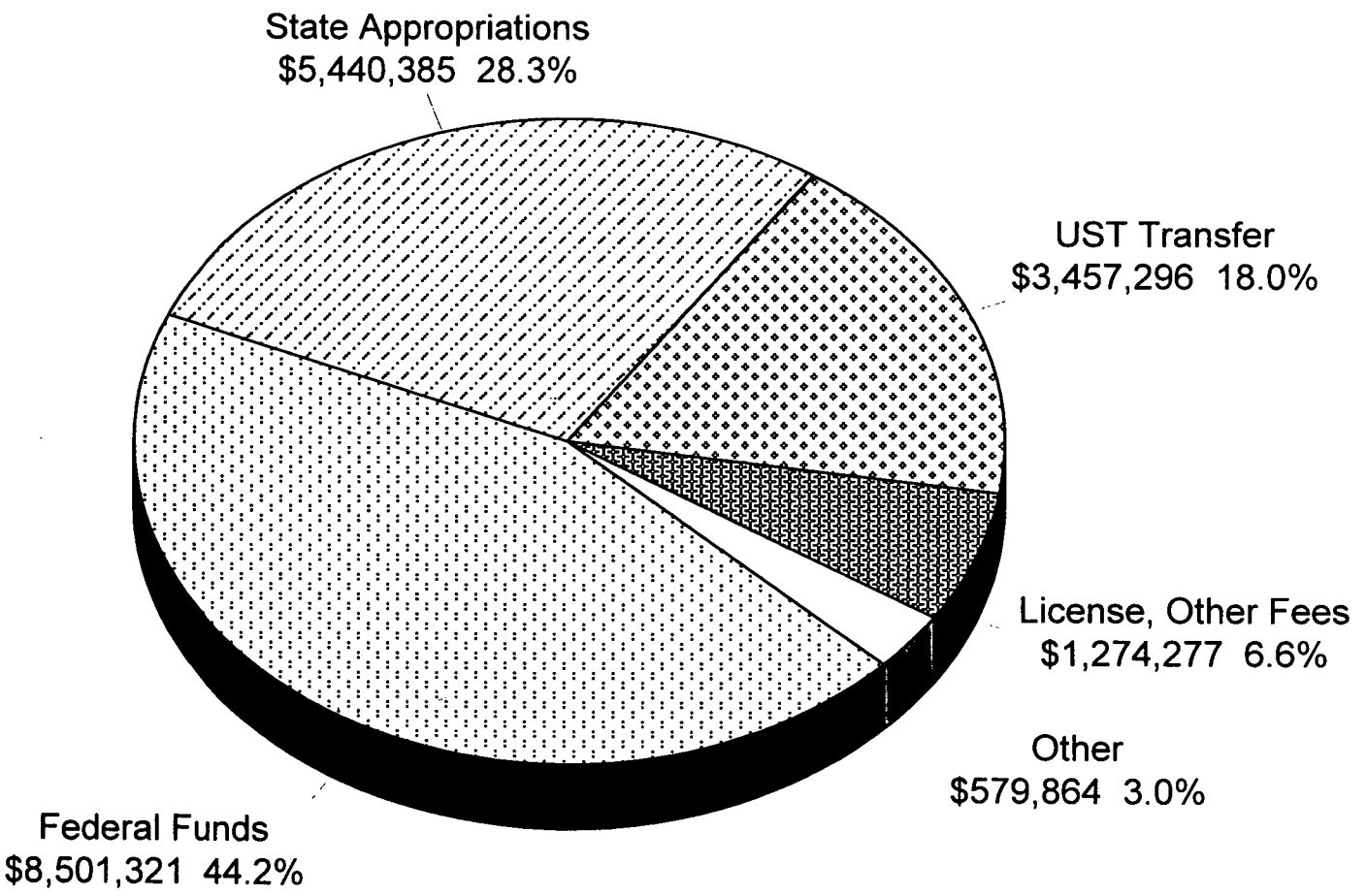
- Management of solid and hazardous waste
- Clean-up of uncontrolled waste sites
- Provide technical assistance to local governments and waste generators for waste minimization and management
- Permitting and investigation of waste facilities and sites
- Administration of Underground Storage Tank program

Governor's Budget, Volume 5, pp. 213 to 217

Division of Waste Management

Sources of Funding

FY 1998-99 Authorized

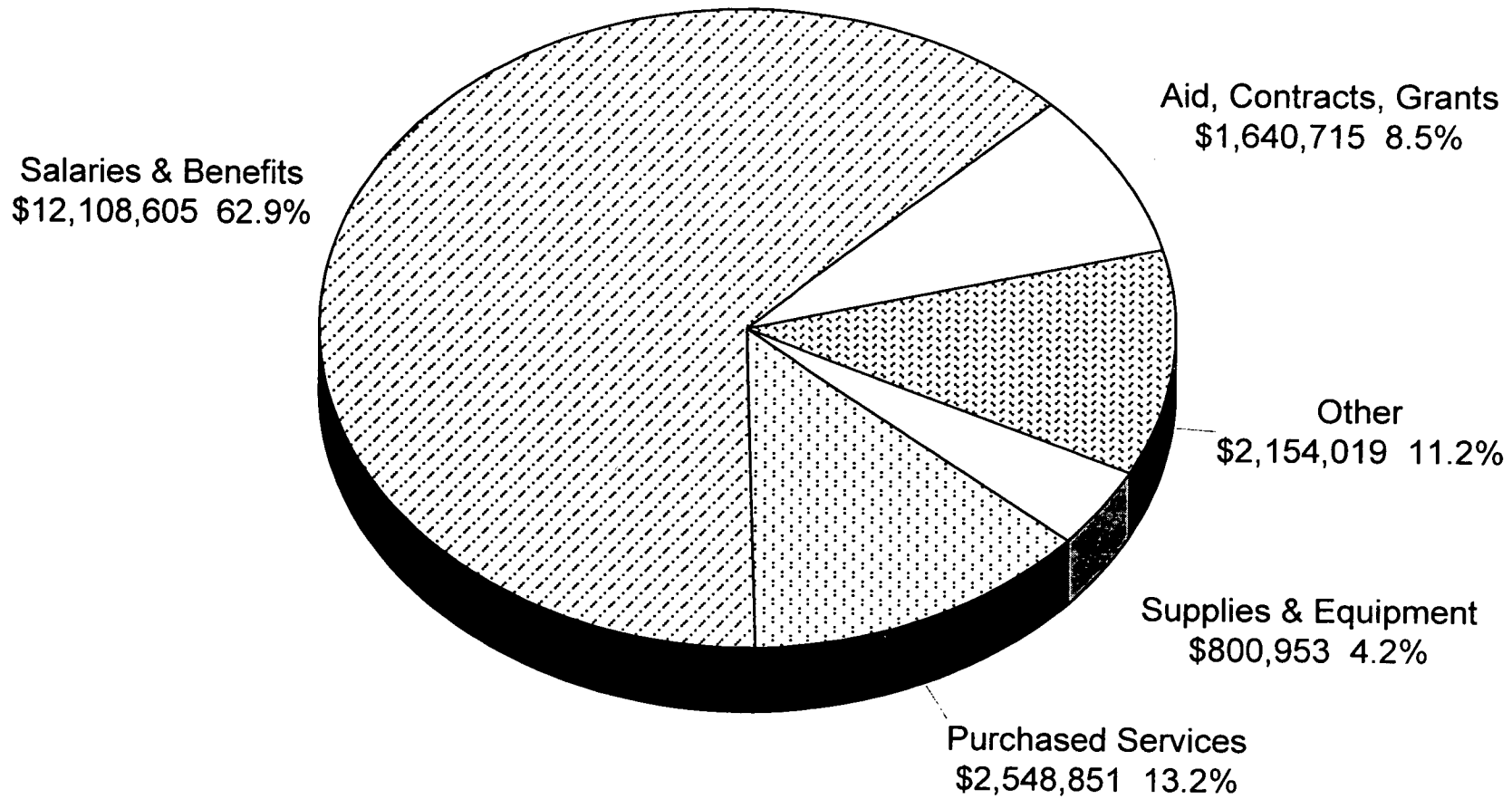


Fiscal Research Division March 1999

Division of Waste Management

Expenditures By Category

FY 1998-99 Authorized



Fiscal Research Division March 1999

DENR 160

DIVISION OF WASTE MANAGEMENT

Overview of Budget Actions for the Current 1997-99 Biennium

SELECTED REDUCTIONS	FY 1997-98		FY 1998-99	
1. Eliminate Environmental Supervisor Position	($58,566) -1.00	R	($58,566) -1.00	R
2. Reduce Operating Support	($12,996)	R	($12,996)	R
3. Eliminate Computer Consultant Position			($45,095) -1.00	R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

Proposed Recommendations for the Upcoming 1999-2001 Biennium

CONTINUATION BUDGET ITEMS	FY 1999-2000	FY 2000-01
1. Equipment Replacement – Vehicle	$25,148	

GOVERNOR'S RECOMMENDED REDUCTIONS (FROM SUMMARY VOLUME)

None

Items for Possible Committee Discussion

1. Warren County PCB Landfill

In 1998 the General Assembly appropriated $2 million to begin detoxification of the Warren County Landfill and directed expenditure of the funds through a special provision in Section 29.9 of the 1998 Appropriations Act (Chapter 212, 1998 Session Laws, SB 1366):

> Requested by: Senator Ballance
> **WARREN COUNTY PCB LANDFILL DETOXIFICATION FUNDS**
> Section 29.9. (a) The Director of the Budget shall place funds appropriated in this act to the Department of Environment and Natural Resources for the 1998-99 fiscal year for the detoxification of the Warren County polychlorinated biphenyl (PCB) landfill and any available federal funds into a nonreverting reserve to be used by the Department for the detoxification of a landfill located in Warren County that contains polychlorinated biphenyl (PCBs) and dioxin/furan contaminated materials. The detoxification treatment standards for residual concentrations of contaminants remaining in the soil shall be 200 parts per billion for PCBs and 200 parts per trillion toxicity equivalent concentration (TEQ) for dioxins/furans. Based catalyzed decomposition (BCD) technology shall be used to detoxify the landfill in accordance with a plan approved by the Department. The Department shall oversee the detoxification of this landfill.
> (b) Any funds remaining in the reserve established under subsection (a) of this section at the conclusion of the detoxification of the landfill shall remain in a nonreverting reserve and shall be transferred to the Department of Commerce to be used for economic development in Warren County or Warren County's infrastructure needs, or both.

The committee may wish to have the division provide an update on detoxification of the site and funding for the project.

2. Transfer of the Underground Storage Tank Program

Effective with the 1998-99 fiscal year, the Secretary of DENR transferred the Underground Storage Tank (UST) program from the Groundwater Section of the Division of Water Quality to the Division of Waste Management.

The committee may wish to have the department comment on any program changes, including any improvements or difficulties encountered as a result of this internal reorganization.

Mission Statement

To ensure the safe management of wastes and compel remediation of contaminated sites with an emphasis on technical assistance for waste minimization.

Operations

- Ensure development and implementation comprehensive plans for management of solid waste by local governments.
- Develop comprehensive plans for management of hazardous waste.
- Develop comprehensive plans for clean-up of uncontrolled waste sites.
- Provide technical assistance to local governments and waste generators for waste minimization and management.
- Permit waste facilities.
- Inspect waste management facilities and enforce waste management standards.
- Educate the public on proper and effective waste management.
- Revise and implement state comprehension of solid waste management plan.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Reduce the quantity of solid waste requiring disposal. *PPB: 5510*				
• Number of compost pilot projects approved	10	10	10	10
• Number of compost sites evaluated	17	15	15	15
• Solid waste facility reports reviewed	221	220	220	220
• Number of solid waste determination decisions made	8	0	0	0
• Number of Comprehensive Solid Waste Management Plans and updates reviewed	145	145	140	140
Protect the environment and public health through proper management of solid waste. *PPB: 5510*				
• The number of illegal disposal sites and solid waste management facilities not in compliance with regulations	206	200	150	100
• Number of solid waste management permit decisions made	95	75	65	60
• Number of compliance audits of solid waste management facilities conducted	502	500	500	500
• Solid waste facility reports reviewed	221	220	220	220
• Number of Septage Management facilities and firms permitted	687	697	702	717

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Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Protect the environment and public health through proper management of hazardous waste. *PPB: 5510*				
• Number of responses to hazardous waste handlers for assistance in controlling and preventing contamination of air, land, and water as well as preventing human exposure to hazardous waste	6,918	6,500	6,500	6,500
• Hazardous waste inspections	1,347	1,250	1,250	1,250
• Hazardous waste permit decisions	76	70	70	70
• Number of resident inspections at commercial facilities	648	612	612	612
• Number of RCRA closures completed	1	5	5	5
• Number of TSDS that have been evaluated and have controlled human exposures	3	6	0	15
• Number of TSDS that have been evaluated and have controlled groundwater contamination	3	6	10	15
Restore the environment through the identification and management of Superfund sites. *PPB: 5510*				
• The number of Superfund sites at which cleanup activity is initiated	345	355	365	375
• Number of Department of Defense hazardous waste sites (DOD/DERP)	19	25	25	30
• Number of ongoing site assessment and remedial actions	79	80	80	80
• Number of hazardous waste site investigations (sharp increase in 1998-99 due to projected Brownfields activity)	8	35	18	18
Increase the percentage of facilities that are in compliance with underground storage tank regulations. *PPB: 5620*				
• Percent increase in the number of facilities that are in compliance with underground storage tank release detection	7%	10%	10%	10%
• Percentage of underground storage tanks upgraded	10%	10%	10%	10%
• Underground storage tank compliance field inspections	2,100	2,200	2,300	2,400
Protect the environment and public health through proper management and control of petroleum sites. *PPB: 5620*				
• Cumulative number of releases from underground storage tanks	11,750	12,750	13,500	14,250
• Cumulative number of petroleum contamination site cleanups completed	2,790	3,165	3,665	4,065
• Percent of petroleum contamination site incidents where site cleanups were completed (cumulative)	23.8%	25.0%	27.2%	28.5%
• Number of petroleum site closures	895	1,500	800	800
• Number of sites permitted to treat petroleum contaminated soils	32	30	28	26

DEN12 164

Attachment B

DEPARTMENT OF ENVIRONMENT & NATURAL RESOURCES
DIVISION OF WASTE MANAGEMENT

The Division works with citizens, local government and industry to implement a comprehensive system for managing solid waste, hazardous waste, petroleum underground storage tanks and clean up of old chemical sites. The four programs in the division include:

Solid Waste: The objective is to work with local governments, industry, and citizens to implement comprehensive plans and processes to minimize waste generation and disposal, to prevent releases to the environment, and enforce against illegal activity. The program provides oversight and assistance for landfills, recycling facilities, composting, beneficial use, transfer stations, medical waste and septage. There are 566 permitted facilities and 408 septic tank firms. Approximately 125 - 150 tax certifications are issued each year. 8.5 m tons of solid waste was disposed of in 1997. The agency has taken actions resulting in clean up of over 6 million tires from 300 sites in the state. The program responds to approximately 1,000 solid waste complaints per year.

Hazardous Waste: The objective is to minimize generation and prevent all releases of hazardous waste to land, air and water in North Carolina. The program provides assistance to generators, treaters, storers, and transporters at 6461 facilities which generated 2.16 million tons of hazardous waste in 1997. The Resident Inspectors Program inspect North Carolina's 12 commercial hazardous waste management facilities up to 40 hours per week.

Superfund: The objective is to clean up old chemical sites. The program provides assessment, investigations, technical analysis and design and oversight of cleanups. There are a total of 1126 old chemical sites of which 24 are National Priorities List (NPL) sites, 293 are ranked on the State prioritization list, 334 have received a "no further action", and 19 are Department of Defense (DoD) sites. The remaining 457 are being ranked in a state risk priority system for future cleanup. In addition, there are approximately 800 old closed landfills that require future assessment and a predicted 1500 dry cleaner sites that are to be addressed under the new Dry Cleaner Solvent Cleanup Act. Approximately 25 sites are being converted from unused contaminated sites to productive sites in the newly created Brownfields program.

Underground Storage Tanks (USTs): One objective is to prevent all future releases from approximately 11,000 petroleum facilities that are upgrading underground tanks. Approximately 90% of these facilities complied with the December 22, 1998 upgrade deadline. The second objective is to cleanup 12,246 past petroleum releases to the land or groundwater in as cost effective and timely manner as possible. The program provides assistance under a risk based process to cleanup high risk sites and close as many low risk sites as possible.

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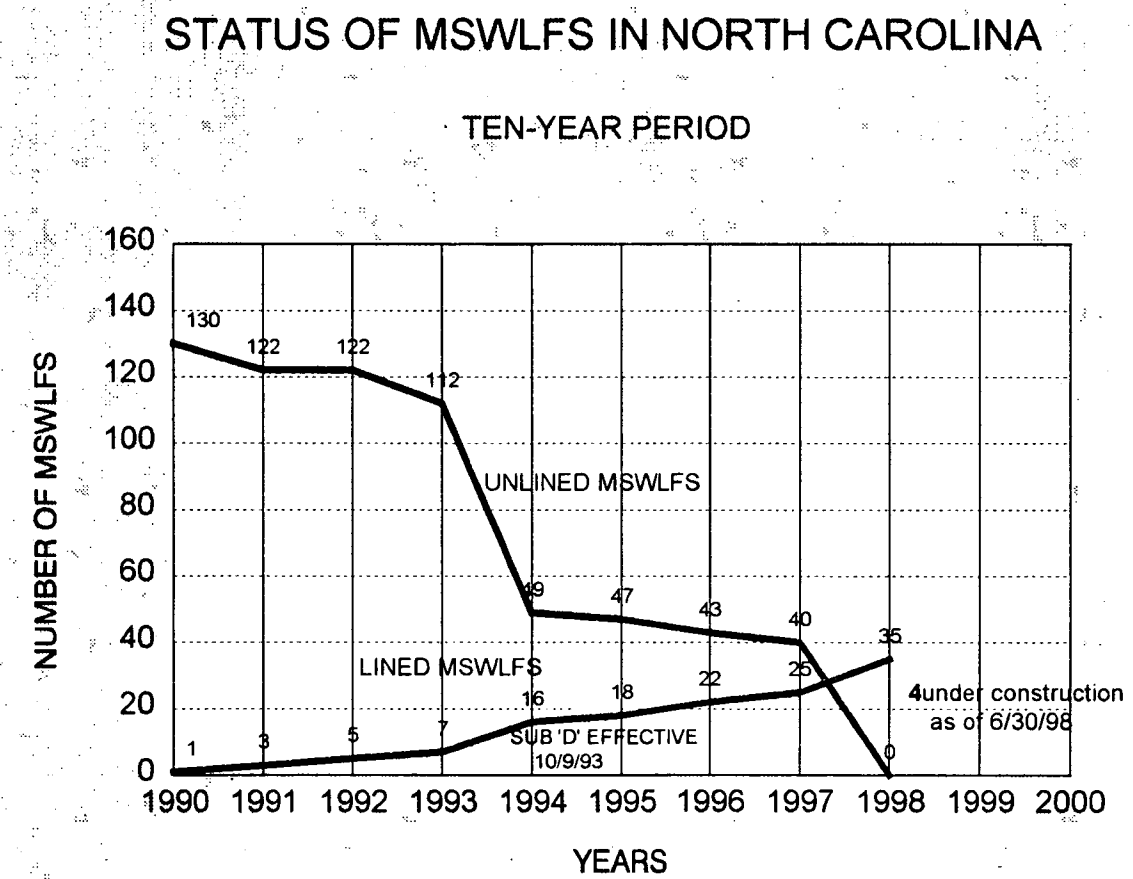
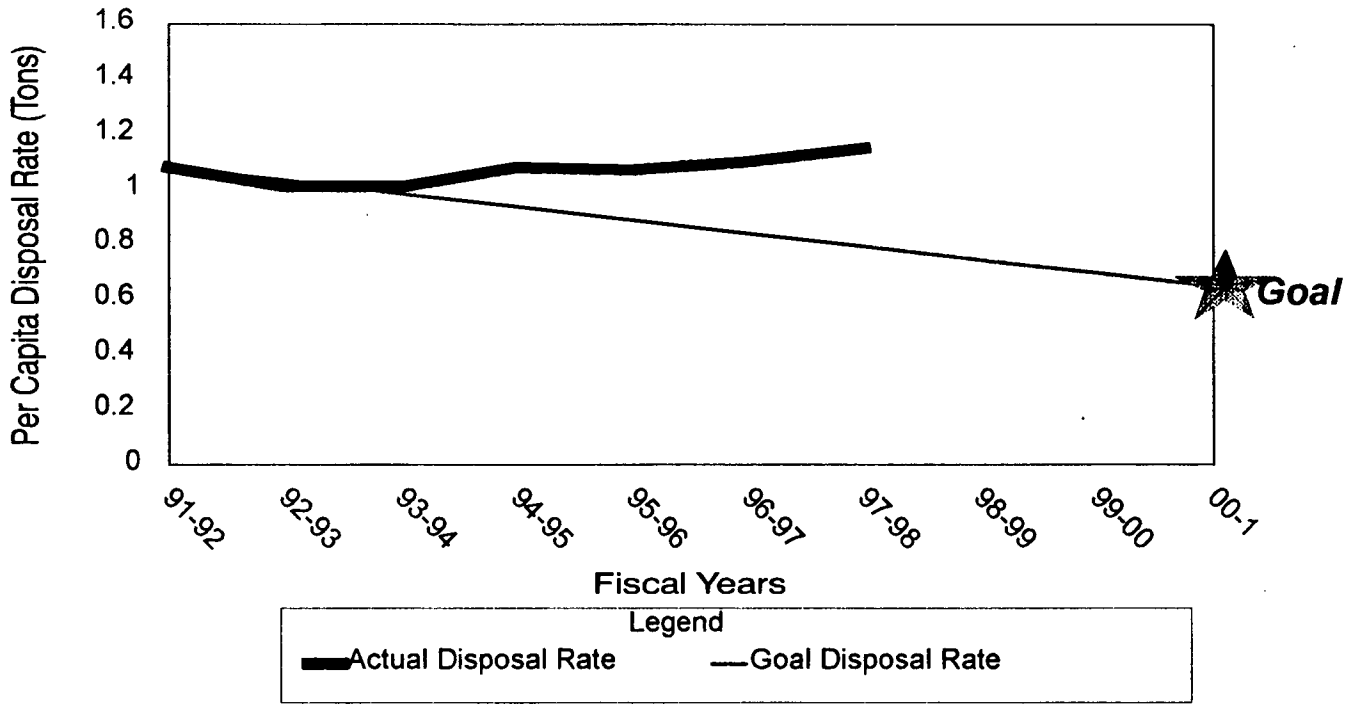
Status of MSWLF's in NC



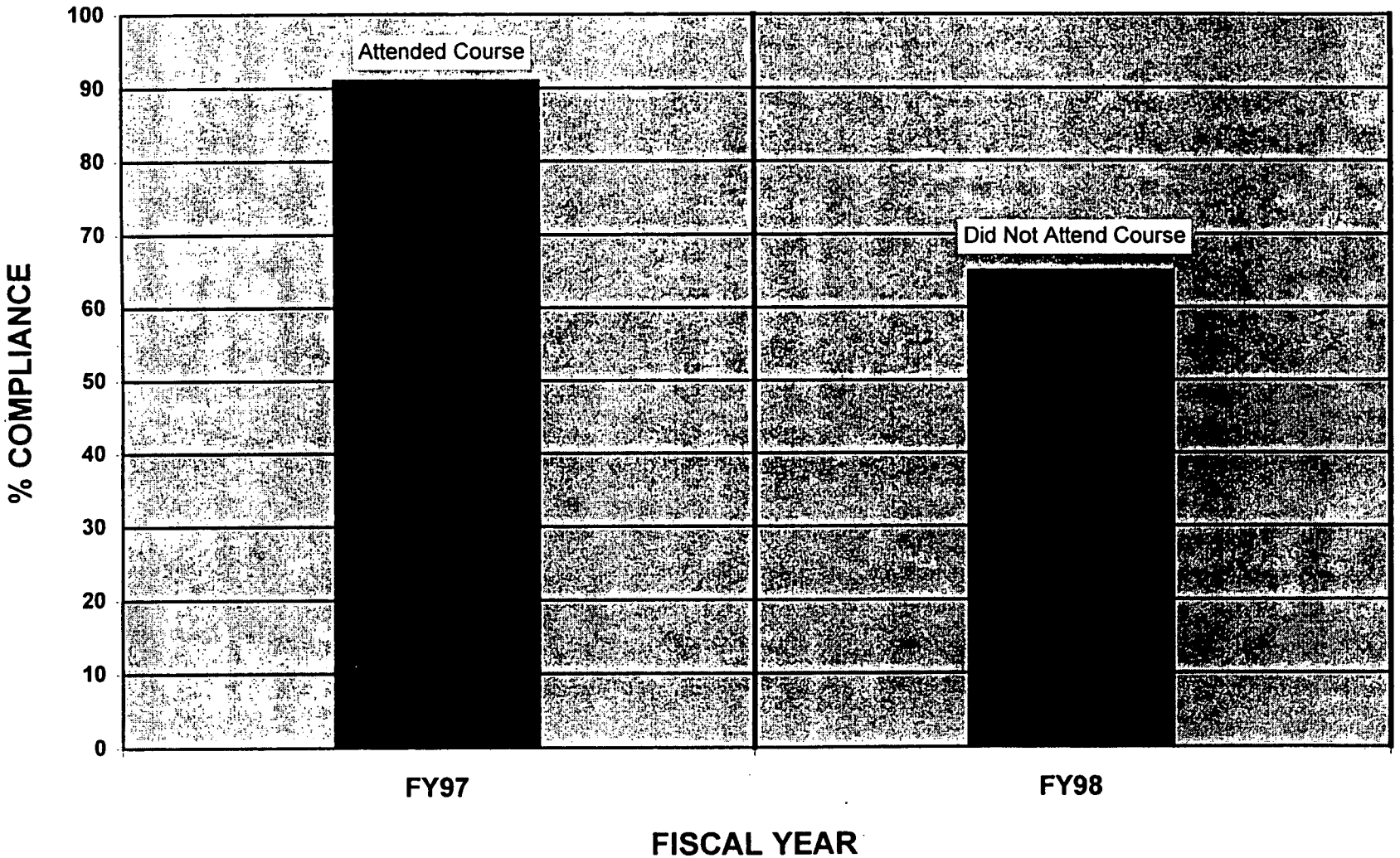
3/8/99

Progress Toward 40% Reduction Goal



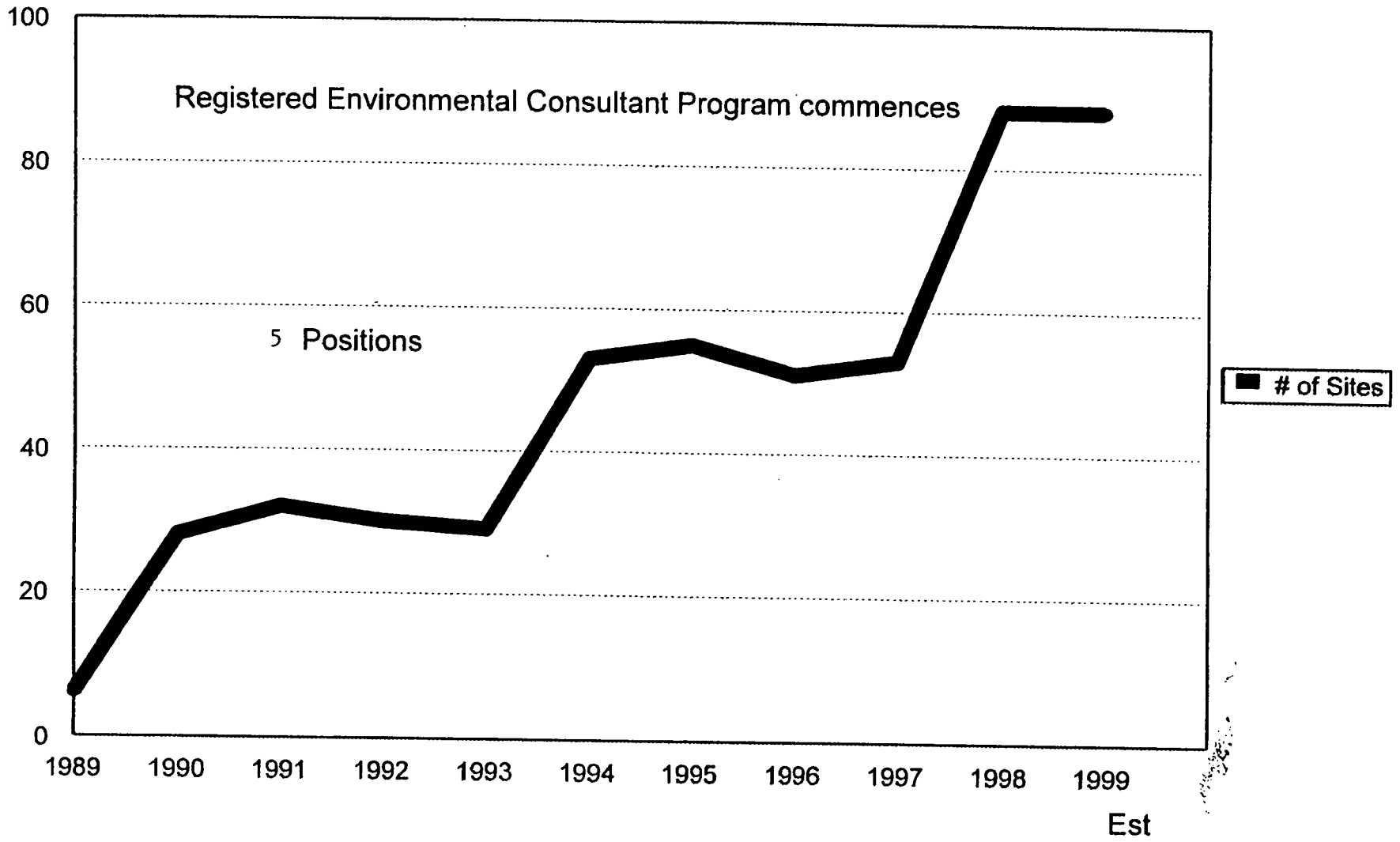
3/8/99

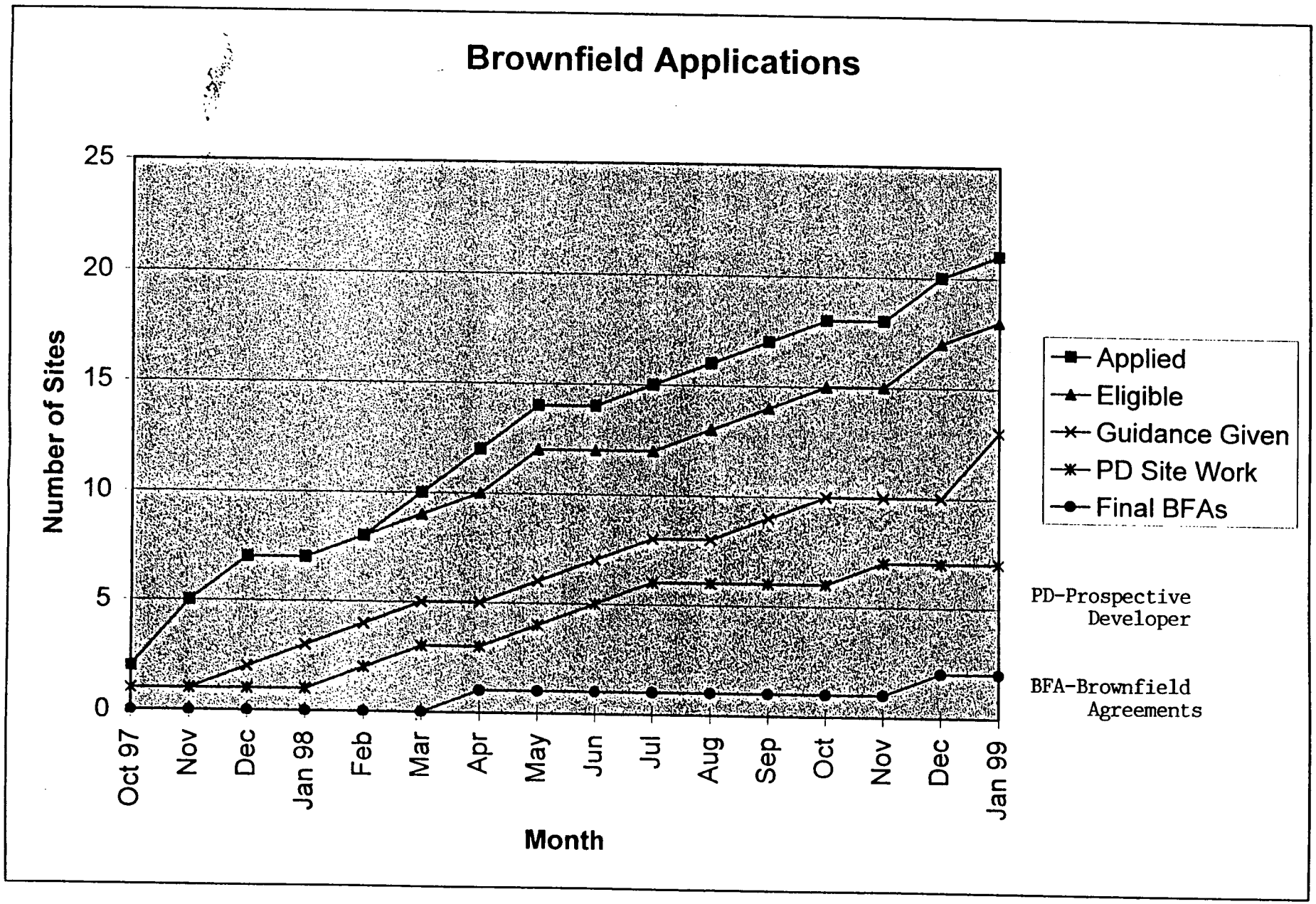
COMPLIANCE RATE OF LARGE QUANTITY HW GENERATORS



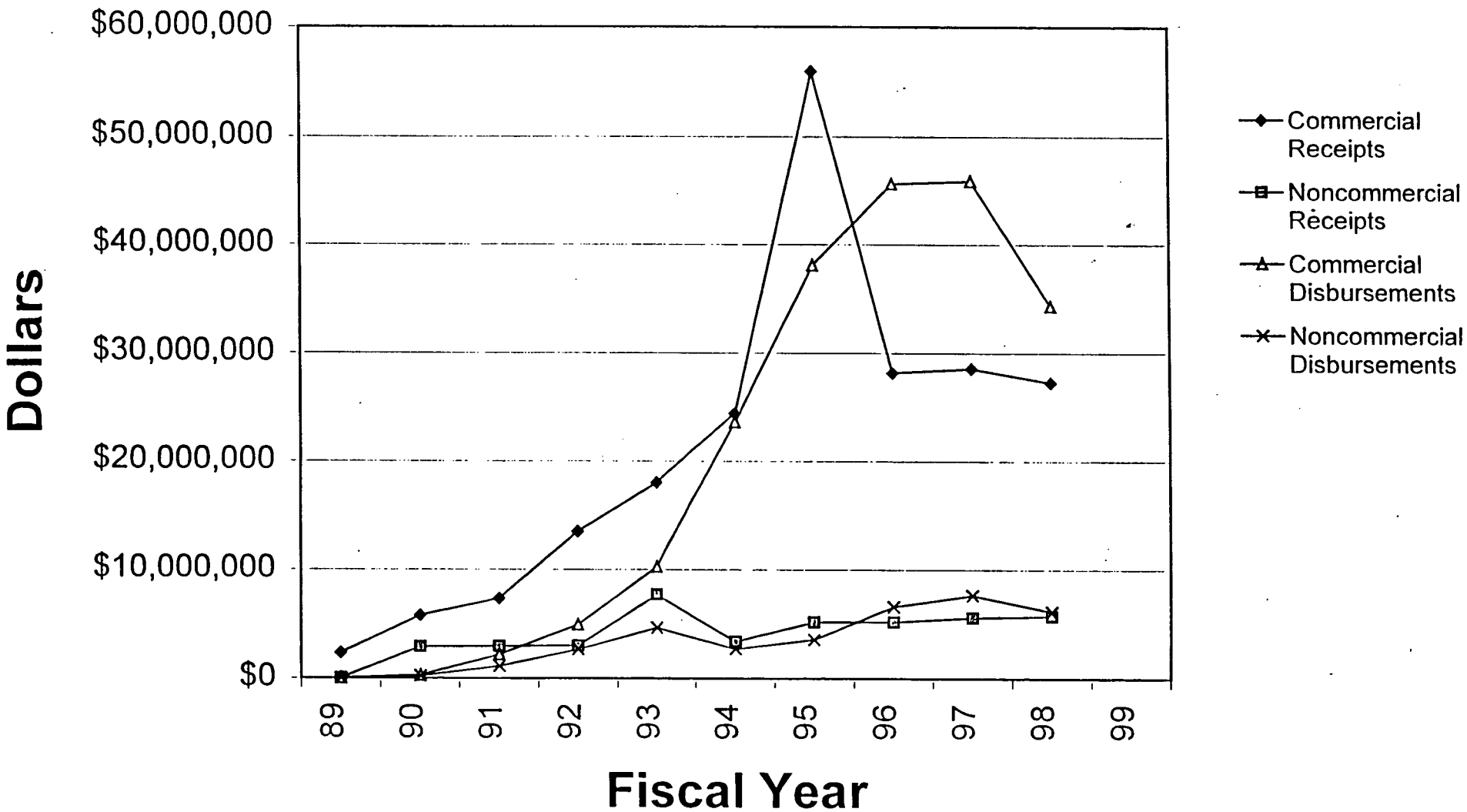
Inactive Hazardous Sites Program

Ongoing Assesment/Cleanup Actions

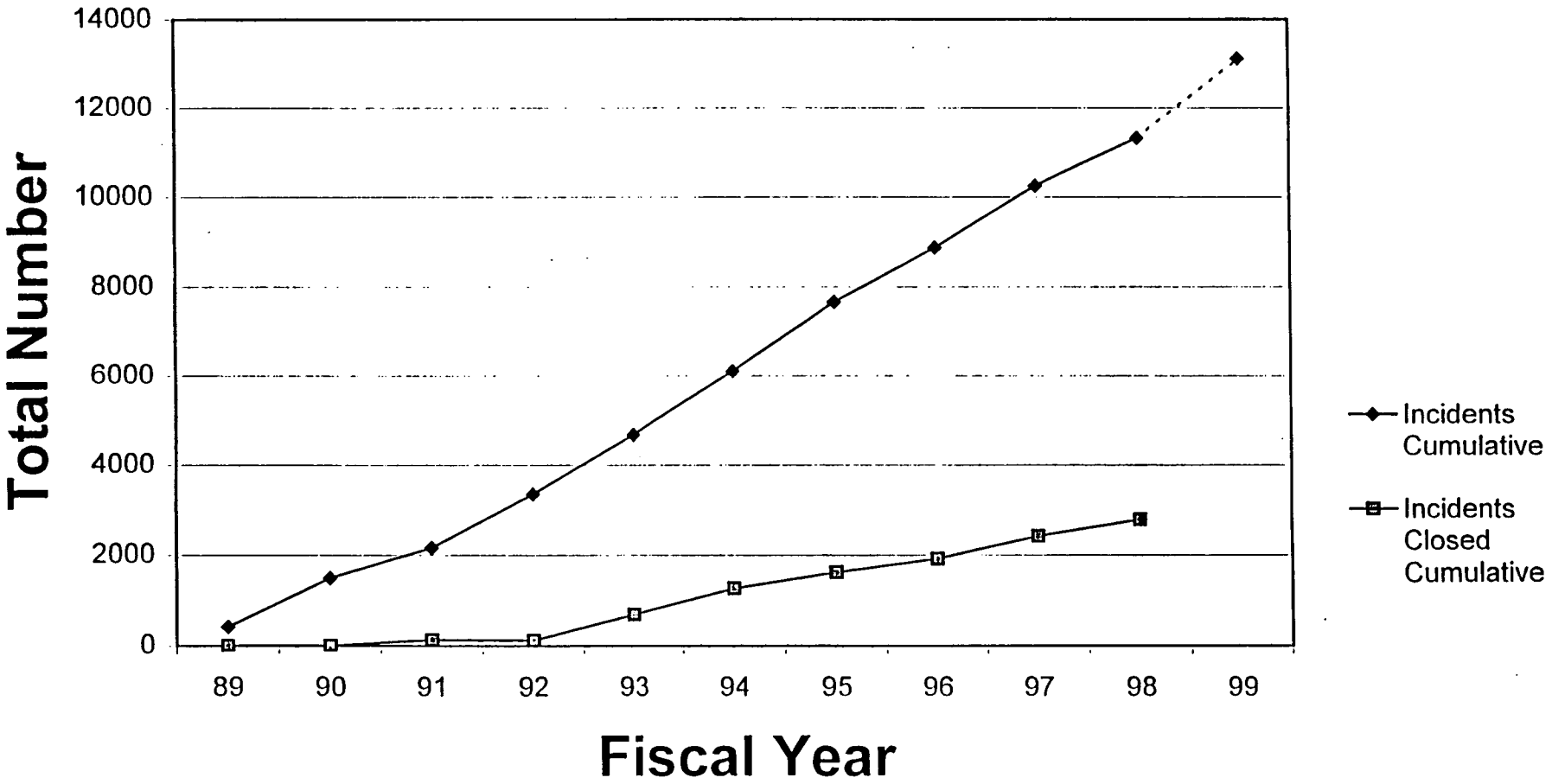



Brownfield Applications
Number of Sites
25
20
15
10
5
0
Oct 97
Nov
Dec
Jan 98
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan 99
Month
Applied
Eligible
Guidance Given
PD Site Work
Final BFAs
PD-Prospective Developer
BFA-Brownfield Agreements

Receipts & Disbursements Per Fiscal Year



UST Incidents (Cumulative) & UST Incidents Closed (Cumulative)



Attachment C

Department of Environment and Natural Resources

Division of Coastal Management							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	4,908,847	5,157,151	4,998,280	4,450,850		4,458,409	
Less Receipts	(2,938,844)	(3,016,392)	(2,493,949)	(2,388,659)		(2,388,659)	
State Appropriations	*1,970,003*	*2,140,759*	*2,504,331*	*2,062,191*		*2,069,750*	
Less State NR 1998-99			*(367,023)*	*-*		*-*	
Adjusted Appropriation			*2,137,308*	*2,062,191*	*-3.5%*	*2,069,750*	*-3.2%*
Positions	62.00	62.00	60.00	59.00		59.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

The Division of Coastal Management protects coastal wetlands, estuarine and public trust waters, barrier islands, ocean resources, and critical areas by operating a comprehensive planning and management program for 20 coastal counties.

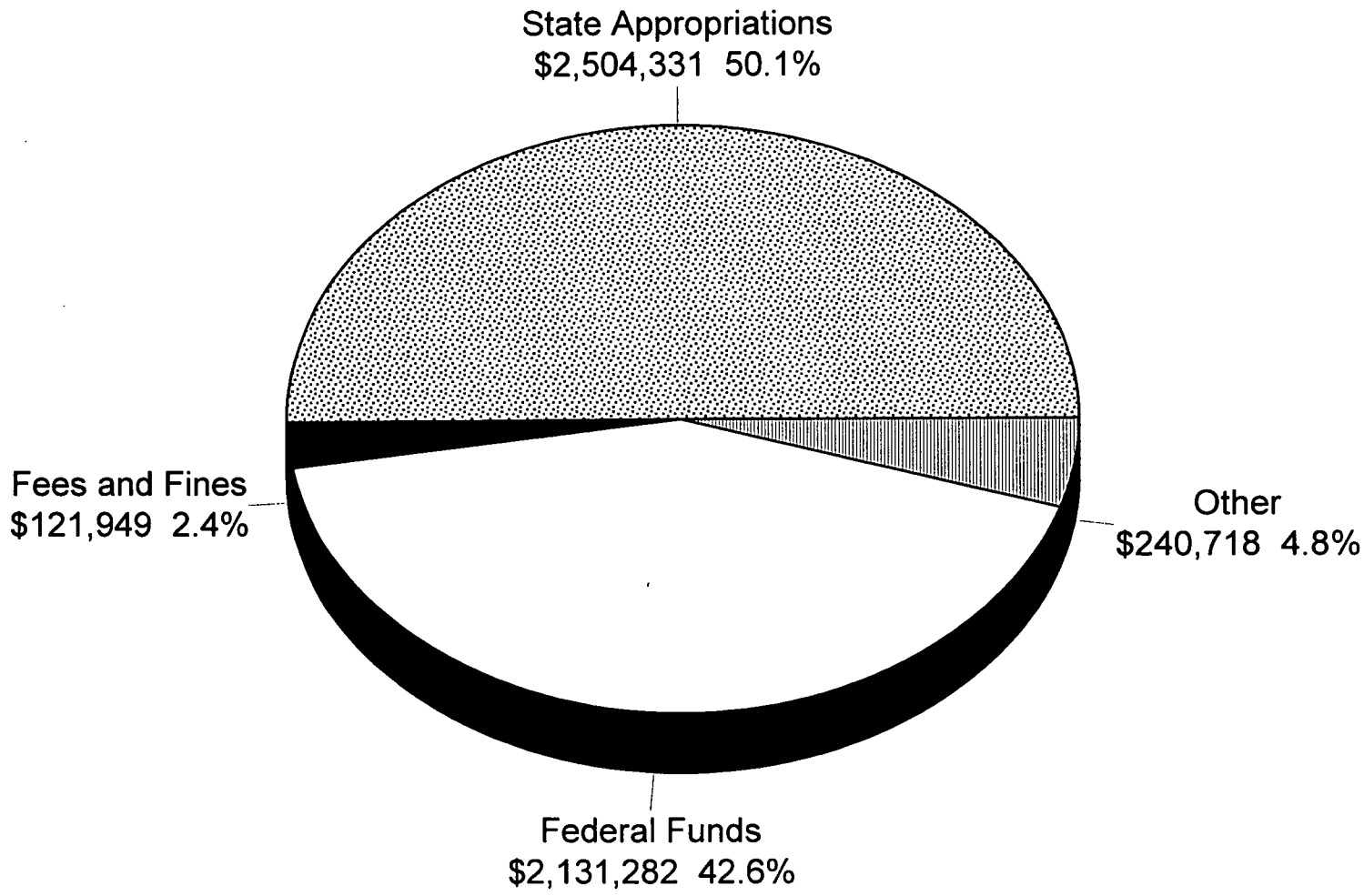
DIVISION ACTIVITIES

- Comprehensive planning
- Administer coastal development (CAMA) permits
- Acquire and manage a system of coastal natural areas
- Technical assistance for coastal land use planning
- Public Beach and Coastal Waterfront Access Program

Governor's Budget, Volume 5, pp 196-197

Division of Coastal Management

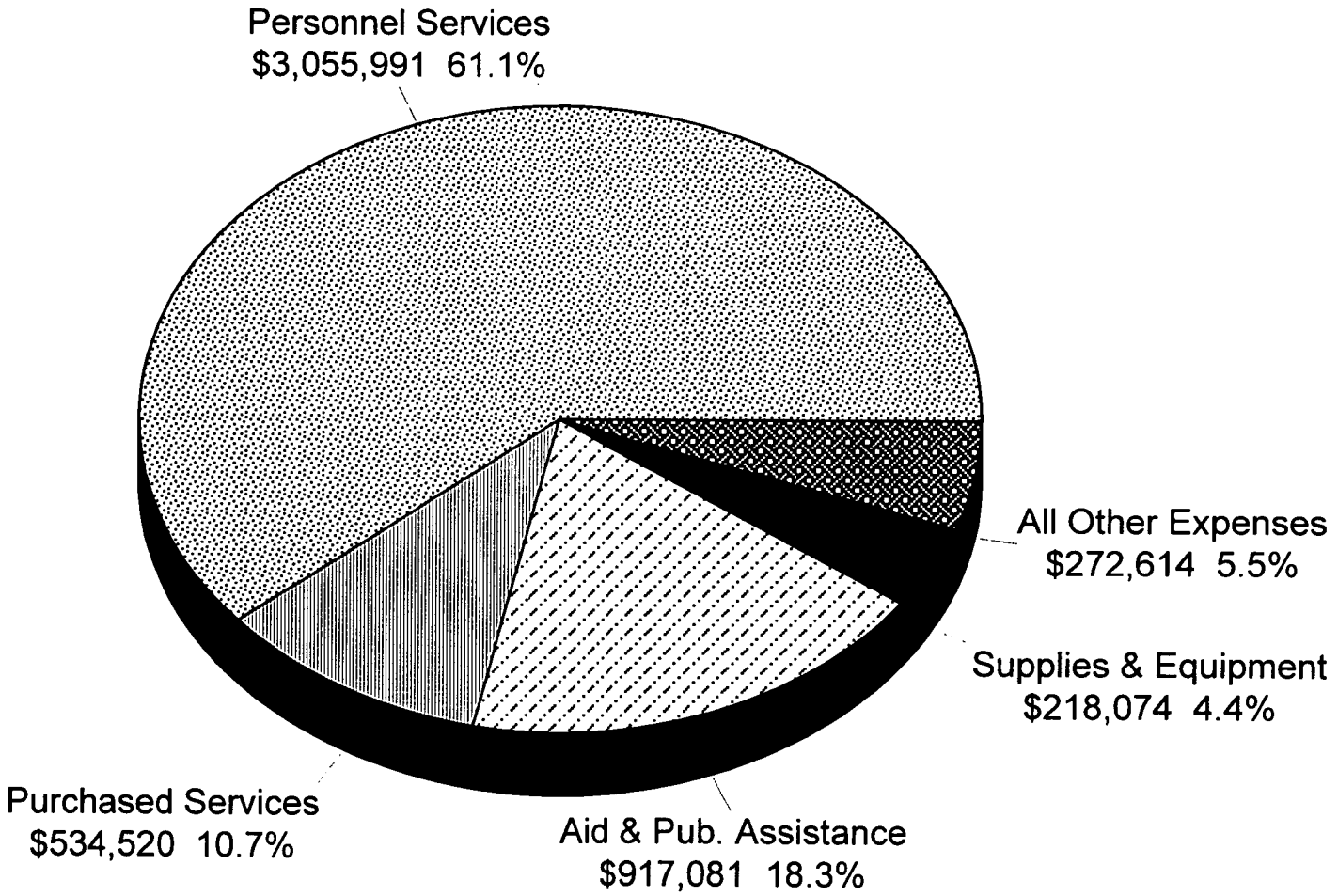
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - March 1999

Division of Coastal Management

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

DIVISION OF COASTAL MANAGEMENT
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Reduce Operating Support		($30,004) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Coastal/Chevron/Outer Continental Shelf Response		$367,023 NR 1.00

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

CONTINUATION BUDGET ITEMS	1999-2000	2000-01
1. Rent Increase per Lease Agreement	$3,334	$5,936
2. Equipment Replacement	$5,043	

GOVERNOR'S RECOMMENDED REDUCTIONS

None

Mission Statement

To provide leadership and guidance in the protection, conservation, and wise use of North Carolina's valuable coastal resources.

Operations

- Administer coastal development permits.
- Review state and federal projects and permits for consistency with coastal protection regulations.
- Conduct a comprehensive planning and management program for the state's 20 coastal counties.
- Provide financial and technical assistance for local government land-use planning.
- Provide financial and technical assistance for development of public beach/waterfront access sites.
- Manage a system of coastal natural areas.
- Provide environmental education programs addressing coastal ecosystems and habitats.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Permit development activities that cause only minimal adverse effects on fragile coastal resources. *PPB: 5230*				
• COE Nationwide Permits reviewed for state consistency	133	140	140	140
• State and federal projects reviewed for state consistency	281	290	290	290
Reduce the average Coastal Area Management Act (CAMA) permit processing time. *PPB: 5230*				
• CAMA major permit processing time	85.5	80	79	78
• CAMA major permits issued	164	185	195	225
• CAMA minor permits issued	1,170	1,200	1,250	2,000
• CAMA general permits issued	1,485	1,600	1,650	1,700
Reduce the rate of wetland acreage lost to development in the coastal plain. *PPB: 5230*				
(No measures have been developed.)				
Support the development, update, and implementation of local government land-use plans in the coastal plain. *PPB: 5230*				
• CAMA land-use plans	92	92	92	92
• CAMA land-use plans updated	27	0	0	24
• CAMA Land-use Plan Amendments	6	5	5	5
• The number of regional planning and management projects completed by local governments	3	1	3	3
Increase the number of public access sites in coastal North Carolina. *PPB: 5230*				
• The number of public access areas in the 20 coastal counties	220	240	260	280
• CAMA Beach/Waterfront Access Projects	12	20	20	20
Increase the number of participants in research and educational activities sponsored by NC Coastal Reserve. *PPB: 5230*				
• Number of individuals participating in on-site and off-site educational activities sponsored by the NC Coastal Reserve program	16,045	16,145	16,245	16,345
• Coastal Reserve Education - Non-Reserve Programs	27,651	27,750	27,850	27,950

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Attachment D

Department of Environment and Natural Resources

Division of Environmental Health

	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized January	Governor's Continuation Request 1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	15,801,246	13,356,978	14,652,497	13,716,182		13,688,102	
Less Receipts	(8,135,382)	(5,038,344)	(5,269,684)	(4,594,395)		(4,594,395)	
Cash Balance +/-		205,227					
State Appropriations	*7,665,864*	*8,523,861*	*9,382,813*	*9,121,787*		*9,093,707*	
Less 1998-99 NR			(100,000)				
Adjusted Appropriations			9,282,813	9,121,787	-1.7%	9,093,707	-2.0%
Positions	173.00	190.00	189.40	189.40		188.40	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriations.

DIVISION ACTIVITIES

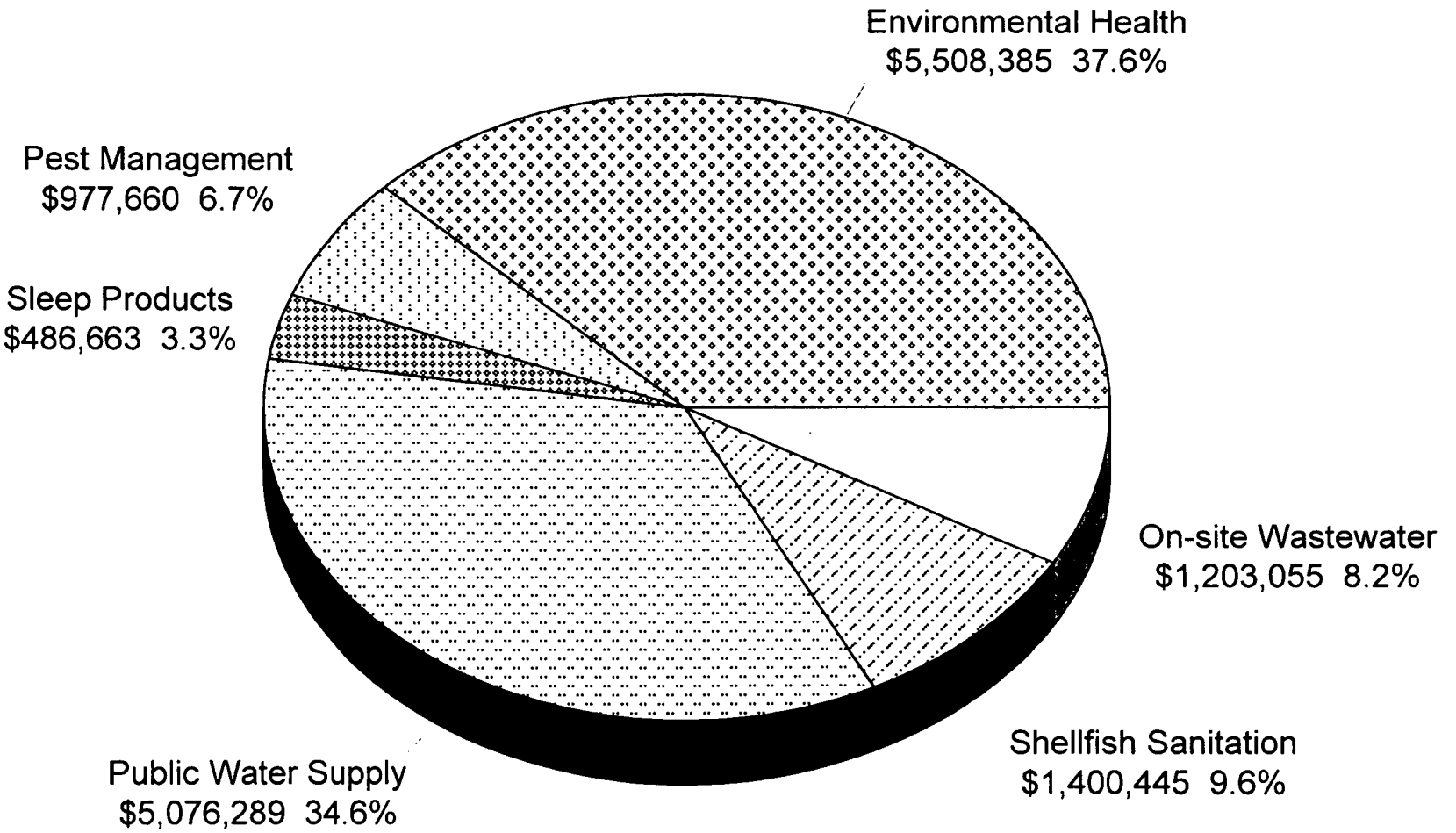
- Food, Lodging and Institutional Sanitation
- Milk Supply Sanitation
- Public Swimming Pool Safety and Sanitation
- Childhood Lead Poisoning, Prevention and Abatement
- Mosquito Control & Pest Management
- Sleep Products Sanitation
- Shellfish Sanitation
- Public Water Supply Protection
- On-site Wastewater

Governor's Budget, Volume 5, pp. 200 to 206

Division of Environmental Health

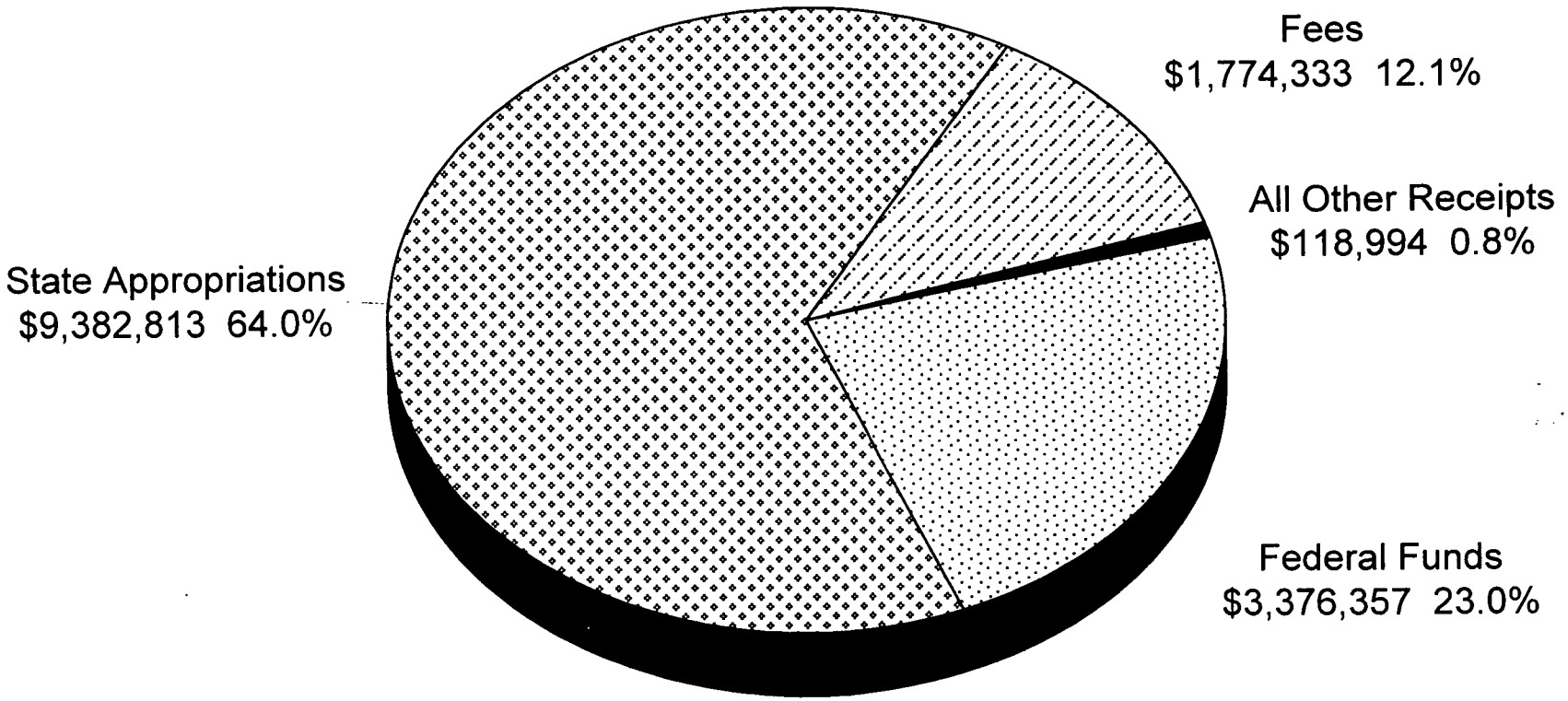
Total Budget by Program Area

FY 1998-99 Authorized



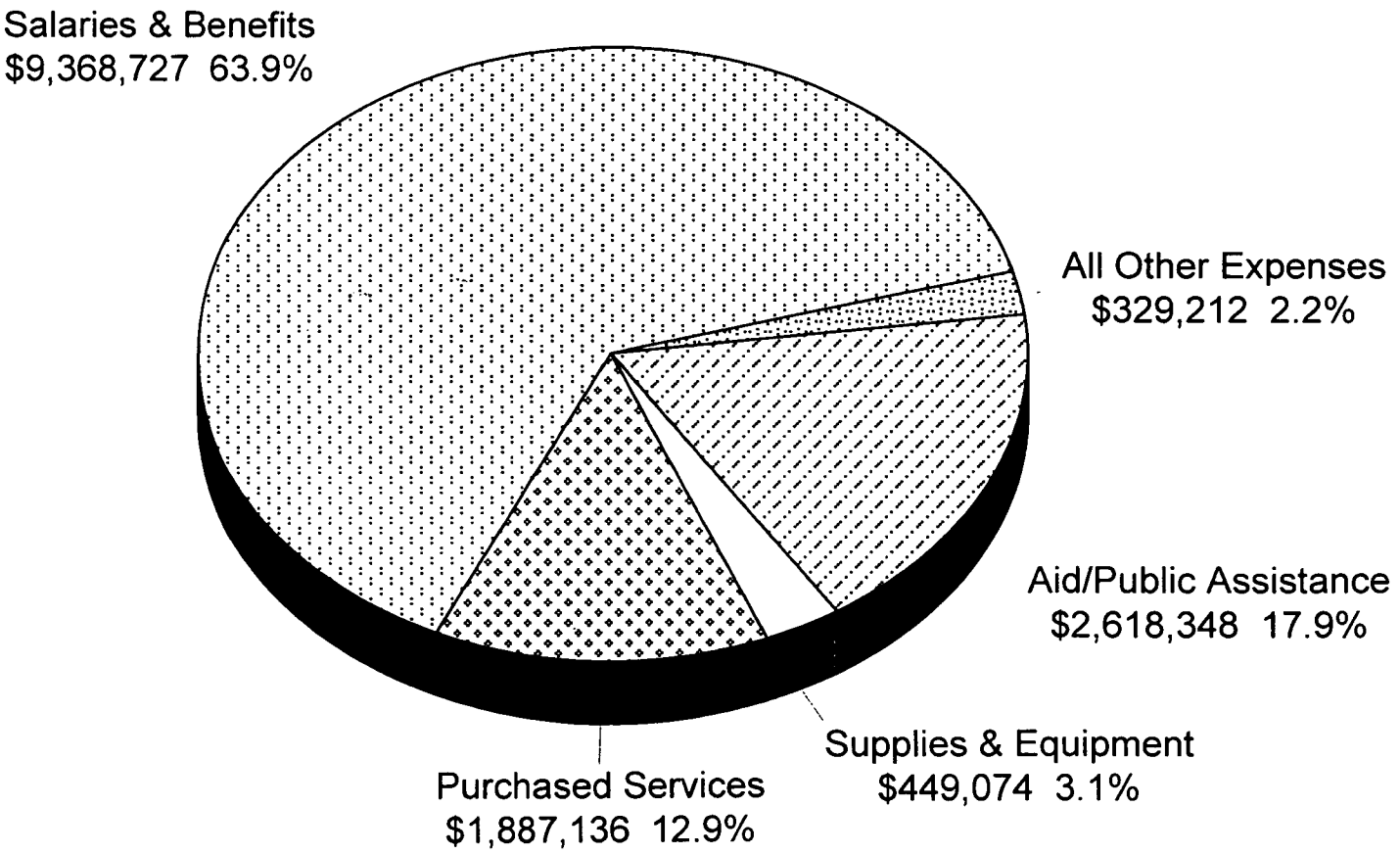
Fiscal Research Division -- March 1999

Division of Environmental Health
Sources of Funding
FY 1998-99 Authorized



Fiscal Research Division -- March 1999

Division of Environmental Health
Expenditures by Category
FY 1998-99 Authorized



Fiscal Research Division -- March 1999

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DIVISION OF ENVIRONMENTAL HEALTH
OVERVIEW OF BUDGET ACTIONS

Current Biennium 1997-99

SELECTED REDUCTIONS	FY 1997-98		FY 1998-99	
1. Eliminate position	($24,286) -1.0	R	($24,286) -1.0	R
2. Reduce staff and operating support			($72,210) -0.50	R
SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS				
1. Childhood Lead Exposure Control	$210,879 $26,200 3.00	R NR	$210,879 3.00	R
2. Assistance for Local On-Site Wastewater Programs	$226,212 $23,800 4.00	R NR	$226,212 4.00	R
3. Evaluation of Septic Problems in the Neuse River Basin	$150,000	NR		
4. Support for Local Environmental Health Programs	$355,402 6.00	R	$355,402 6.00	R

SELECTED EXPANSION (CONTINUED)	FY 1997-98		FY 1998-99	
5. Coastal Water Quality Monitoring	$337,566	R	$337,566	R
	$59,500	NR		
	6.00		6.00	
6. Food Sanitation Training Funds	$100,000	NR		
7. Food Sanitation Program			$100,000	NR

Proposed Recommendations for the Upcoming 1999-2001 Biennium

CONTINUATION BUDGET ITEMS	FY 1999-2000	FY 2000-01
1. Increase Rent per Lease Agreement	$12,714	$22,631
2. Equipment Replacement – Shellfish Sanitation	$46,682	

GOVERNOR'S RECOMMENDED REDUCTIONS (FROM SUMMARY VOLUME)		
Eliminate Vacant Position		
Environmental Technician III – Public Water Supply	($16,225)	($16,225)
	-0.50	-0.50

Mission Statement

To safeguard life, promote human health, and protect the environment.

Operations

Public Health

- Inspect state-owned and non state-owned health related institutions and correctional facilities.
- Inspect food establishments.
- Inspect child care centers, hotels, schools, and lodging establishments.
- Inspect homes of children with elevated blood lead levels.
- Inspect public swimming pools.
- Inspect dairy farms and plants.
- Inspect bedding manufacturers, sanitizers, and dealers.
- Monitor populations of mosquitoes and other disease-bearing vectors.
- Monitor distribution of vector-borne diseases.
- Manage pests while reducing pesticide use.
- Investigate emerging vector-borne diseases.

Drinking Water

- Monitor for microbiological contamination.
- Ensure public water systems meet coliform bacteria contamination requirements.
- Monitor for chemical or radiological contamination.
- Ensure public water systems meet chemical or radiological contamination requirements.

Shellfish Sanitation

- Conduct inspections of shellfish operations.
- Analyze samples of shellfish for bacteria.
- Inspect waste water systems that effect estuarine waters.

On-site Wastewater

- Review permits.
- Provide technical assistance and training to local health departments.
- Support on-site wastewater disposal research and development.

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Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Public Health				
Reduce the incidence of disease caused by critical item violations at food establishments. *PPB: 1210*				
• Percent of required inspections of food establishments completed each quarter	87%	88%	89%	90%
Reduce blood lead levels among lead poisoned children receiving both clinical and environmental health follow-up services. *PPB: 1210*				
• Percent reduction in blood lead level among lead poisoned children at four-month follow-up	28%	28%	28%	28%
Maintain at 100 percent the number of dairy farms and plants meeting Grade A standards. *PPB: 1210*				
• Percent of dairy farms and plants meeting Grade A standards	100%	100%	100%	100%
Maintain at 100 percent the number of bedding products manufacturers, retailers, and sanitizers in compliance with statutes. *PPB: 1210*				
• Percent of manufacturers, retailers, and sanitizers of sleep products in compliance with regulations	100%	100%	100%	100%
By the year 2000, the number of reported cases of vector-borne disease will be less than 3 per 100,000. *PPB: 1110*				
• Cases of vector-borne diseases reported by physicians per 100,000 population	1.37	2	2	2
Drinking Water				
Increase percent of population served by safe water systems *PPB: 6920*				
• Percent of North Carolina residents served by water systems meeting the maximum contamination level (MCL) standards for safe drinking water	96%	96%	96%	96%
Increase the percent of public water systems in compliance with safe drinking water standards. *PPB: 6920*				
• Percent of public water systems in compliance with safe drinking water standards	96%	96%	96%	96%
Shellfish Sanitation				
Prevent occurrences per 100,000 population of illnesses attributable to shellfish products from North Carolina waters. *PPB: 6920*				
• Occurrences per 100,000 population of illnesses attributable to shellfish products from North Carolina waters	0	0	0	0
Advise public when recreational water quality deteriorates. *PPB: 6920*				
(No measures have been developed.)				
On-site Wastewater				
Maintain septic tank system failure rate below 10%. *PPB: 5620*				
(No measures have been developed.)				

DENR 136

Attachment E

DIVISION OF ENVIRONMENTAL HEALTH
NER REPORT
March 16, 1999
Linda C. Sewall

Environmental Health

Imagine yourself in the Capitol building at the turn of the last century. Southern children, including those in North Carolina, are thought to be slow learners because they are listless and quiet; if you live near the coast, your family might travel to the mountains or the north every summer to avoid the illnesses "caused by" the swamps; if you live in town, you might have water delivered to your home straight from the nearest river or lake; the resulting wastewater drains straight to the gutter or ditch; you worry about whether your children will get sick from the milk you buy from the farmer just outside of town, unless you have your own cow. Families have many children because some will likely die before they reach maturity. The average life expectancy is much shorter than it is today. People in North Carolina die of malaria, typhoid fever and other diseases caused by their environment. Those "slow" children, it turns out, have hookworm, caused by walking and playing in untreated sewage.

A few public-spirited physicians come to you in the legislature and convince you that it makes more sense to prevent diseases than to treat them, arguing that we need to prevent disease in the whole community so fewer people get sick in the first place. From these discussions, the State Board of Health is born. Since many of the most prevalent diseases are caused by poor sanitation, one of the first positions filled by the new Board of Health is the State Sanitary Engineer, my position. Names change, people change, and diseases change, but our mission in environmental health remains the same: To prevent disease in the community by control of environmental factors.

We have programs that regulate the safety of the food people eat such as restaurant, shellfish and meat market sanitation, places people stay such as motel, school, day care, rest home and jail sanitation and things people drink such as drinking water and grade A milk sanitation. Because of 100 years of environmental health programs, people in North Carolina turn on their water taps with confidence. In addition, we administer programs related to on-site wastewater disposal (septic systems), child lead hazard identification and abatement, recreational water quality monitoring, swimming pool sanitation and tattoo parlor sanitation. We help local governments fund their mosquito control programs and we provide technical assistance to counties and individuals related to control of mosquitoes, ticks, head lice, roaches, rats and other vectors of human disease.

Since just listing all of our programs would take my allotted time, I want to emphasize the new programs that have been funded in the past few years.

Training

Many of our programs are administered by locally employed environmental health specialists in the local health departments. Our relatively small state staff could not

provide the mandated quarterly inspections of over 22,000 restaurants, etc. or issue the 40,000-50,000 septic tank permits issued each year without the local staff of about 750 environmental health specialists who are authorized as "agents of the state" to implement these programs. The regulated community demands consistency in program interpretation and enforcement statewide. In addition, we, the state, are liable for the decisions made by our locally employed agents. Therefore, training is essential. We train approximately 80 newly-hired local environmental health specialists in centralized training sessions offered two times per year. In addition, we work with local government, the regulated communities and the universities to develop ongoing training opportunities through the environmental health State of Practice Committee.

We also train and certify water treatment plant operators. The training is coordinated with the NC Water Works Operators Association and the NC Section of the American Water Works Association in an effort to maximize use of each group's training resources and assure that those who provide our citizens with drinking water know how. The effectiveness of some of our programs is hard to measure. By measuring the training contact hours presented by our staff we are able to infer that our programs are administered effectively and in accordance with appropriate scientific principles and state laws.

In addition to formal training, a key role of our entire staff is the one-on-one training opportunity associated with providing technical assistance and second opinions to the local health departments and the regulated community.

SRF

The general assembly has provided match money for federal funds which have enabled us to offer $57.7 million in low-interest loans to communities for needed improvements to their water systems. Priority is given to funding projects in areas not currently in compliance with the drinking water standards. The Clean Water Bond that passed in November 1998 will provide continuing match for these federal dollars and will enable us to provide funding to meet critical water supply and distribution needs for the next five years. However, even with the bonds, the estimated water infrastructure needs of $4 billion still greatly exceed the $444 million available.

Recreational Water Quality Monitoring

Two years ago, in response to elevated public concern about beach water quality, the legislature funded and we began a recreational water quality monitoring program. This program only includes beaches in the coastal area of the state (both ocean beaches and sounds). We monitor over 200 sites year-round with increased monitoring during the summer months when bather load is heaviest. We have been able to confirm that North Carolina's beach water quality is good, reassure the public and assist coastal communities by publishing the locations of high bacterial counts on our Web site. There have been a few areas where we have identified bacterial levels that exceed safe swimming standards. In these areas we have worked with local governments and the media to notify the public of the increased risk, posted signs and conducted shoreline surveys to identify the source

of the contamination so that corrective actions can be initiated. In a number of cases, water fowl have been the source.

Straight-Pipe Elimination (WaDE)

While technology and regulations of wastewater systems have improved over the years, there are still many older systems that are failing and residences that are discharging their wastewater directly into streams and rivers. The general assembly funded a small program to emphasize identification and correction of these problems, especially where the illegal discharge was to a drinking water supply. The WaDE staff has created an increased public awareness of this problem in western North Carolina and has worked with several counties and the Clean Water Management Trust Fund to implement a survey and low-interest loan program to help citizens correct their "straight-piping" and/or failed septic tank systems. In conjunction with the Division of Community Assistance, Department of Commerce, the staff has applied for a $9.2 million Clean Water Management Trust Fund grant which would, if funded, allow this program to expand to 10 more counties.

On-site Wastewater

Through the local health departments approximately 50,000 septic tank permits are issued each year. State staff responsibilities include plan review for engineered systems, system components and innovative and experimental systems, training and authorization of local staff, enforcement, second opinions, rulemaking and assuring program consistency statewide. New staffs provided by the general assembly have been used to improve our ability to provide these services in a timely manner. In addition, a recently implemented internal reorganization should enable us to use our existing staff more efficiently while providing a coordinated approach to enforcement actions, tort claims and other legal challenges and a much needed field presence for the more complicated large systems.

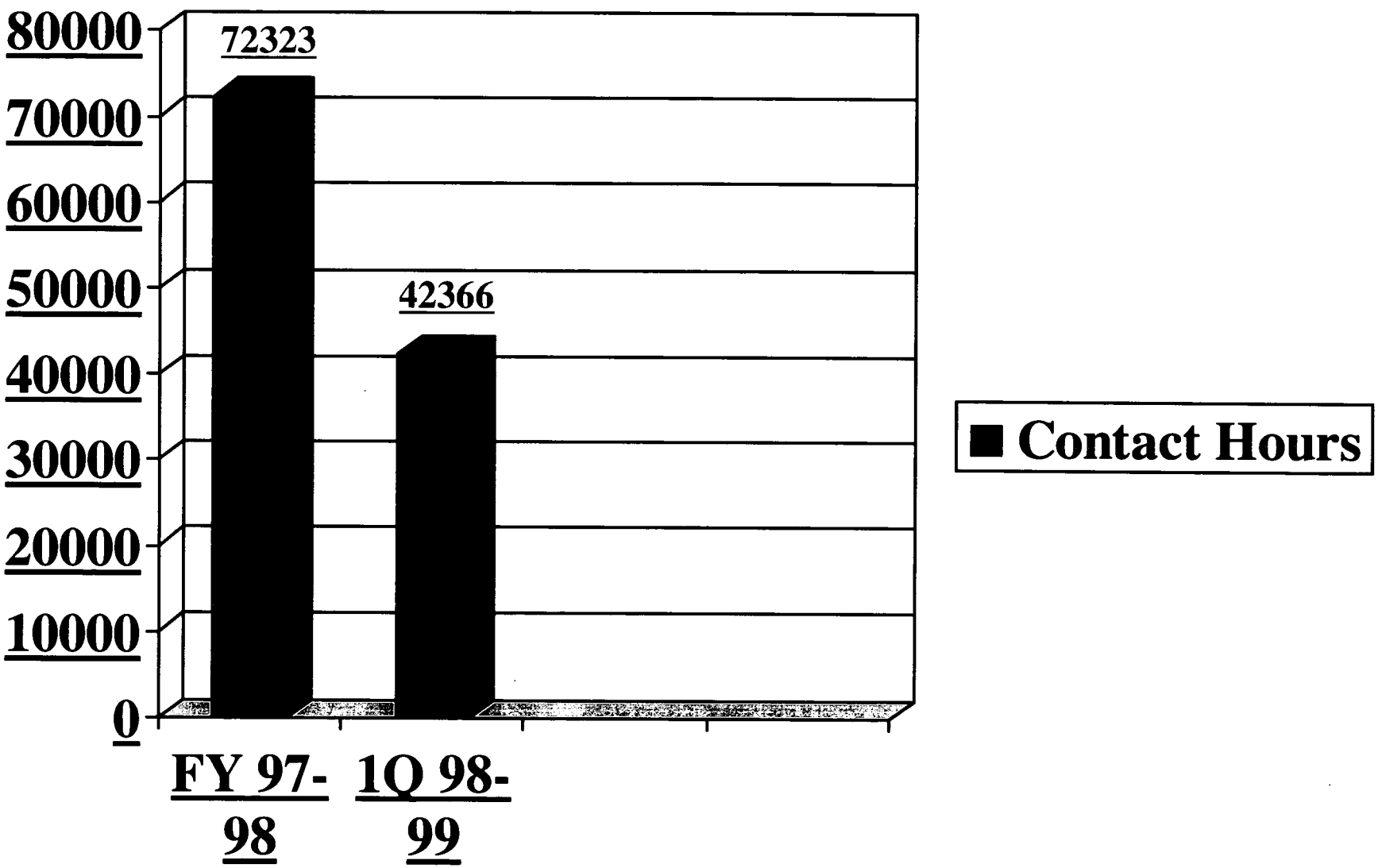
Last year the General Assembly passed a law that required all new septic tank systems to include filters and risers. As a result, staff was required to review and approve plans for 267 new or revised model septic tanks and 28 filters. This has caused delays in review and approval of other types of systems. However, now that we have caught up, we believe our new organizational structure will help streamline the review process.

Food, Lodging and Institutional Sanitation

The number of regulated food service establishments in North Carolina has been growing by leaps and bounds. At the same time, public concern about food safety resulting from nationwide recalls of contaminated food and increasing threats from emerging pathogens such as E. coli 0157 is on the rise. At the same time, more and more of our population spend time in institutional settings such as rest homes and day care centers. Public need and demand for programs to ensure that food, lodging and institutional facilities are safe and clean has increased as the understanding of the risks involved has grown. The regulated community often has outlets in multiple counties. There is an expectation that statewide requirements will be implemented consistently and fairly statewide even though the staff primarily responsible for enforcing the rules are local employees. Recent

expansion of the Food, Lodging and Institutional sanitation programs have allowed us to provide more timely plan review of prototype designs for chain restaurants, additional field staff who can focus on specific program areas and provide up-to-date technical assistance to the local staff and the regulated community, and a quality assurance program which includes a new informal review process when a local decision is challenged. This new process has been well received by the industry as a way to encourage consistency and fairness in a more timely and less expensive manner than the formal appeals process outlined in the APA. The option of a formal appeal remains for those who choose to use it.

DEH Training Contact Hours



VISITOR REGISTRATION SHEET

NER 3-18-99

e of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Jorge Poole	DCM
Richard Shaw	DENR Coastal Management
Donna Moffitt	DENR - Coastal Mgmt.
Bill Meyer	DENR - WHSTC Mgt.
Mike Kelly	DWM
Lucia Merritt	ENR - DEH
Linda Sewall	DEH
[illegible]	OSBM
JW Reed	OSBM
Johnny Gray	OSBM
Pat Backus	DWM
Brenda Rivera	DWM
Sherri [illegible]	DENR
Linda [illegible]	Commerce
Don McLaughlin	DENR
Jane Smith	DENR
Sherrill [illegible]	DENR
Doug Lassiter	NC Septic Tank Assoc.
Joe McClees	TDA
C. Porter	Bone & Associates
[illegible] Washington	DSA.

VISITOR REGISTRATION SHEET

NER — 3-18-99

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Kathy Sawyer	Commerce
Laura DeVivo	DENR
Michael Williamson	DENR
Frank Bordeaux	NCAFA

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

March 23, 1999

The Joint House Appropriations / Subcommittee on Natural and Economic Resources met on Tuesday, March 23, 1999 in Room 423 of the Legislative Office Building at 8:30 A.M. Senator Bob Martin Chaired the Committee Meeting. Six Senate Committee Members were present. The following House Members were present: Representatives Fox, Owens, Warren, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, and Tolson were present. Mona Moon, Jennifer Hoffmann, and Jennifer Herrera, Fiscal Staff members were in attendance. A Visitor Registration list is attached and made part of these minutes.

The Chairman called the meeting to order.

- Commissioner of Labor, Harry Payne was guest speaker.
- Jennifer Hoffmann gave the Committee Members a Budget Overview of the Department of Labor (*Attachments 1, and 2*).
- Jennifer Hoffman discussed the Administration Division for the Department of Labor (*Attachment 3*). Sharon Hayes, Deputy Commissioner, Administration was a guest speaker.

The Committee Members discussed the above items. Questions were asked and answered.

There being no further business, the Chair adjourned the meeting at 9:50 A.M.

Respectfully submitted,

R. L. Martin

Senator Robert L. Martin
Chairman

Judith M. Veorse

Judith M. Veorse
Legislative Assistant

VISITOR REGISTRATION SHEET

NER 3-23-99

Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Laura DeVivo	DENR
Anita McNeil	DENR BPA
Johnny Coray	OSBM
Shelli Alteri	OSBM
J.W. Reel	OSBM
Harry Payne	Labor
Becky Brown	"
Dana Cope	"
Sharon Hayes	Labor
BOB ANDREWS	LABOR
Harold Megredy	Labor
Buck Lattimore	Industrial Commission
Ebonie Alexander	NCCDI
Steve Woodson	NC Farm Bureau
Sheila Chavis	OSPL
R. ROCKERS	ENR
BRENT LANE	COMMERCE
Abdul Rashaad	NCCDI
Doug Lassiter	McClees Consulting
Jim Speed	Louisburg
J. Collin (Col) Cedar	Parker, Poe, Cedar & Bernstein
Lizzie Aycock	Commerce

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
[signature]	N.C. Pork Council
[signature]	NCB
John Cyrus	N.C. State Grange
[signature]	Electric co-ops
[signature]	Electric Coops
R. Paul Wilms	NCHBA

Department of Labor

Departmental Overview							
			Current Fiscal Year	Governor's Continuation Request *			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	26,205,770	27,692,728	29,987,539	26,568,595		26,568,595	
Less Receipts	(11,389,547)	(12,942,499)	(12,425,897)	(10,191,570)		(10,191,570)	
Cash Balance +/-	82,222	791,851					
State Appropriations	*14,898,445*	*15,542,080*	*17,561,642*	*16,377,025*		*16,377,025*	
Less State 1998-99 NR			*(220,000)*				
Adjusted Appropriations			*17,341,642*	*16,377,025*	-5.6%	*16,377,025*	-5.6%
Positions	462.00	490.10	462.00	460.00		460.00	

* Continuation Budget includes the Governor's recommended budget reductions.

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Adjusted State Appropriations.

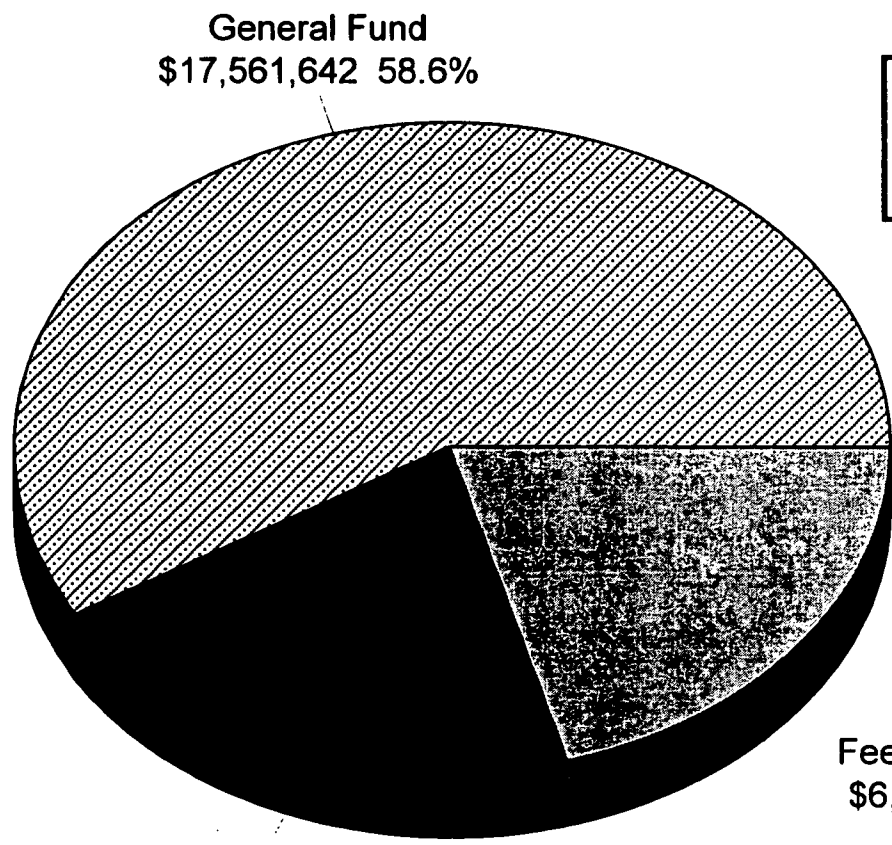
ACTIVITIES

The Department of Labor is charged by general statute (G.S. 95-1) to promote the health, safety, and well-being of the State's workforce. The head of this Department is the Commissioner of Labor who is elected every four years and is a member of the Council of State.

The Department's responsibilities include administering and enforcing federal and state laws that affect people in the workplace, including administering the Occupational Safety and Health Act, regulatory and consultative services to the mining industry, enforcing safety regulations for elevators, amusement rides, and boilers. Other responsibilities include promoting and supervising apprenticeship programs, and establishing license requirements for private employment agencies.

Attachment 1

Department of Labor
FY 1998-99 (Authorized) Budget
By Funding Source



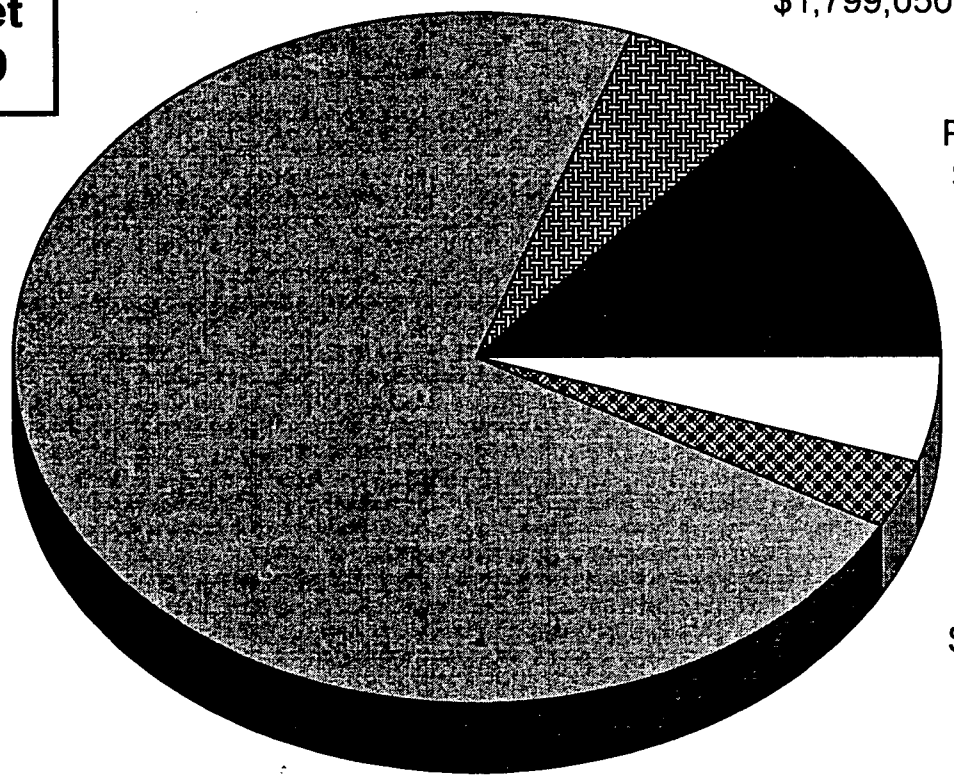
Fiscal Research Division - March 1999

Department of Labor

FY 1998-99 (Authorized) Budget

Expenditures By Category

Total Budget
$29,987,539



Supplies & Equipment
$1,799,050 6.0%

Purchased Services
$4,063,952 13.6%

Other
$1,448,424 4.8%

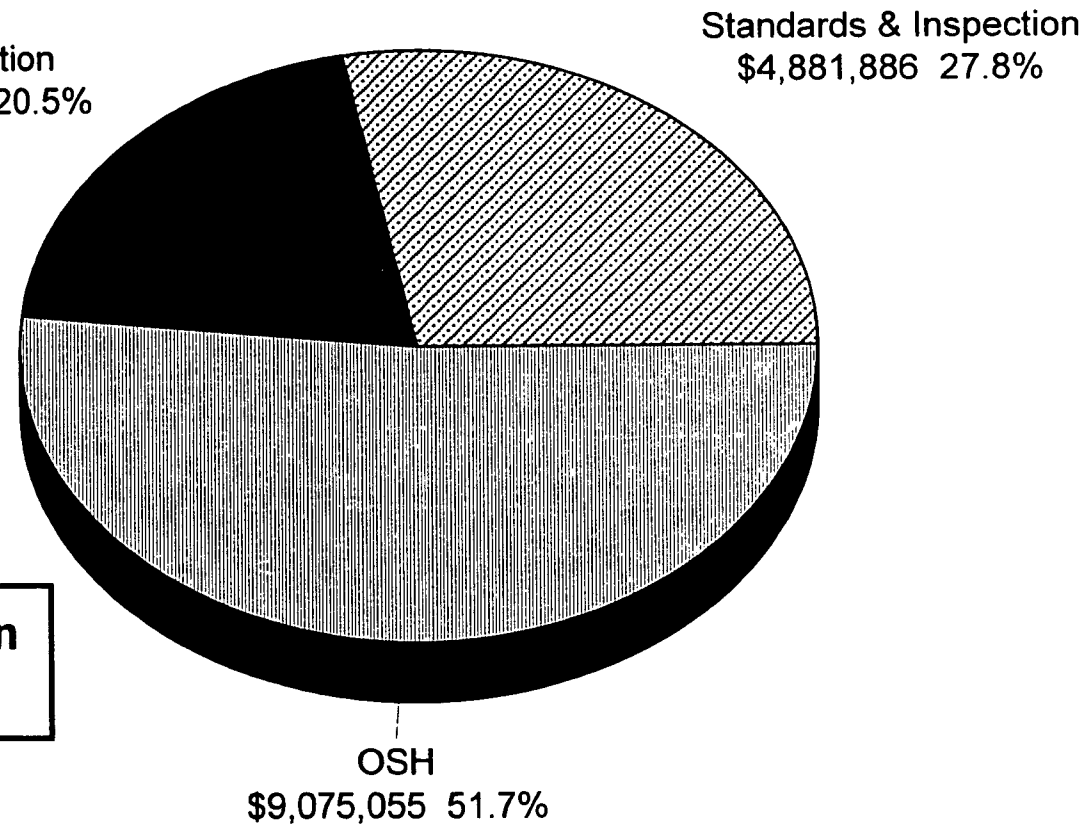
Reserves
$961,856 3.2%

Personal Services
$21,714,257 72.4%

Fiscal Research Division - March 1999

Department of Labor

FY 1998-99 (Authorized) General Fund Appropriations by Program Area



G.F. Appropriation
$17,561,642

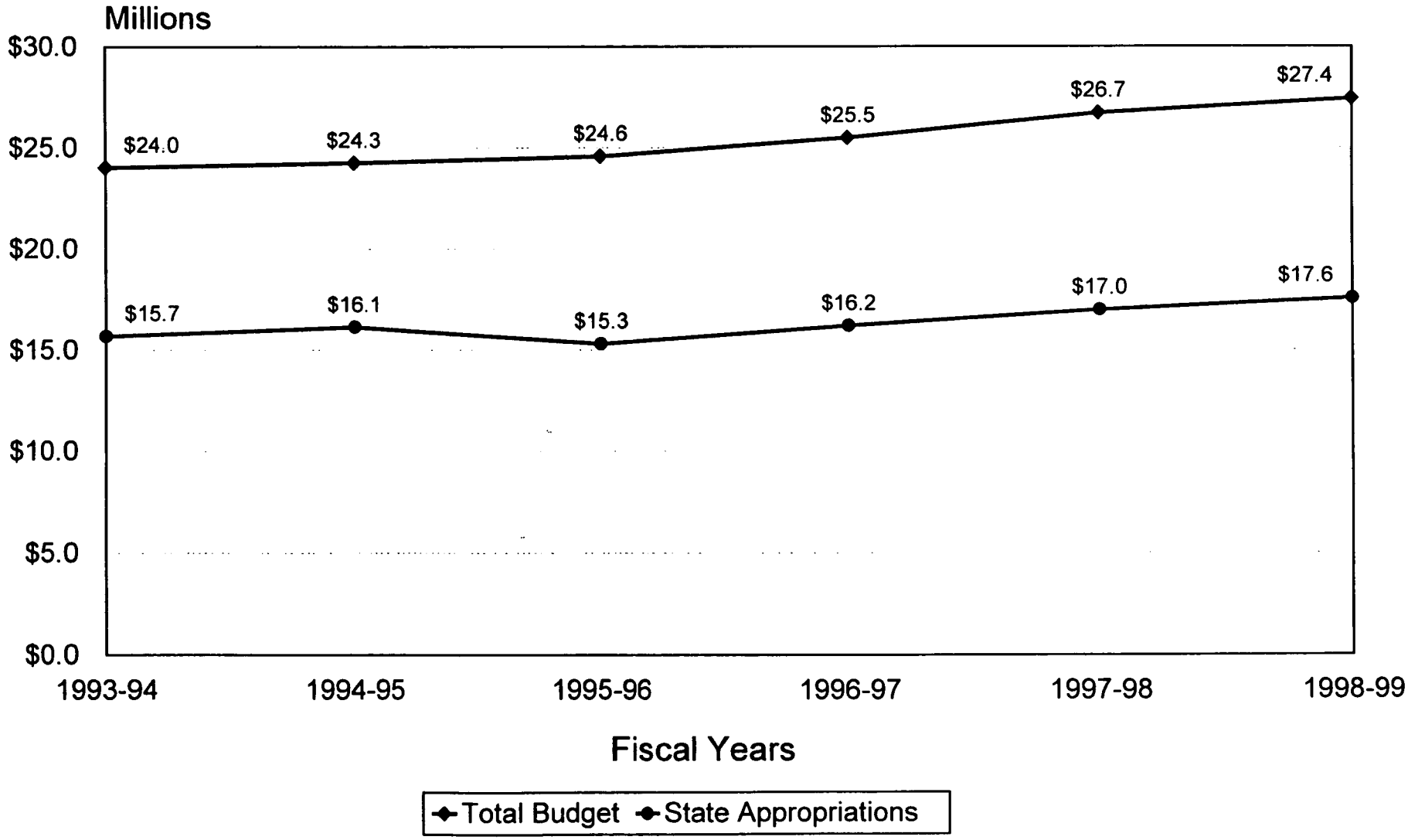
Fiscal Research Division - March 1999

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS --	1999-2000	2000-2001
1. Eliminate Vacant Positions	($80,006)	($80,006)
Commissioner's Office – Processing Assistant III (1.00 FTE)	-2.0	-2.0
OSH Division -- Applications Analyst Programmer I (1.00 FTE)		

Department of Labor

Authorized Budget -- Six Year History



Fiscal Research Division -- March 1999

Department of Labor

Six Year Authorized Budget History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	5-Year Δ
Total Budget Requirements	24,033,899	24,268,057	24,590,330	25,488,270	26,716,832	27,440,913	
Change vs. Previous Year		234,158	322,273	897,940	1,228,562	724,081	
Percentage Change		0.97%	1.33%	3.65%	4.82%	2.71%	14.18%
State Appropriations	15,697,031	16,144,351	15,313,083	16,193,023	16,974,743	17,561,642	
Change vs. Previous Year		447,320	(831,268)	879,940	781,720	586,899	
Percentage Change		2.85%	-5.15%	5.75%	4.83%	3.46%	11.88%

Notes:

1. *Total authorized budget requirements include agency receipts and general fund appropriations as of fiscal year end (June 30), except FY 1998-99, which is as of January 31, 1999.*
2. *Total authorized budget figures include the general, operating budget code only.*

Department of Labor

Six Year Position History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	5-Year Δ
Total Positions	442.70	458.10	455.60	461.60	494.60	461.00	
Change vs. Previous Year		15.40	-2.50	6.00	33.00	-33.60	18.30
Percentage Change		3.48%	-0.55%	1.32%	7.15%	-6.79%	4.13%

Source: Office of State Personnel

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The Commissioner has made a number of changes to the organizational structure of the Labor Department since the 1997 session. These changes include:

1. Abolishing the "Chief of Staff" position created in 1997, which reported directly to the Commissioner on the internal operations of the Department.

2. Establishing a Deputy Commissioner for Administration responsible for all the administrative functions of the Department.

3. Consolidating a number of Bureaus and Divisions, which had previously reported directly to the Chief of Staff, under Administration. These include the Employment Mediation Bureau, Human Resources, Communications, Legal Affairs, and Budget and Management.

4. Moving the Private Personnel Services Office from Administration to the Standards and Inspections Division.

5. Moving the responsibility for the Controlled Substances Act from the Mine and Quarry Bureau to the Private Personnel Services Office within the Labor Standards Bureau.

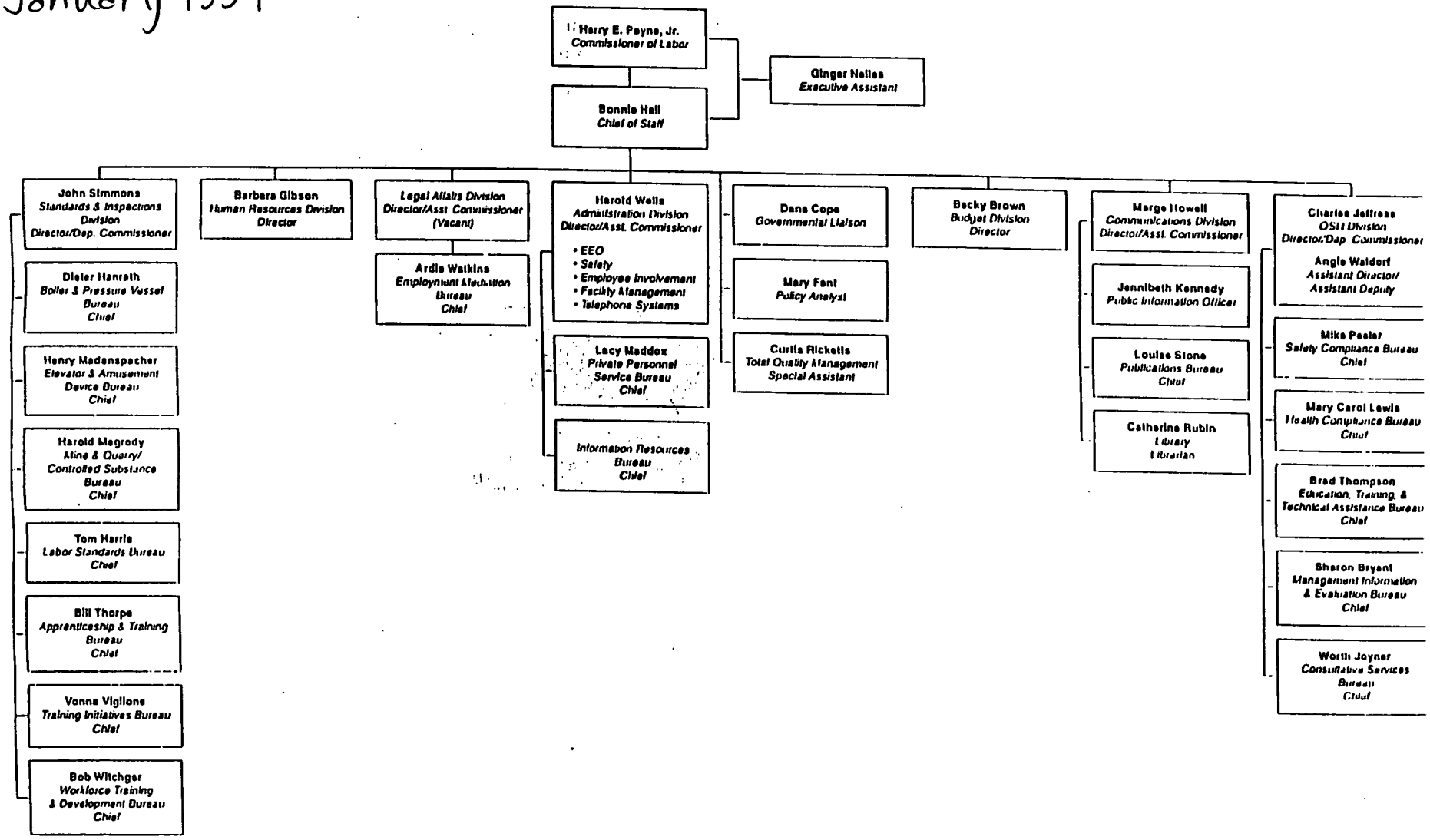
The Committee may wish to have the Department discuss the rationale for these changes and any increased efficiency expected as a result of the new organizational structure.

BEFORE

January 1997

North Carolina Department of Labor

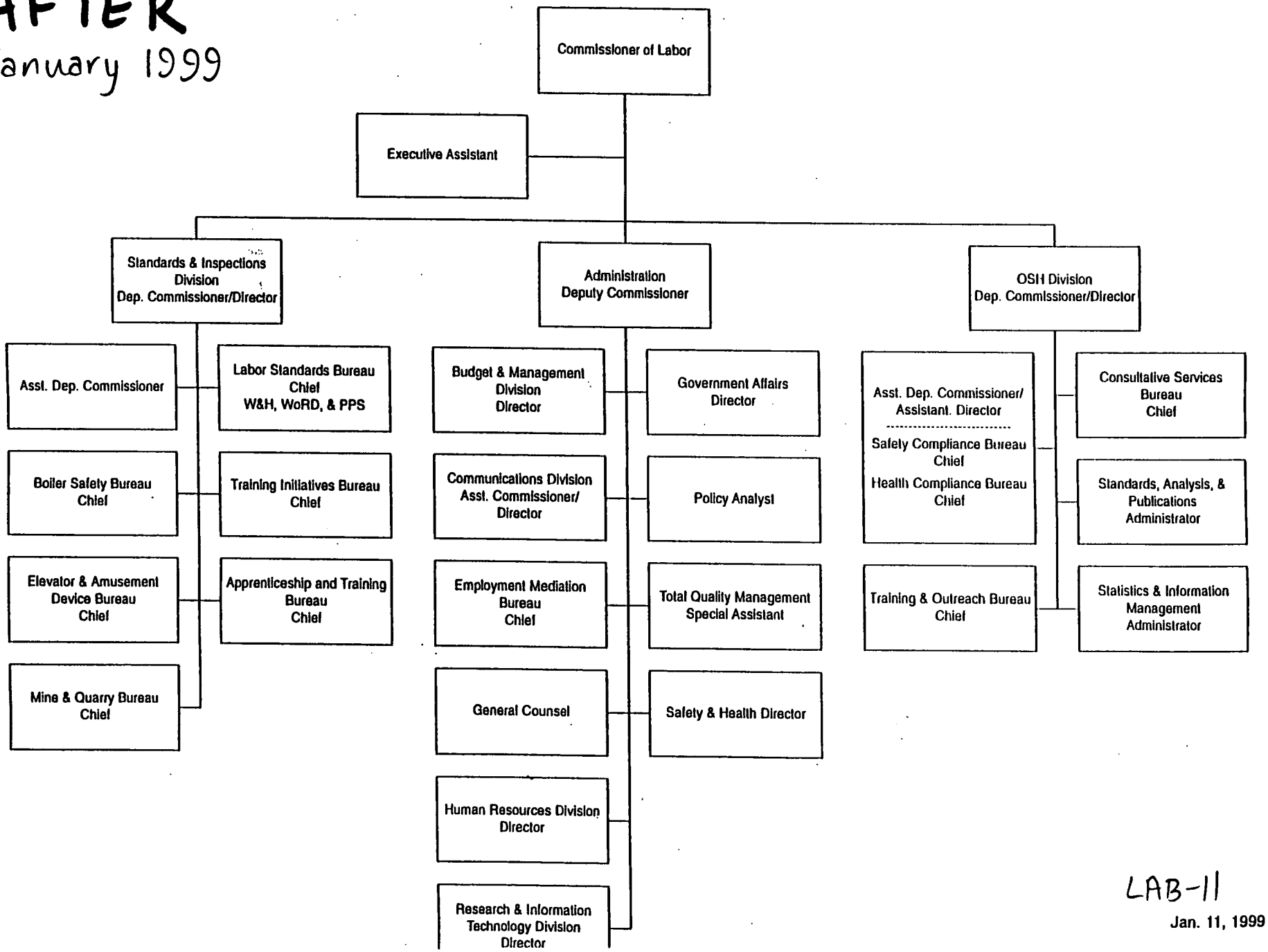
Organizational Chart*



LAB

AFTER
January 1999

North Carolina Department of Labor
Organizational Chart



LAB-11
Jan. 11, 1999

Mission Statement

To foster a safe, healthy, fair, and productive North Carolina by: providing responsive, effective, and efficient services; providing and encouraging quality education and training; administering fairly our regulatory mandates; enhancing public confidence in the Department of Labor.

Goals

- Become a model workplace.
- Improve workplace safety and health.
- Improve the safety of boilers, elevators, amusement devices, and related equipment.
- Improve the delivery and effectiveness of workforce training.
- Promote fairness in employment relationships.

Operations

The Department of Labor is one of the principal Council of State departments as defined by Article III, Sections 7-8 of the North Carolina Constitution. The Commissioner of Labor is a member of the Council of State and is elected by the voters of the state every four years.

The Department of Labor's goal of becoming a model workplace is the responsibility of the Commissioner of Labor and his administrative staff. Administrative services include budgeting and financial management services, legal affairs, public communications, human resource management, research and information technology services, labor surveys and reporting, planning, and total quality management.

The goal of improving workplace safety and health encompasses the efforts of two organizational units--the Occupational Safety and Health (OSH) Division and the Mine and Quarry Bureau. Occupational Safety and Health conducts inspections, consultative surveys, training, and education programs to reduce lost time accidents, to reduce the overall occupational injury and illness rate, and to increase awareness of safe work practices.

Improving the safety of boilers, elevators, amusement devices, and related equipment rests with the Boiler Safety Bureau and the Elevator and Amusement Device Bureau. Boiler Safety works toward reducing the risk of injury and property and environmental damage. Elevator and Amusement Device conducts inspections and tests of elevators, escalators, dumbwaiters, handicap lifts, aerial passenger tramway units, and amusement rides.

The goal of improving the delivery and effectiveness of workforce training is the responsibility of the Apprenticeship and Training Bureau and the Training Initiatives Bureau. Apprenticeship and Training provides assistance to employers in establishing, maintaining, and operating sound apprenticeship programs. Training Initiatives provides leading edge resources in human resource management and human performance technology.

Promoting fairness in employment relationships is the responsibility of the Labor Standards Bureau. The Wage and Hour Office enforces the Wage and Hour Act through investigations, education, and training. The Workplace Retaliatory Discrimination Office enhances public confidence in the ability to exercise employment-related rights without retaliation. The Private Personnel Service Office investigates complaints, reviews and approves applicants for license, and certifies non-regulated services. Employment Mediation seeks to prevent economic disruption by promoting good industrial relations and helping labor and management resolve their differences.

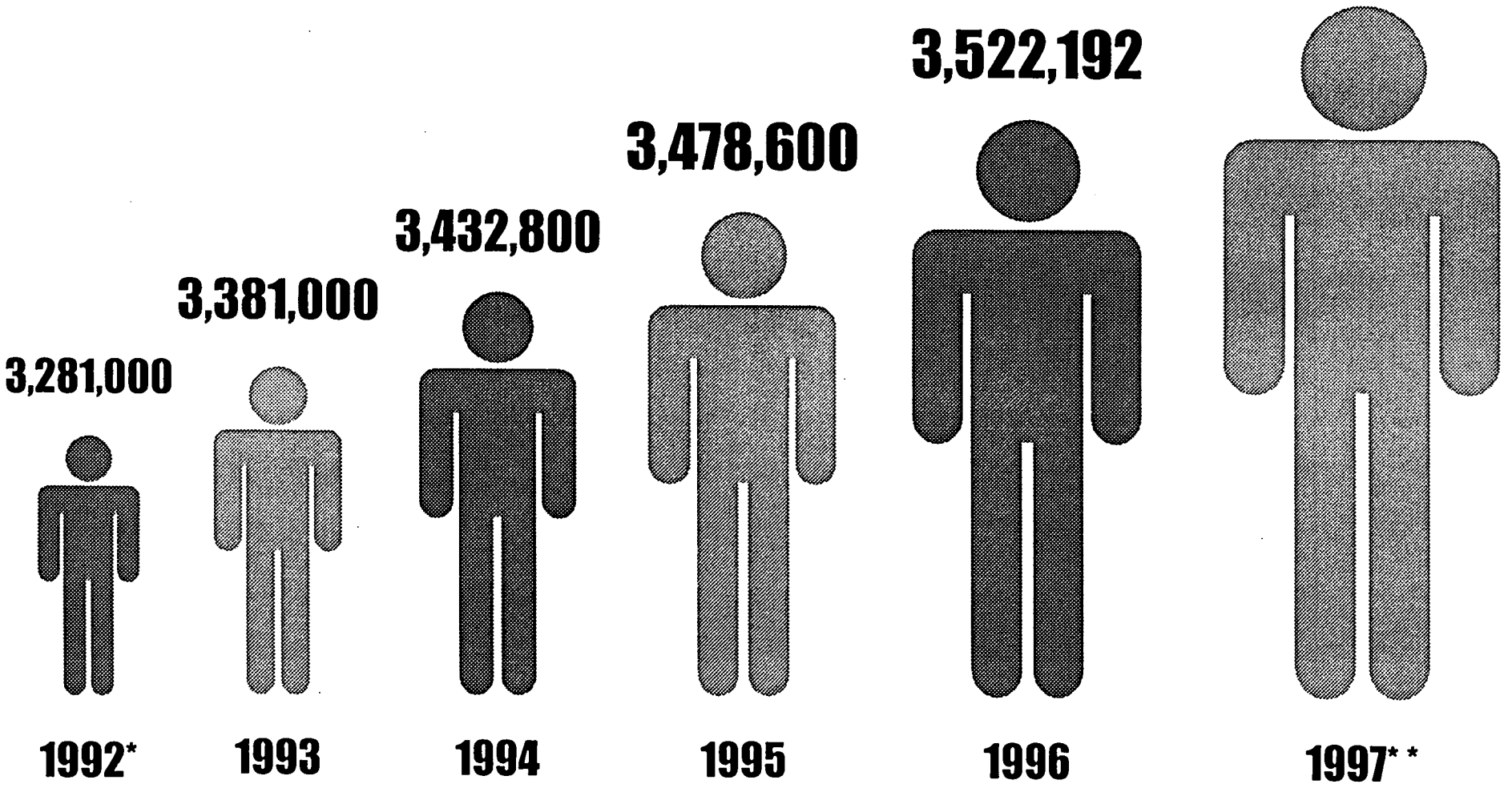
Performance / Program Budget

Expenditures in the Department of Labor focus entirely on objectives that fall within Economic Development and Commerce Program Area. (For more information, see Program Analysis chapter in Volume I.)

	1997-98 Actual	1998-99 Authorized	1999-00 Recommended	2000-01 Recommended
REQUIREMENTS				
13800 Labor-General	24,702,047	25,444,917	24,627,193	24,627,193
23800 Labor-Special	2,990,708	2,021,408	2,021,408	2,021,408
Total Requirements	27,692,755	27,466,325	26,648,601	26,648,601
ESTIMATED RECEIPTS				
13800 Labor-General	9,159,935	8,296,569	8,170,162	8,170,162
23800 Labor-Special	3,782,565	2,021,408	2,021,408	2,021,408
Total Receipts	12,942,500	10,317,977	10,191,570	10,191,570
APPROPRIATION				
13800 Labor-General	15,542,112	17,148,348	16,457,031	16,457,031
23800 Labor-Special	-791,857	0	0	0
GENERAL FUND APPROPRIATION	15,542,112	17,148,348	16,457,031	16,457,031
CHANGE IN FUND BALANCE	791,857	0	0	0
Positions	490.1	462.0	462.0	462.0

North Carolina Department of Labor

Number of Working North Carolinians 1992-1997



* Recession

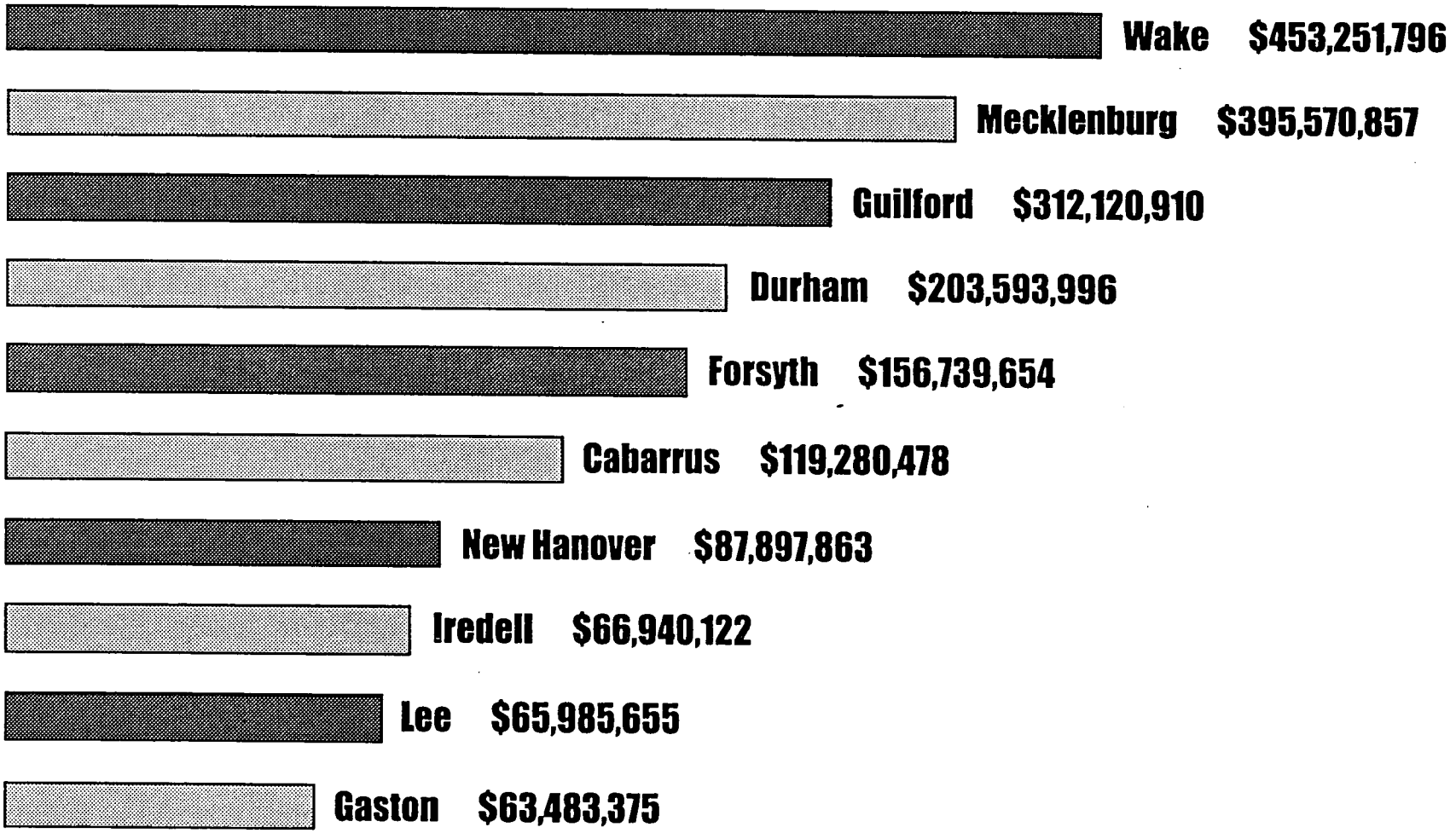
** 1997 Figure Current to September 1997

Attachment 2

North Carolina Department of Labor

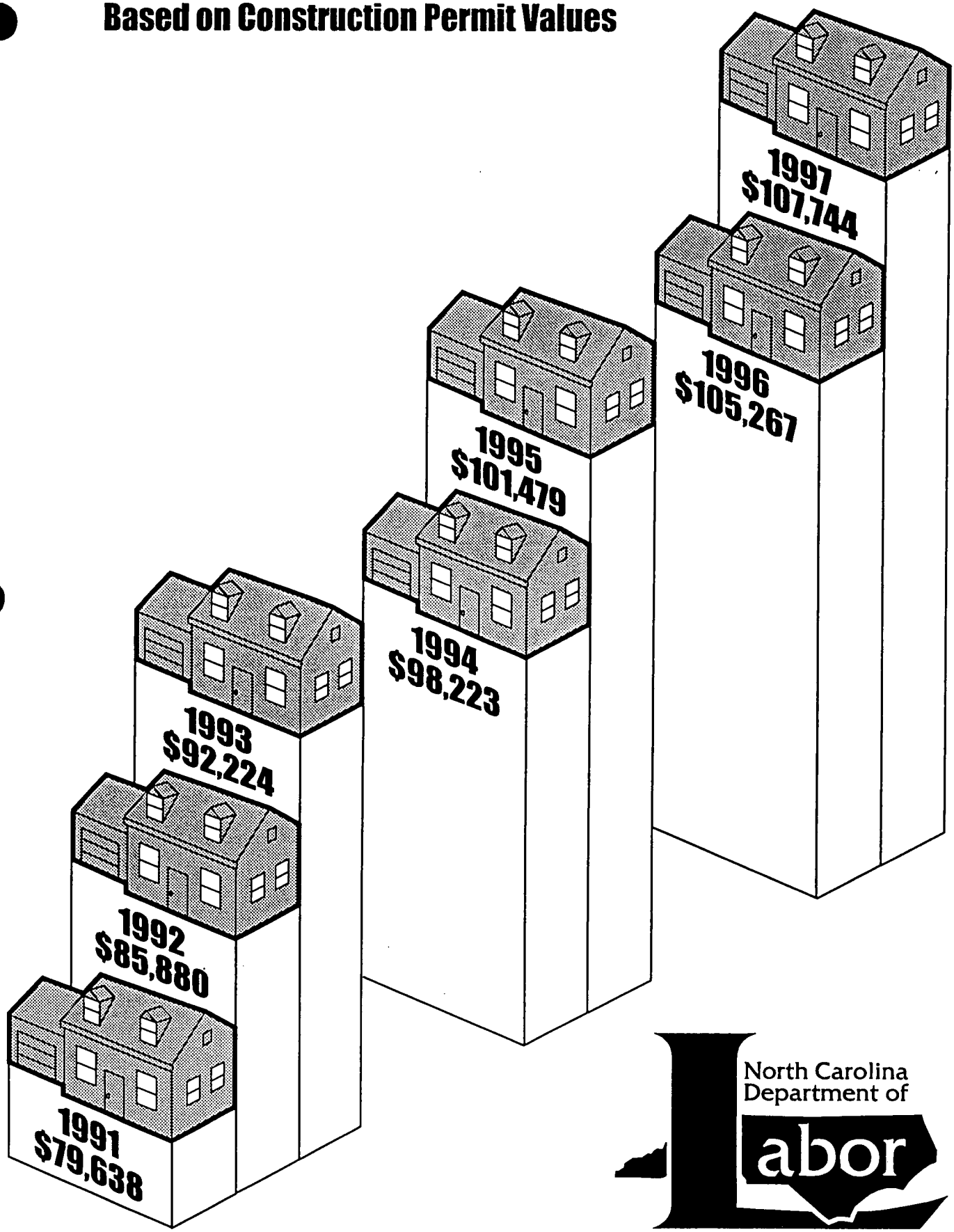
1997 Top Ten Counties For New Commercial Construction

Rating Based on Value



Average Cost of Single Family Housing

Based on Construction Permit Values



North Carolina Department of Labor

North Carolina Department of Labor

Calls to 1-800-LABOR-NC

1997-98 - 167,368

1996-97 - 146,143

1995-96 - 88,200

1994-95 - 75,000

1993-94 - 65,000

North Carolina Department of Labor

Youth Employment Certificates Issued

97-98 - 116,255

96-97 - 111,838

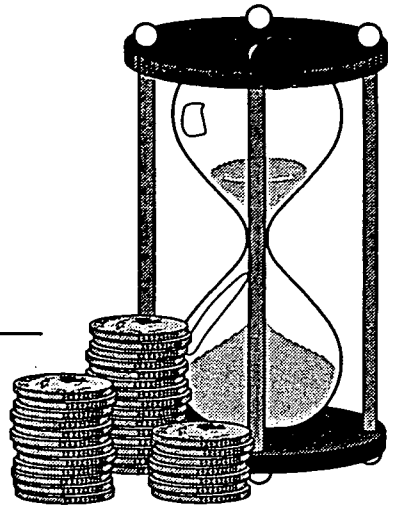
95-96 - 113,010

94-95 - 119,445

93-94 - 109,019

North Carolina Department of Labor

Wage, Pay and Youth Employment Audits



Completed Audits

1997-98 - 4,058

1996-97 - 3,517

1995-96 - 3,757

1994-95 - 3,658

1993-94 - 3,553

Open Audits

1997-98 - 1,072

1996-97 - 1,099

1995-96 - 1,085

1994-95 - 1,216

1993-94 - 1,087

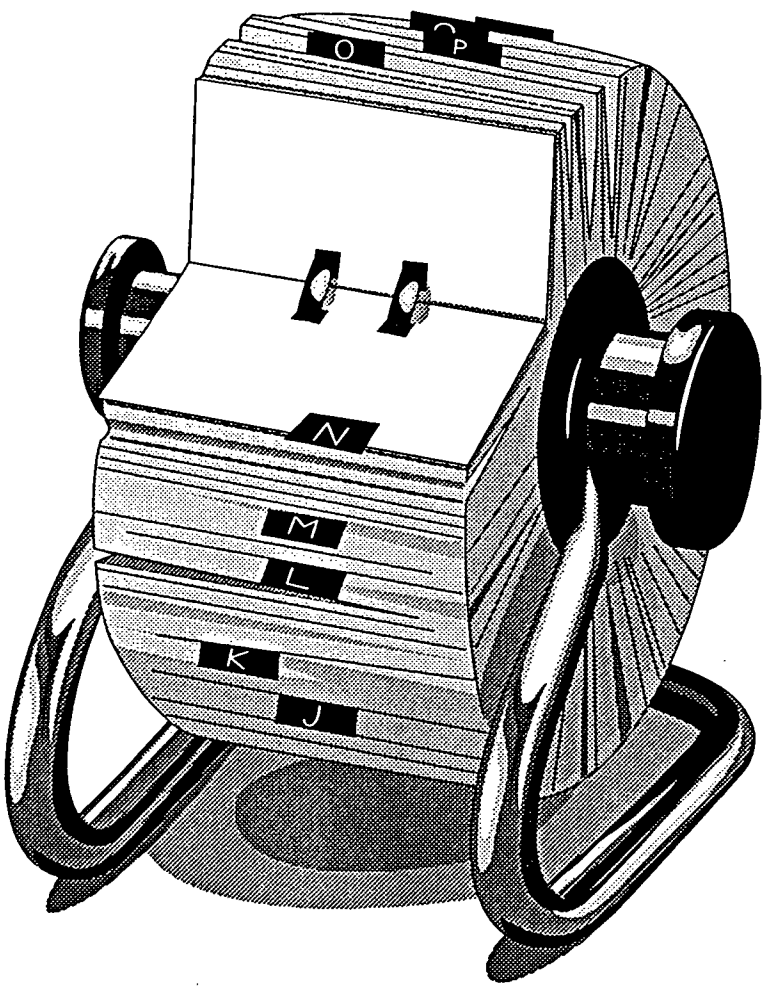
North Carolina Department of Labor

North Carolina Employment Agencies 1993-1998

Agencies

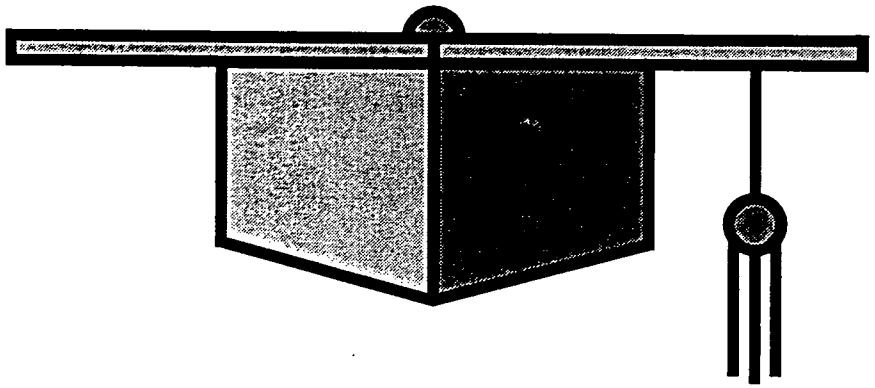
1993-94	398*
1994-95	415*
1995-96	624*
1996-97	665*
1997-98	744*

*3 Staff Members



North Carolina Department of Labor

Apprentices & On-the-Job Trainees Registered



1997-98 - 7,578

1996-97 - 7,005

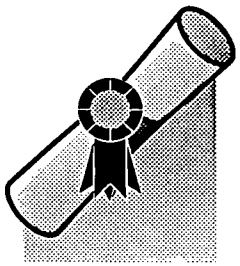
1995-96 - 6,538

1994-95 - 5,620

1993-94 - 4,653

North Carolina Department of Labor

Apprenticeship Growth and Staff 1993-1998



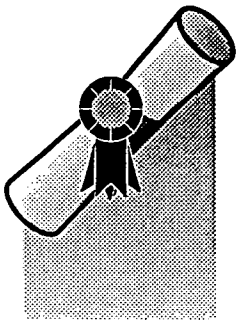
4,653 Apprentices

1:423*

11 Apprenticeship Consultants

7 Support Staffers

1993-1994



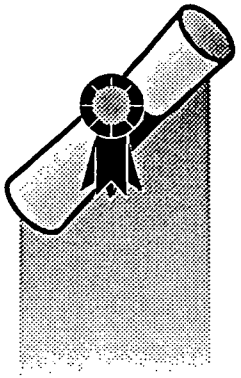
5,620 Apprentices

1:510

11 Apprenticeship Consultants

7 Support Staffers

1994-1995



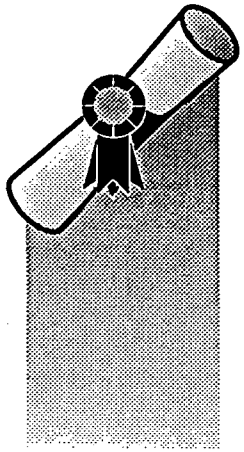
6,538 Apprentices

1:594

11 Apprenticeship Consultants

7 Support Staffers

1995-1996



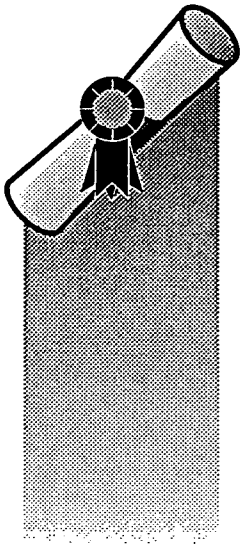
7,005 Apprentices

1:637

11 Apprenticeship Consultants

7 Support Staffers

1996-1997



7,578 Apprentices

1:345

22 Apprenticeship Consultants

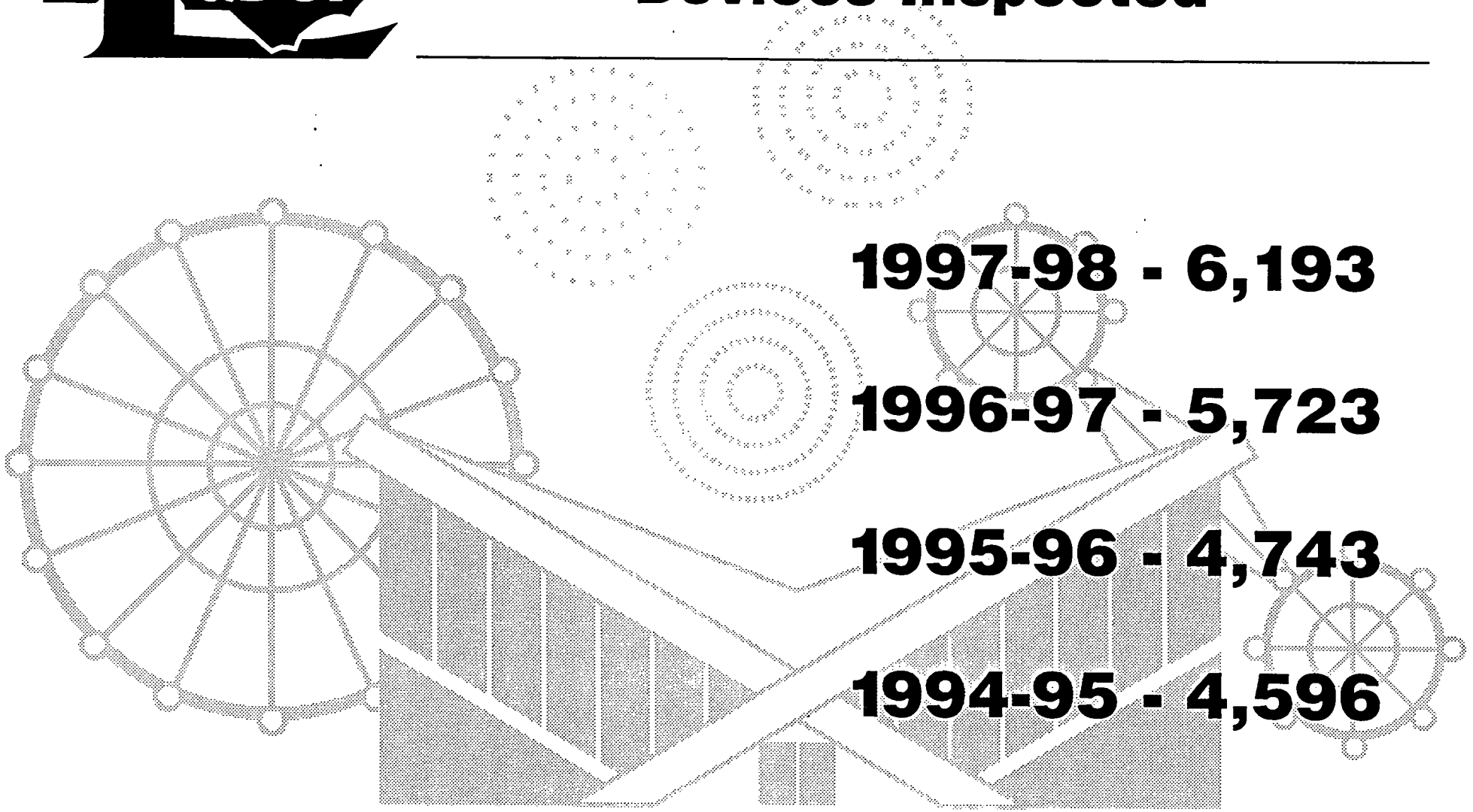
10 Support Staffers

1997-1998

* Number of Apprentices Tracked by Each Consultant

North Carolina Department of Labor

Amusement Ride Devices Inspected



1997-98 - 6,193

1996-97 - 5,723

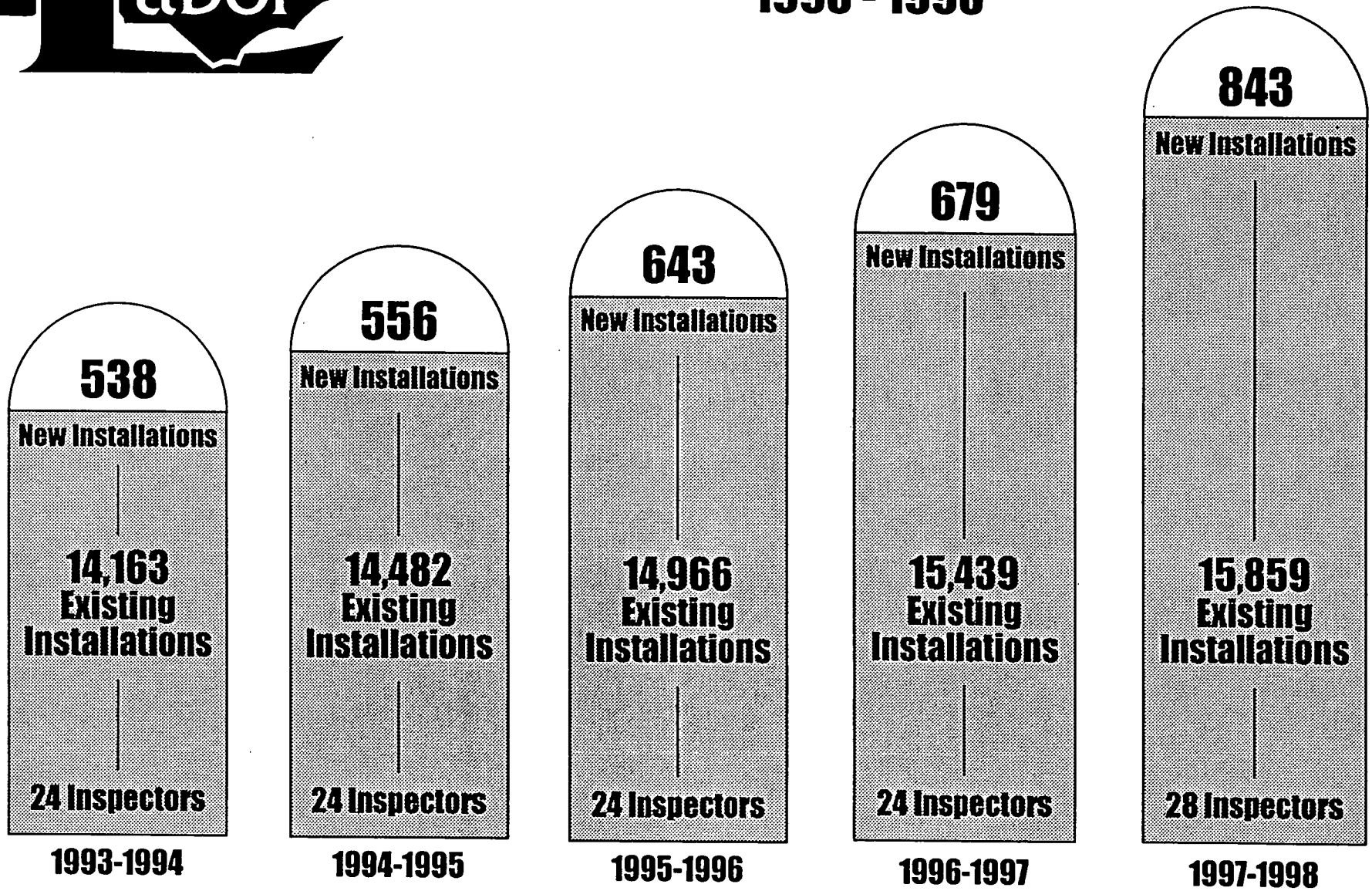
1995-96 - 4,743

1994-95 - 4,596

1993-94 - 4,368

North Carolina Department of Labor

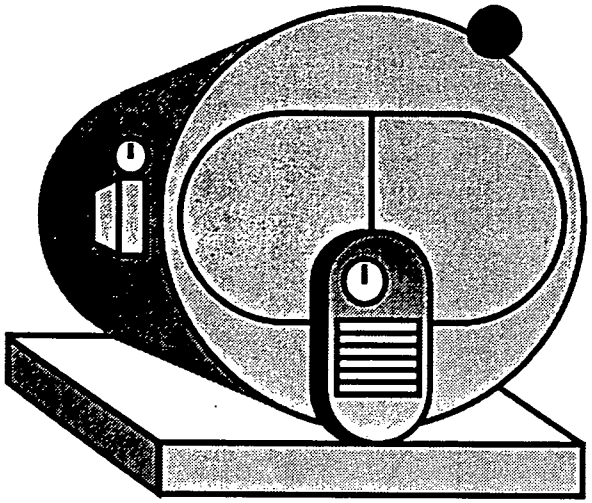
Elevator/Escalator* Inspections and Inspectors 1993 - 1998



* Installations include elevators, escalators, dumbwaiters, personal hoists, workmen's hoists, tv tower elevators, handicap lifts, moving walks and special equipment (stage lifts, etc.)

North Carolina Department of Labor

Boiler Inspections



New Boiler Inspections

1997-98 - 4,013

1996-97 - 2,905

1995-96 - 4,215

1994-95 - 5,180

1993-94 - 5,054

Boiler Reinspections

1997-98 - 16,158

1996-97 - 14,873

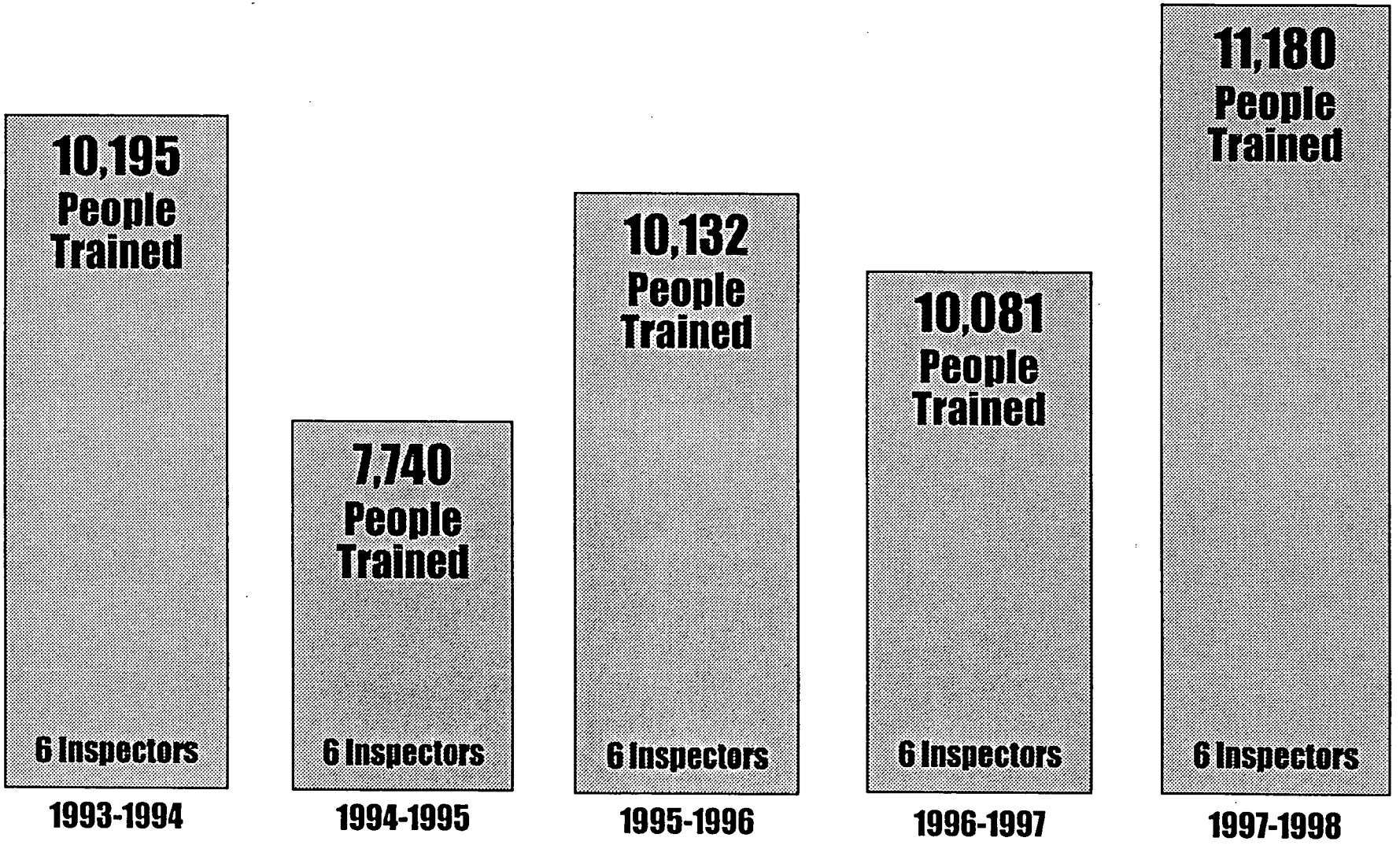
1995-96 - 11,945

1994-95 - 12,027

1993-94 - 8,892

North Carolina Department of Labor

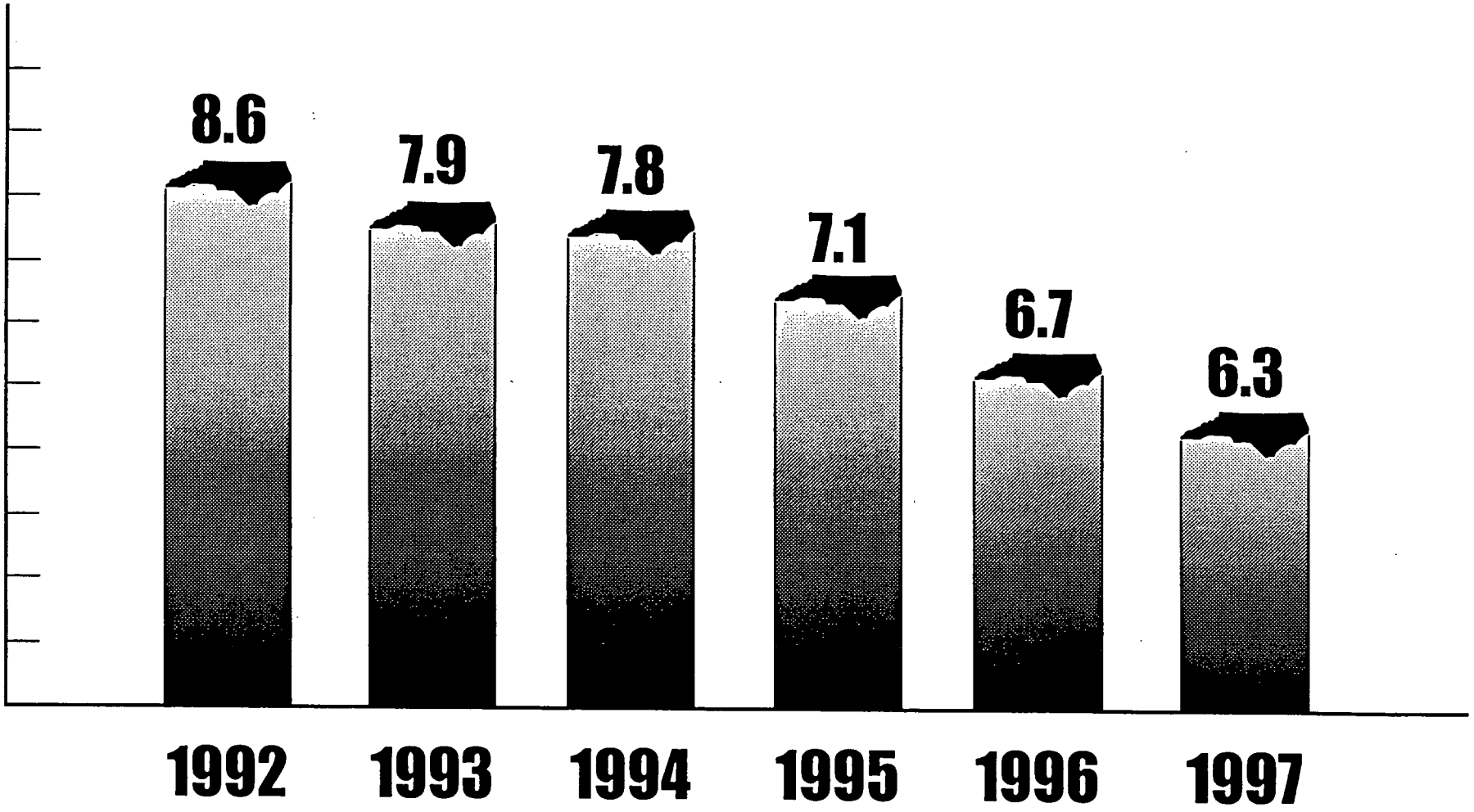
Mine & Quarry Safety Training
1993 - 1998



North Carolina Department of Labor

Occupational Injury and Illness Incidence Rates, 1992-1997

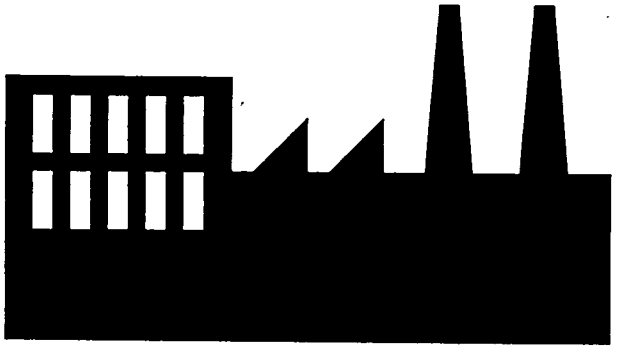
(per 100 Full-Time Private Sector Employees)



*compiled by NCDOL from Bureau of Labor Statistics (BLS) Survey

North Carolina Department of Labor

Workplace Inspections Conducted



Workplace Safety Inspections Conducted

1997-98 - 3,168

1996-97 - 3,174

1995-96 - 2,482

1994-95 - 2,600

1993-94 - 2,300

Workplace Health Inspections Conducted

1997-98 - 1,286

1996-97 - 1,042

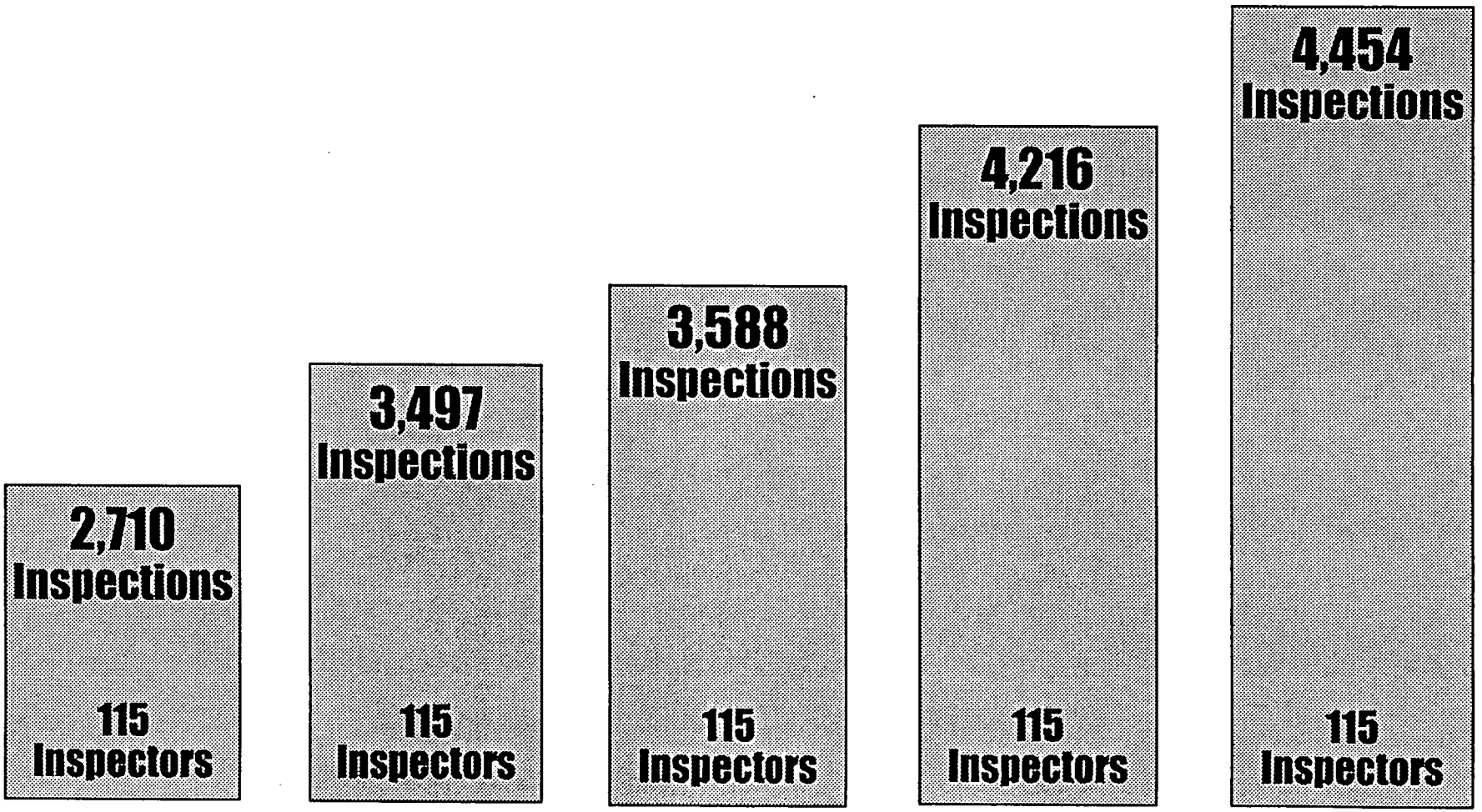
1995-96 - 1,106

1994-95 - 897

1993-94 - 410

North Carolina Department of Labor

Workplace Safety & Health Compliance Inspections & Inspectors



North Carolina Department of Labor

Safety and Health Consulting Assistance Visits

1997-98 - 686

1996-97 - 536

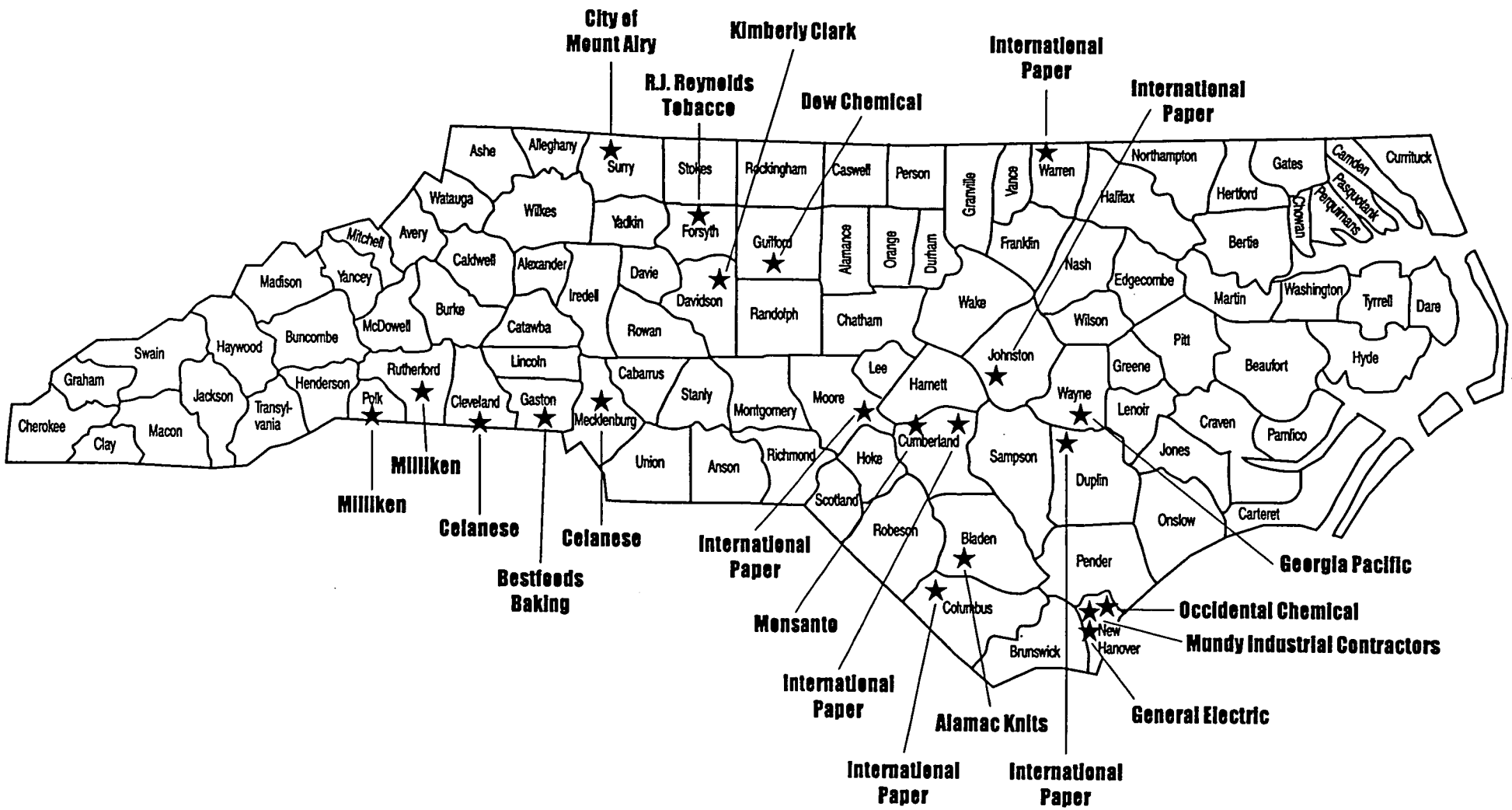
1995-96 - 632

1994-95 - 735

1993-94 - 427

North Carolina Department of Labor

Carolina Star Sites



North Carolina Department of Labor

Agricultural Farmworker Housing Inspections

Registered Growers	Inspected Camps
1998 - 1,345	1998 - 1,813
1997 - 1,307	1997 - 1,600
1996 - 1,256	1996 - 1,424
1995 - 1,141	1995 - 1,401
1994 - 1,038	1994 - 1,301

Department of Labor

Administrative Programs							
			Current Fiscal Year	Governor's Continuation Request *			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January 1999)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	3,076,677	3,580,420	4,770,165	3,421,643		3,421,643	
Less Receipts	(616,786)	(929,391)	(1,165,514)	(652,721)		(652,721)	
State Appropriations	*2,459,891*	*2,651,029*	*3,604,651*	*2,768,922*		*2,768,922*	
Less State 1998-99 NR			*(520,000)*				
Adjusted Approriation			*3,084,651*	*2,768,922*	-10.2%	*2,768,922*	-10.2%
Positions	57.00	58.70	63.00	62.00		62.00	

* Continuation budget includes the Governor's Recommended Reductions.

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Adjusted State Appropriation.

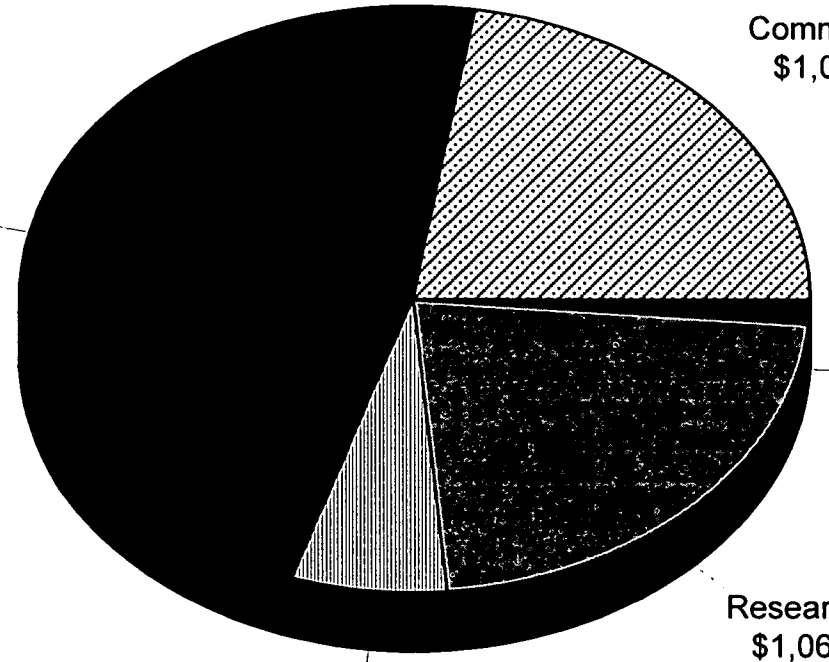
ACTIVITIES

- **Commissioner's Office** – The Commissioner's Office is responsible for establishing broad departmental policies to implement effective workplace safety, employment rights, and workforce development programs.
- **Administrative Services** – Administrative Services provides budgetary, personnel, procurement, and other support functions to the Department's various divisions.
- **Communications** – The Communications Division is the public information arm of the Department.
- **Research and Information Technology Division** – The Research and Information Technology Division provides management information systems support and provides statistical data for departmental and public needs.
- **Employment Mediation Bureau** – The Employment Mediation Bureau provides mediation services to employers and employees involved in labor disputes and also responsible for recommending private arbitrators for resolving labor dispute issues.

Governor's Budget, Volume 5, pp. 245 to 249

Administrative Programs
FY 1998-99 (Authorized) Total Budget
Expenditures By Activity

Total Funds
$4,770,165



Commissioner's Office
$1,077,654 22.6%

Administrative Service
$2,267,871 47.5%

Employment Mediation
$61,194 1.3%

Research & Inf. Tech.
$1,067,530 22.4%

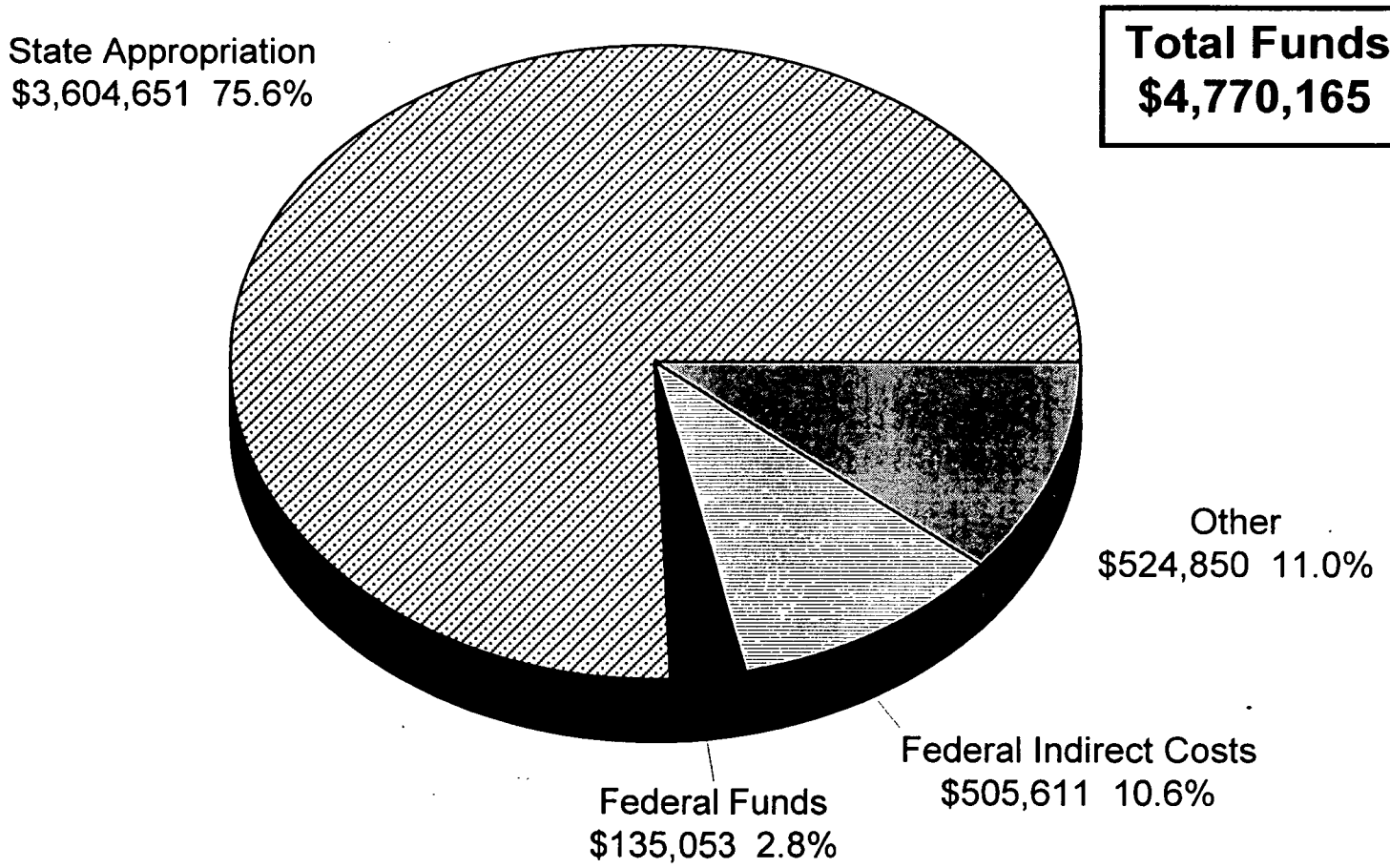
Information Office
$295,916 6.2%

Fiscal Research Division - March 1999

Administrative Programs

FY 1998-99 (Authorized) Total Budget

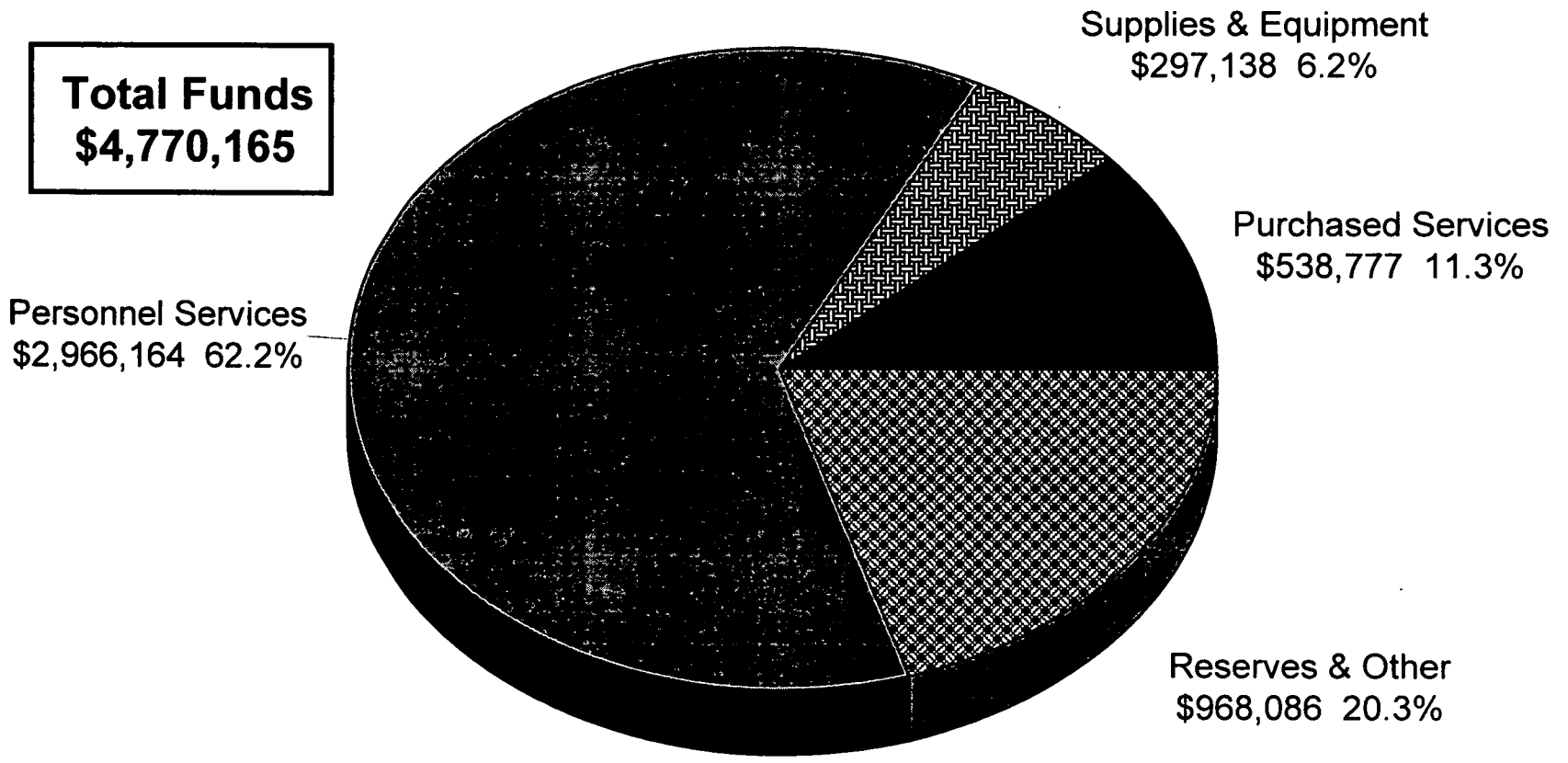
By Funding Source



Fiscal Research Division - March 1999

Administrative Programs

FY 1998-99 (Authorized) Total Budget
Expenditures By Category



Fiscal Research Division - March 1999

ADMINISTRATIVE PROGRAMS
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS -- None

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98	FY 1998-99
1) Provide the department's share of expenses to establish an information highway site in the Old Revenue Building.		$30,000 NR
2) Provide nonrecurring funds to purchase office furniture and library shelving for the Old Revenue Building.		$190,000 NR
3) Funds to establish a pilot project creating Individual Development Accounts, structured savings plans aimed at helping low-income families build assets and establish self-sufficiency. These funds were budgeted through a reserve in the Office of State Budget and Management as a part of state's welfare reform initiatives.	$300,000 NR	$300,000 NR

Note: SB1366, Section 15A.1., permits the Department of Labor to budget any over-realized indirect cost receipts in the 1998-99 fiscal year for departmental technology needs and relocation costs associated with the move of some Bureaus to the Old Revenue Building. The department estimates collecting $250,000 in over-realized indirect cost receipts by the end of the 1998-99 fiscal year and has budgeted this amount for information technology.

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Eliminate Vacant Position Commissioner's Office – Processing Assistant III	($19,921) -1.0	($19,921) -1.0

CONTINUATION BUDGET ITEMS - DECREASES		
1. Increase the budgeted amount of federal indirect cost receipts and reduce the General Fund appropriation by an equal amount.	($175,000)	($175,000)

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The Committee may wish to have the Department discuss the potential budgetary impact of replacing a recurring General Fund appropriation with federal indirect cost receipts, particularly as it relates to receipt supported staff positions. The Committee may recall that during the 1996 Session, the Department of Labor received a recurring appropriation of $419,183 to replace a reduction in federal indirect cost receipts which funded ten positions in the Commissioner's Office.

Mission Statement

To become a model workplace.

Operations

- Develop departmental policies, coordinate departmental programs with other governmental agencies, represent working citizens on certain boards and commissions, influence state and federal policy formulation, supervise and establish policy for all divisions and conduct periodic program reviews.
- Provide budgeting, cash control, purchasing, analysis, and advisory services.
- Provide recruitment, salary administration, position classification, employee benefits, and advisory services.
- Provide quality management, strategic planning, and associated advisory services. Monitor organizational performance measurements and results.
- Create and design databases, reports, and publications to serve the routine informational needs of department staff and the general public; provide easy access to information through library and WEB-based services; and provide personal assistance in compiling and analyzing special reports.
- Develop and operate the information technology needed to manage the operating efficiency, quality assurance, and reporting needs of the department.
- Collect, compile, and report statistical information about occupational injuries, illnesses, and fatalities in North Carolina industries, including construction statistics for all 100 counties plus 45 cities and large employers in certain high hazard industries.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Enhance budgetary effectiveness by providing training and on-going support to program managers as well as state and federal fiscal staff. *PPB: 6998*				
(No measures have been developed.)				
Create and publish a human resource policy and procedure manual. *PPB: 6998*				
(No measures have been developed.)				
Apply for and successfully obtain the North Carolina Quality Award in the government category. *PPB: 6998*				
(No measures have been developed.)				
Increase public awareness of NCDOL programs and services. *PPB: 6998*				
• Number of media calls responded to annually	1,400	1,400	1,500	1,500
Provide all employees with daily access to the necessary information resources to conduct business. *PPB: 6998*				
• Percentage of employees with an e-mail account	80	100	100	100
Maintain a 90 percent response rate to labor statistics survey sample each year. *PPB: 6930*				
• Response rate to labor statistics survey	86%	86%	86%	86%

LAB-20

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 24, 1999
Sen. Bob Martin, Presiding

1. Chairman's Comments

2. Labor Budget Presentations – Continued

   Elevator and Amusement Device Bureau
   Jennifer Hoffmann, Fiscal Research
   Harold Megredy, Deputy Commissioner

   Mine and Quarry Bureau
   Jennifer Hoffmann, Fiscal Research
   Harold Megredy, Deputy Commissioner

   Apprenticeship and Training Bureau
   Jennifer Hoffmann, Fiscal Research
   Harold Megredy, Deputy Commissioner

   Labor Standards Bureau
   Jennifer Hoffmann, Fiscal Research
   Harold Megredy, Deputy Commissioner

3. Committee Discussion

4. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, March 24, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, March 24, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Carpenter, Culp, , Mitchell, and Tolson, were present.

Senator Martin called the meeting to order. Jennifer Hoffmann, Fiscal Research, continued with the Department of Labor budget presentations. She presented the Elevator and Amusement Device Bureau for the Department of Labor. This is Attachment A of these minutes. Harold Megredy, Deputy Commissioner was guest speaker. He is the Deputy Commissioner of Standards and Inspections with the Department. He stated that the 6 month industry standard of inspecting elevators is one that is used in North Carolina. Representative Fox asked if it is a requirement to have a certificate posted in the elevator as to when the inspection was done? Mr. Megredy said it was law to have it posted. Members asked questions on the maintenance of elevators and amusement rides.

Jennifer Hoffmann continued with the explanation of the Mine and Quarry Bureau. This is Attachment B of these minutes. Mr. Megredy, Deputy Commissioner answered questions regarding mining inspections. They inspect over 438 mines in North Carolina. He said they do a complete mine inspection once a year.

Jennifer Hoffmann explained the Apprenticeship and Training Bureau. This is Attachment C of these minutes. Mr. Megredy answered question regarding this handout. He said the Apprenticeship Program is for everything across the state. Senator Martin asked how the trainees are acquired. Representative Baker asked about funding these people. The Department said the General Assembly approved the use of the Worker Training Trust Fund. It would be up to the Committee as to whether they wanted to include an additional million dollars for the Department of Labor to continue the expansion of the Apprenticeship Program. Senator Horton asked to what extent the Apprenticeship Training Program overlaps the community colleges. The Department

said they work in conjunction with the community colleges. Members asked questions about the community colleges and Apprenticeship Training Program overlapping in tax dollars. Representative Russell wanted to know the percentage of adults and students in this program.

Jennifer Hoffmann continued with the handout entitled Labor Standards Bureau. This is Attachment D of these minutes. This Division is responsible for Wage & Hour, Workplace Retaliatory Discrimination, (WORD) and Private Personnel Service Office. Mr. Megredy was available to answer questions from the members.

Jennifer Hoffmann concluded the meeting with an explanation of the Division of Occupational Safety and Health. This is Attachment E of these minutes.

The Committee members discussed the divisions and questions were answered.

The meeting adjourned at 9:45 a.m.

Carolyn M. Gooden, Committee Clerk

R. L. Martin

Senator R.L. Martin, Chairman

Attachment A

Department of Labor

Elevator & Amusement Device Bureau							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January 1999)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	1,560,303	1,785,385	2,095,389	2,025,176		2,025,176	
Less Receipts	(926,265)	(928,376)	(1,176,439)	(1,136,728)		(1,136,728)	
State Appropriations	*634,038*	*857,009*	*918,950*	*888,448*	-3.3%	*888,448*	-3.3%
Positions	32.00	37.00	37.00	37.00		37.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

ACTIVITIES

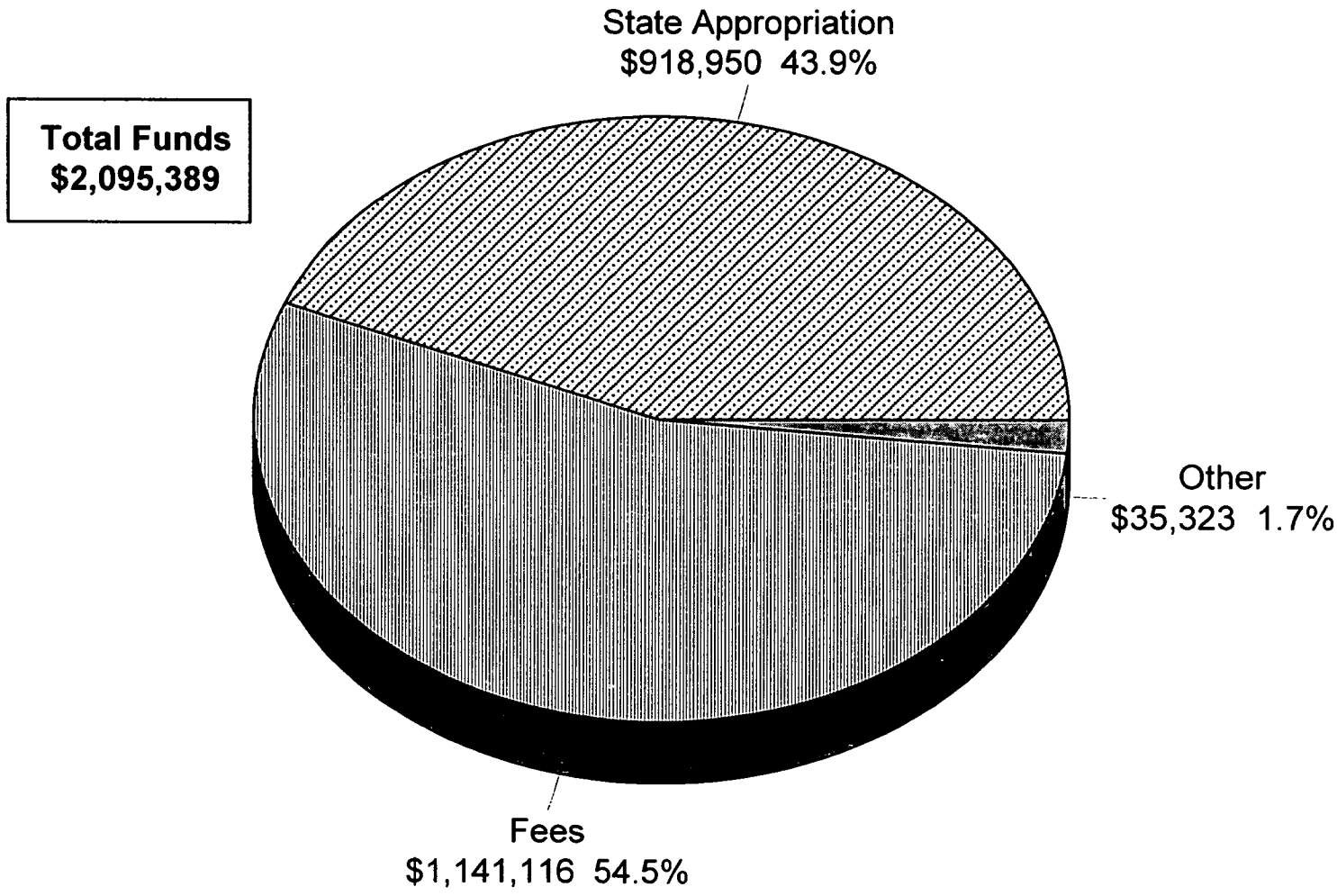
- The Elevator and Amusement Device Bureau is responsible for conducting safety inspections on elevators, dumbwaiters, escalators, moving walks, handicap lifts, ski-lifts, amusement rides and other similar devices operated across the state.

Governor's Budget, Volume 5, pp.255 to 258

Elevator & Amusement Device Bureau

FY 1998-99 (Authorized) Total Budget

By Funding Source



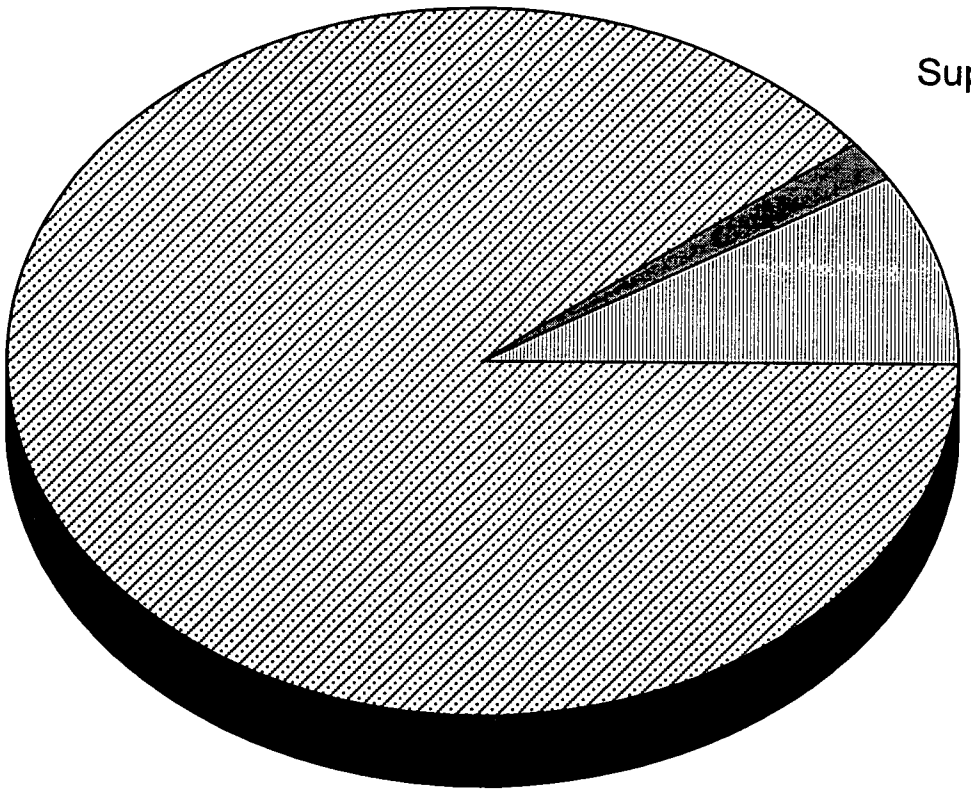
Fiscal Research Division - March 1999

Elevator & Amusement Device Bureau

FY 1998-99 (Authorized) Total Budget

Expenditures By Category

Total Funds
$2,095,389



Supplies/Equip/Other
$40,332 1.9%

Purchased Services
$182,221 8.7%

Personal Services
$1,872,836 89.4%

Fiscal Research Division - March 1999

Lab 23

ELEVATOR & AMUSEMENT DEVICE BUREAU
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS -- None

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

1) Approve the use of increased receipts to support four additional elevator inspection staff and one administrative support position.

	1997-98	1998-99
Requirements	$248,061	$228,361
Receipts	(248,061)	(228,361)
Appropriation	0	0

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

CONTINUATION BUDGET ITEMS

	1999-2000	2000-2001
1. Decrease the rent line-item for office space as a result of the Bureau's move to the Old Revenue Building.	($17,340)	($17,340)
2. Increase the amount budgeted for in-state transportation.	$17,340	$17,340

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

G.S. 95-110.5 allows the Commissioner of Labor to authorize the inspection of elevators "as often as every six months." In 1997, the Department was inspecting elevators, on average, every 10 months. In an effort to increase the frequency of elevator inspections to every 6 months, the elevator industry standard, the Department proposed to use receipts generated by elevator inspection fees to hire 4 additional elevator inspectors and 1 administrative support staff.

The Committee may wish to have the Department discuss their progress in meeting the six-month industry standard. In addition, the Committee may want the Department to discuss the impact, if any, the increased inspection rate has had on the types and severity of violations discovered through their inspections.

Mission Statement

The mission of the Boiler Safety Bureau is to provide high quality, equitable, responsive, and efficient services to its customers and encourage quality education and training for those who fabricate, use, install, repair, and operate boilers and pressure vessels.

The mission of the Elevator and Amusement Device Bureau is to reduce the incidence of injury and damage in the operation of elevators, amusement devices, aerial passenger tramways, and related equipment.

The mission of the Mine and Quarry Bureau is to reduce the number and severity of injuries and illnesses to workers in the North Carolina minerals industry.

Operations

Boiler Safety

- Conduct a program of inspections and certification designed to enforce the rules for the fabrication/construction and installation of boilers and pressure vessels.
- Conduct a program of inspections and certification designed to enforce the maintenance of the integrity of pressure equipment.
- Enhance inspection process reporting system.

Elevator and Amusement Devices

- Conduct inspections and witness acceptance tests of new elevators, escalators, dumbwaiters, and handicap lifts installed in the state.
- Conduct safety inspections on all amusement rides.
- Conduct annual and follow-up inspections on all aerial passenger tramway units.
- Conduct periodic inspections of all existing units.

Mine and Quarry Inspections

- Enhance education and training efforts for the minerals industry employees to meet the mine training requirements.
- Increase technical assistance and general consultation to the active mine operations.
- Conduct inspections and evaluations of all active and abandoned mine and quarry sites.

Objectives and Key Performance Measures	**1997-98 Actual**	**1998-99 Authorized**	**1999-00 Target**	**2000-01 Target**
Boiler Safety				
Complete boiler safety inspections prior to posted expiration dates. *PPB: 6930*				
• Percentage of inspections completed prior to posted expiration dates	100%	100%	100%	100%

Objectives and Key Performance Measures - Continued	**1997-98 Actual**	**1998-99 Authorized**	**1999-00 Target**	**2000-01 Target**
Elevator and Amusement Devices				
Complete periodic elevator inspections prior to posted expiration dates. *PPB: 6920*				
• Percentage of periodic elevator inspections completed prior to posted expiration dates	99%	99%	99%	99%
Mine and Quarry Inspections				
Reduce the number and severity of injuries and illnesses to workers in the minerals industry. *PPB: 6930*				
• Rate of injury to workers in the minerals industry	3.91	3.85	3.77	3.67

Lab 27

Attachment B

Department of Labor

Mine & Quarry Bureau							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (Month)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	571,968	560,869	627,509	600,997		600,997	
Less Receipts	(65,637)	(59,998)	(79,225)	(59,648)		(59,648)	
State Appropriations	*506,331*	*500,871*	*548,284*	*541,349*	-1.3%	*541,349*	-1.3%
Positions	10.00	10.00	10.00	10.00		10.00	

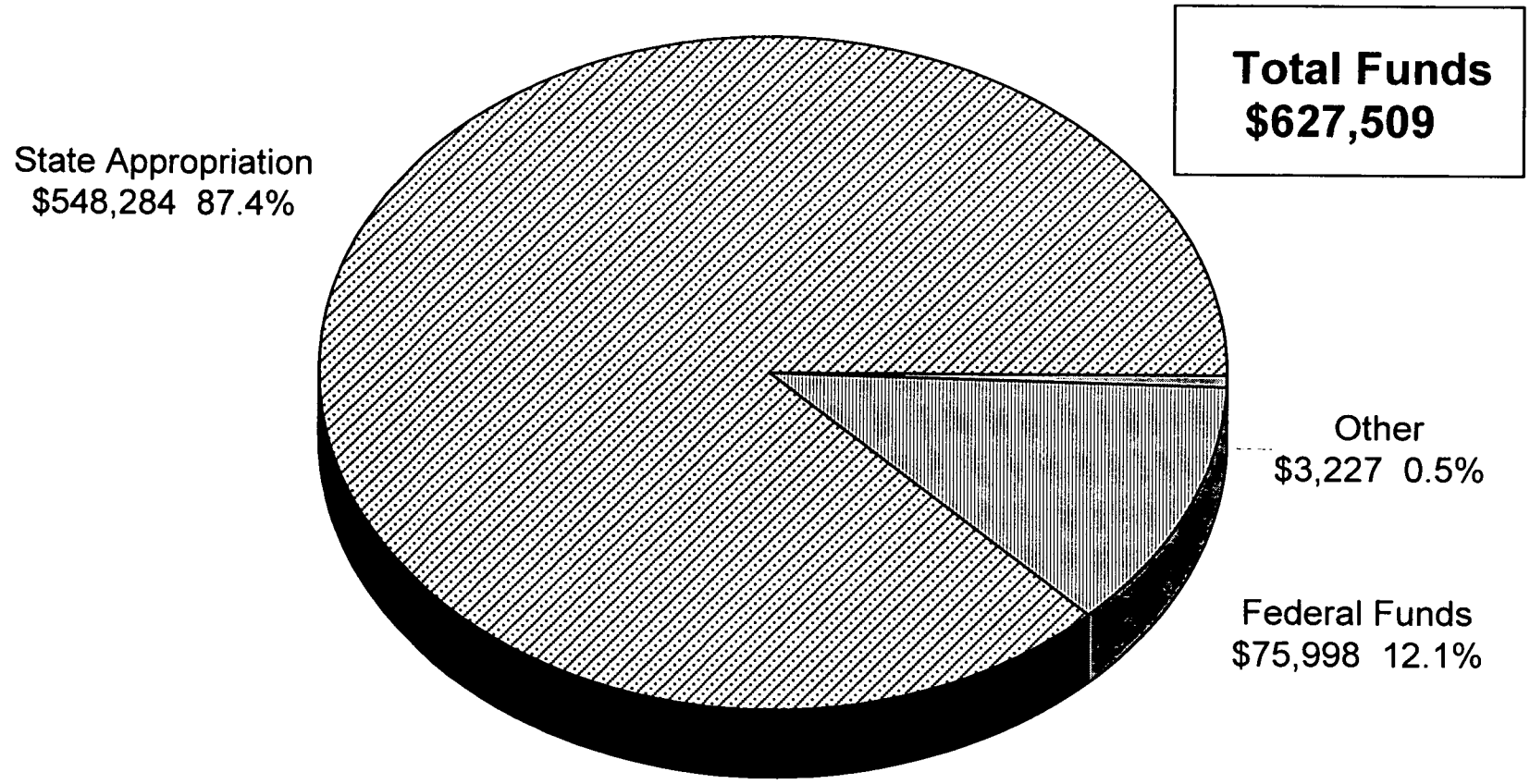
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

ACTIVITIES

The Mine & Quarry Bureau administers the 1976 Mine and Safety Health Act of North Carolina and assists the mining industry in complying with the 1977 Federal Mine and Safety and Health Act. The Bureau also conducts inspections and provides safety training to the state's mining industry. The Bureau's focus is primarily consultative rather than enforcement oriented.

Governor's Budget, Volume 5, pp. 255-257 & 259

Mine & Quarry Bureau
FY 1998-99 (Authorized) Total Budget
By Funding Source



Fiscal Research Division - March 1999

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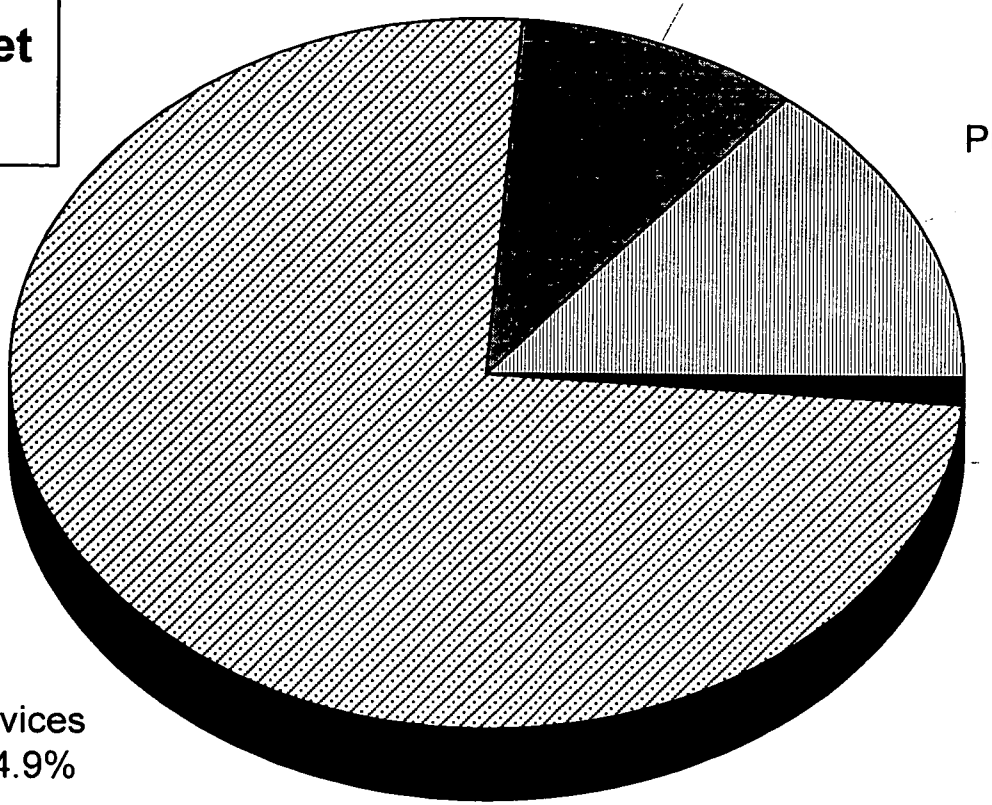
Mine & Quarry Bureau

FY 1998-99 (Authorized) Total Budget
Expenditures By Category

Total Budget
$ 627,509



Lab 30

Fiscal Research Division - March 1999

MINE & QUARRY BUREAU
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS -- None

1997-98	1998-99

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS -- None

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

CONTINUATION BUDGET ITEMS -- None

1999-2000	2000-2001

Mission Statement

The mission of the Boiler Safety Bureau is to provide high quality, equitable, responsive, and efficient services to its customers and encourage quality education and training for those who fabricate, use, install, repair, and operate boilers and pressure vessels.

The mission of the Elevator and Amusement Device Bureau is to reduce the incidence of injury and damage in the operation of elevators, amusement devices, aerial passenger tramways, and related equipment.

The mission of the Mine and Quarry Bureau is to reduce the number and severity of injuries and illnesses to workers in the North Carolina minerals industry.

Operations

Boiler Safety

- Conduct a program of inspections and certification designed to enforce the rules for the fabrication/construction and installation of boilers and pressure vessels.
- Conduct a program of inspections and certification designed to enforce the maintenance of the integrity of pressure equipment.
- Enhance inspection process reporting system.

Elevator and Amusement Devices

- Conduct inspections and witness acceptance tests of new elevators, escalators, dumbwaiters, and handicap lifts installed in the state.
- Conduct safety inspections on all amusement rides.
- Conduct annual and follow-up inspections on all aerial passenger tramway units.
- Conduct periodic inspections of all existing units.

Mine and Quarry Inspections

- Enhance education and training efforts for the minerals industry employees to meet the mine training requirements.
- Increase technical assistance and general consultation to the active mine operations.
- Conduct inspections and evaluations of all active and abandoned mine and quarry sites.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Boiler Safety				
Complete boiler safety inspections prior to posted expiration dates. *PPB: 6930*				
• Percentage of inspections completed prior to posted expiration dates	100%	100%	100%	100%

Lab 32

Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Elevator and Amusement Devices				
Complete periodic elevator inspections prior to posted expiration dates. *PPB 6920*				
• Percentage of periodic elevator inspections completed prior to posted expiration dates	99%	99%	99%	99%
Mine and Quarry Inspections				
Reduce the number and severity of injuries and illnesses to workers in the minerals industry. *PPB 6930*				
• Rate of injury to workers in the minerals industry	3.91	3.85	3.77	3.67

Lab 33

Attachment C

Department of Labor

Apprenticeship & Training Bureau							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January 1999)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	939,322	1,125,667	1,880,204	1,888,373		1,888,373	
Less Receipts	(11,677)	(527,656)	(945,372)	(945,372)		(945,372)	
Cash Balance +/-		359,545					
State Appropriations	*927,645*	*957,556*	*934,832*	*943,001*	0.9%	*943,001*	0.9%
Positions	18.00	32.00	31.00	31.00		31.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

ACTIVITIES

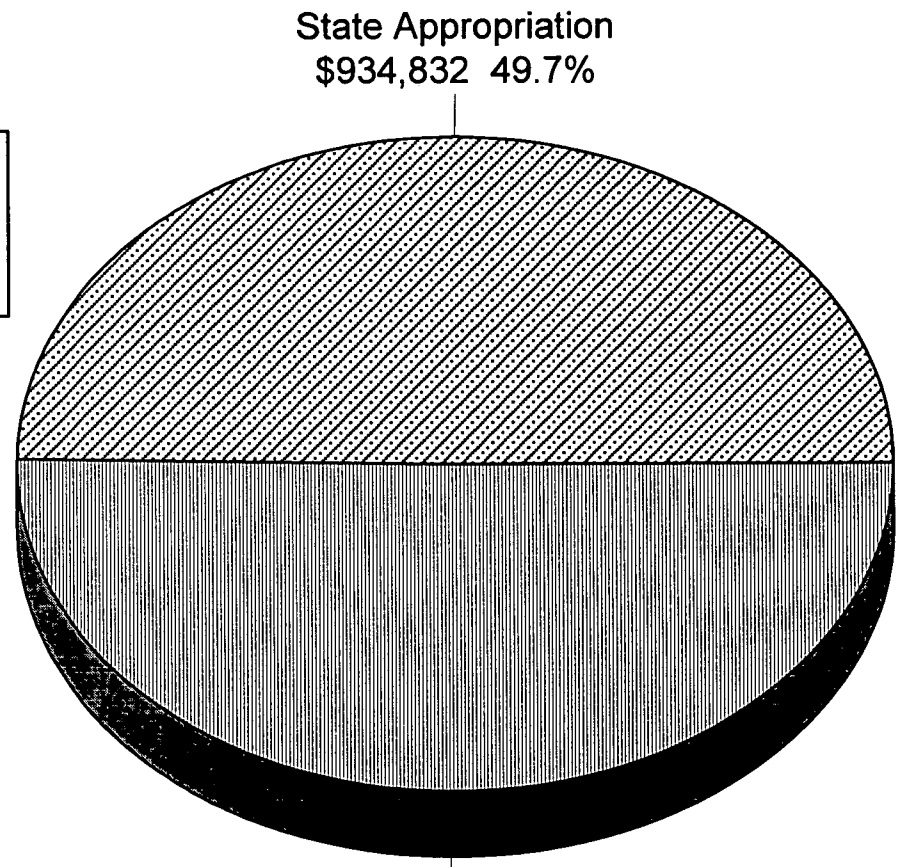
The Apprenticeship & Training Bureau promotes, monitors, and accredits voluntary apprenticeship programs established in both businesses and high schools around the state. The program focuses on involving high school juniors in businesses that offer employment and training while a student is in high school and after graduation when a student may continue their education in the Community College system. The program also offers an adult apprenticeship program that designs training programs for existing and new hires in companies.

Governor's Budget, Volume 5, pp. 265 to 267

Apprenticeship and Training Bureau

FY 1998-99 (Authorized) Total Budget By Funding Source

Total Budget
$1,880,204

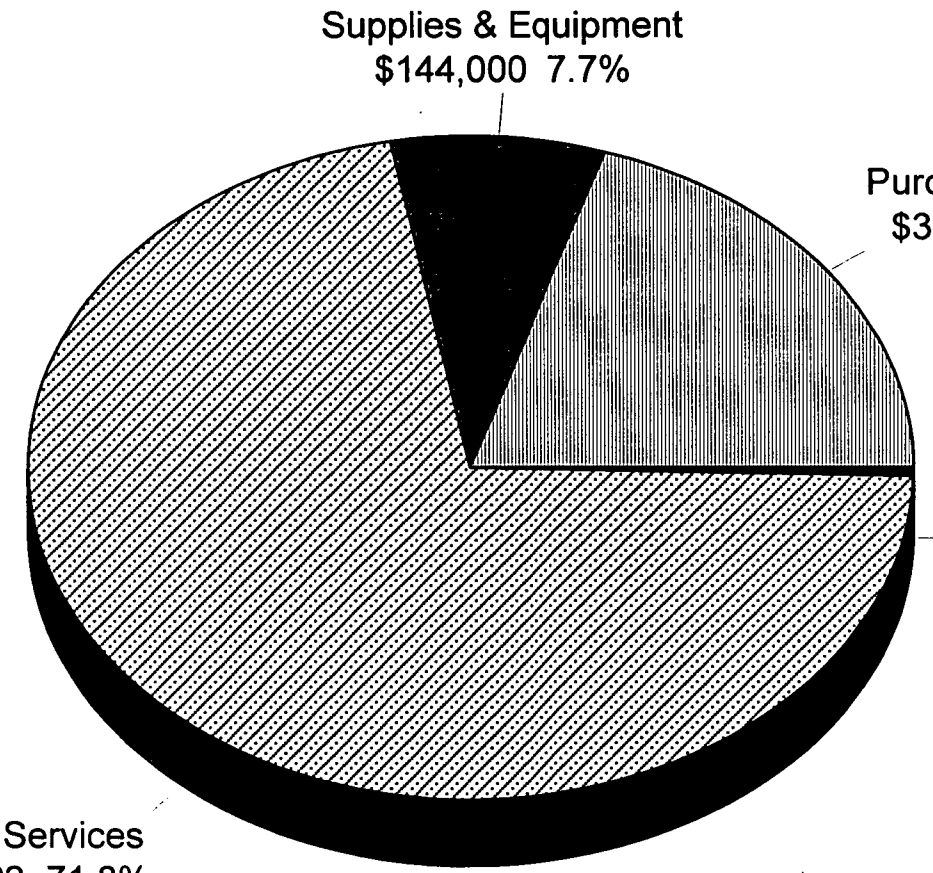


Apprenticeship and Training Bureau

FY 1998-99 (Authorized) Total Budget

Expenditures By Category

Total Budget
$1,880,204



Fiscal Research Division - March 1999

APPRENTICESHIP & TRAINING BUREAU
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS -- None

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	**1997-98**	**1998-99**
1. Expand the Apprenticeship Program through an appropriation from the Worker Training Trust Fund (WTTF).	$ 500,000	$1,000,000

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

CONTINUATION BUDGET ITEMS -- None

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

During the 1997 Session, the General Assembly appropriated funds from WTTF to the Department of Labor to expand its Apprenticeship Program. This WTTF appropriation was tied to a benchmark performance level of 10,000 adult and youth apprentices by the year 2000. The Committee may wish to have the Department discuss their progress toward meeting this goal.

Mission Statement

The mission of the Apprenticeship and Training Bureau is to effectively provide North Carolina with qualified and trained journeymen (workers who are fully qualified by experience and training to undertake the tasks of their profession) to meet the skilled work force needs of the state.

The mission of the Training Initiatives Bureau is to strengthen the state's economy by providing leading edge resources in the areas of human resource development and human performance technology.

Operations

Apprenticeship and Training

- Promote establishment and registration of apprenticeship programs throughout the state.
- Assist employers in establishing, maintaining, and operating programs to meet or exceed state and federal requirments.

Training Initiatives

- Increase the inventory of approaches, and resources available to employers, workers and service providers, in the area of human resource development or performance technology.
- Promote human resource activities which are objectively evaluated against business goals.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Apprenticeship and Training				
Increase the number of apprentices and other on-the-job trainees. *PPB: 6200*				
• Number of apprentices and other on-the-job trainees	7,596	7,700	9,400	10,000
Increase the number of apprenticeship program sponsors. *PPB: 6200*				
• Number of apprenticeship programs with employers	2,373	2,500	2,500	2,800
Training Initiatives				
Increase in positive economic impact created by the Department of Labor through various human resource performance projects. *PPB: 6200*				
• Number of dollars (in millions) in economic impact		$5	$5	$5

LAB-45

Attachment D

Department of Labor

Labor Standards Bureau							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January 1999)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	2,257,745	2,326,688	2,546,948	2,423,153		2,423,153	
Less Receipts	(5,094)	(15,297)	(74,193)	-		-	
State Appropriations	*2,252,651*	*2,311,391*	*2,472,755*	*2,423,153*	-2.0%	*2,423,153*	-2.0%
Positions	48.00	48.00	49.00	49.00		49.00	

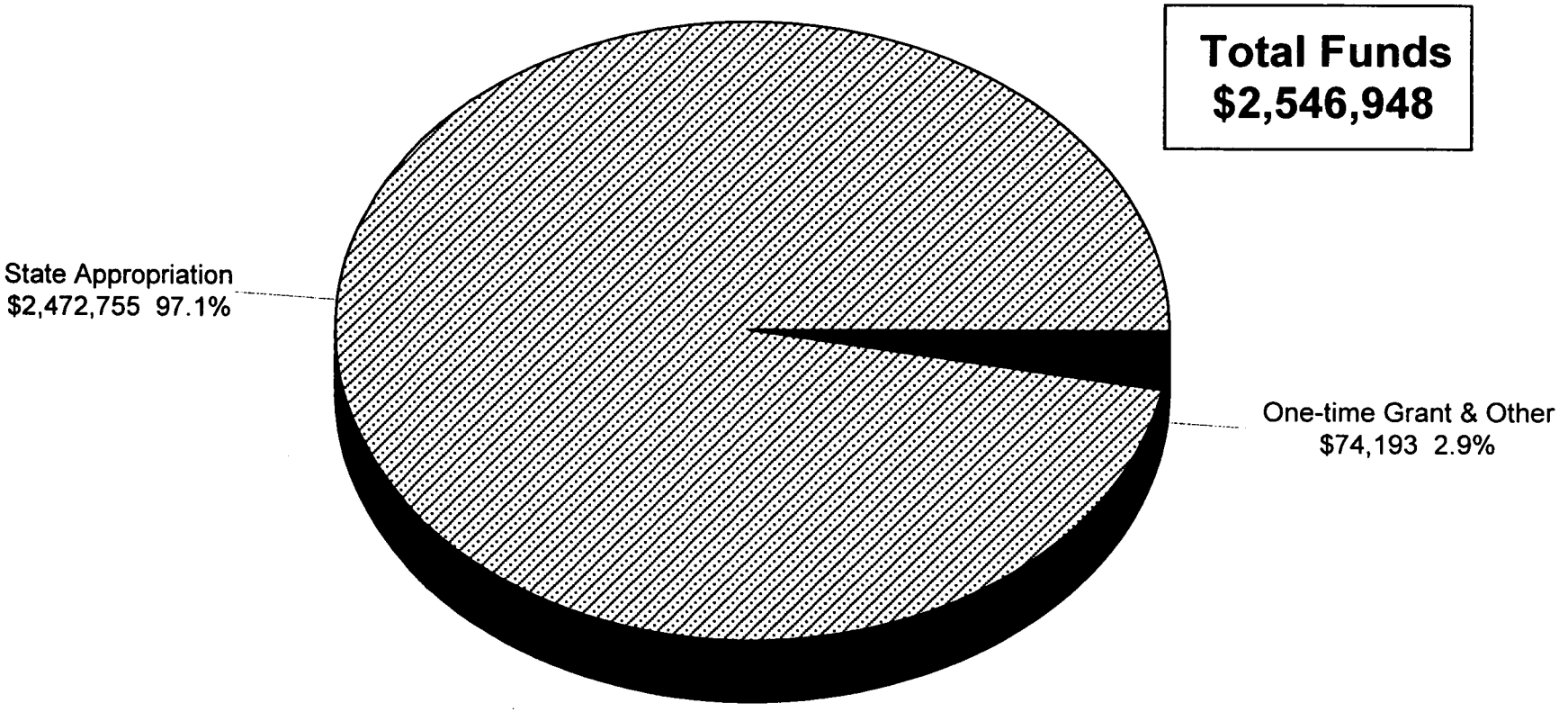
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

ACTIVITIES

- Wage & Hour – The Wage & Hour Office investigates employer compliance with minimum wage and overtime laws as well as complaints for non payment of promised wages. This Office also regulates youth employment requirements and operates the Department's toll free telephone number.
- Workplace Retaliatory Discrimination (WORD) – The WORD Office enforces the provisions of the Retaliatory Employment Discrimination Act which prohibits employment discrimination against workers who exercise their rights under the Occupational Safety & Health Act, Mine Safety & Health Act, Wage & Hour Act, and Worker's Compensation Act.
- Private Personnel Service Office (PPS) – The PPS Office provides regulatory oversight of private personnel employment agencies through complaint investigations, the review and approval of license applicants, personnel contracts, and applicants for exemption. PPS also enforces the Controlled Substance Examination Act.

Governor's Budget, Volume 5, pp. 260 to 264

Labor Standards Bureau
FY 1998-99 (Authorized) Total Budget
By Funding Source

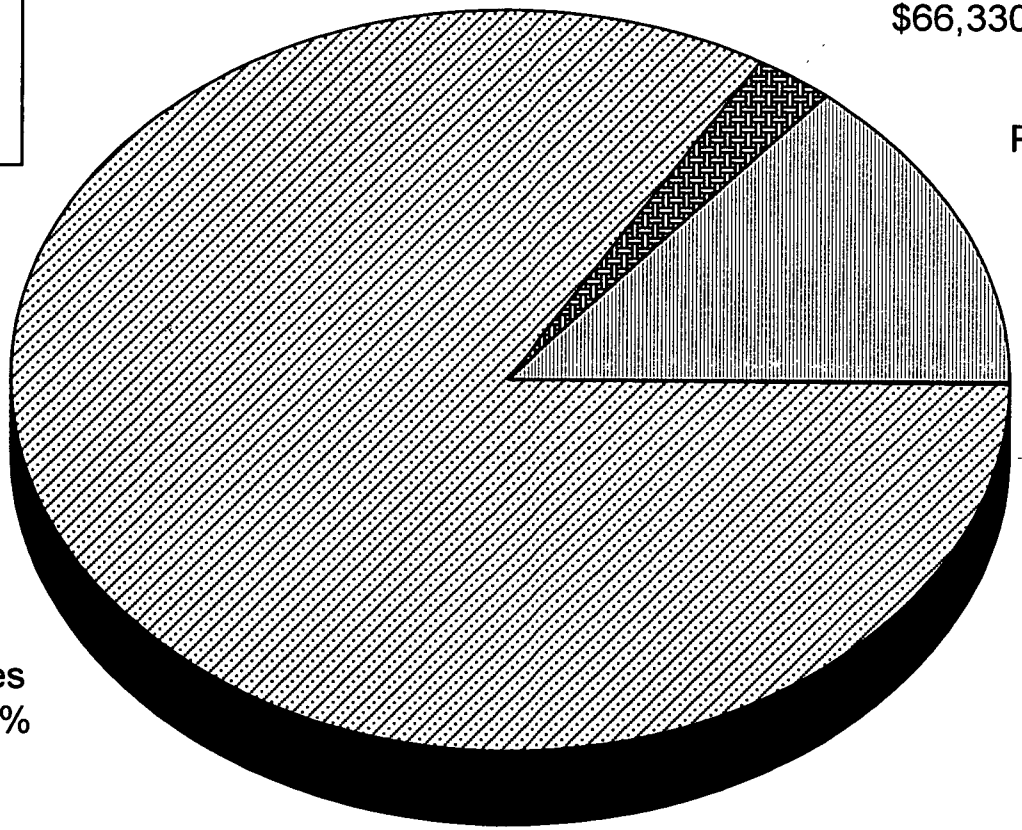


Fiscal Research Division - March 1999

Labor Standards Bureau

FY 1998-99 (Authorized) Total Budget
Expenditures By Category

Total Budget
$2,546,948

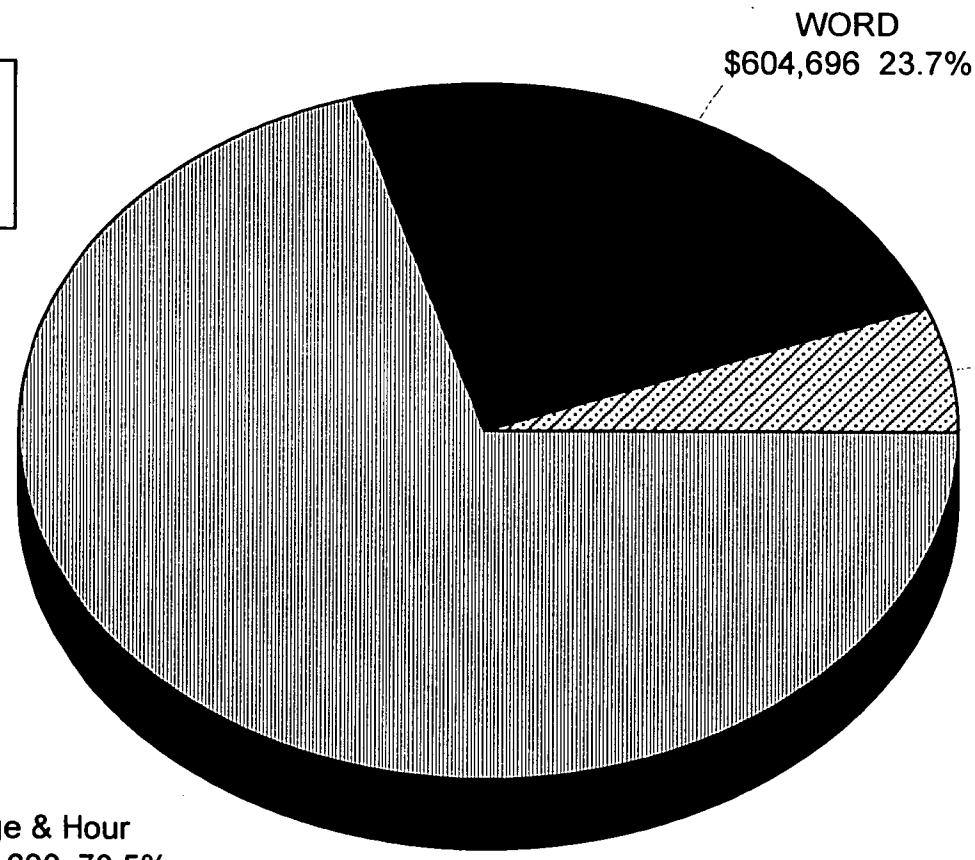


Fiscal Research Division - March 1999

Lab 36

Labor Standards Bureau
FY 1998-99 (Authorized) Total Budget
By Program Activity

Total Funds
$2,546,948



Fiscal Research Division - March 1999

LABOR STANDARDS BUREAU
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS -- None

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

	FY 1997-98	FY 1998-99
1. Provide additional positions and operating support to answer incoming calls on the Department's toll free telephone number.	$34,285 R 6,000 NR 1.0	$34,285 R 1.0

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

CONTINUATION BUDGET ITEMS -- None

Mission Statement

The mission of the Wage and Hour Office is to enhance the fairness of employment compensation and the safety and well being of workers.

The mission of the Workplace Retaliatory and Discrimination Office (WORD) is to enhance public confidence in the ability to exercise employment related rights without retaliation.

The mission of the Private Personnel Services Office is to enhance the fairness of private employment services for all parties.

The mission of the Employment Mediation Bureau is to encourage cooperation between labor and management to prevent and/or voluntarily resolve disputes.

Operations

Labor Standards - Wage and Hour

- Enforce the Wage and Hour Act through prompt, fair, and sustainable investigations.
- Provide education and training to foster a knowledgeable community.

Labor Standards - WORD

- Maintain an effective enforcement program by conducting prompt, fair, and sustainable complaint investigations.
- Create and disseminate publications and provide training and seminars.
- Respond to written and telephone inquiries.

Labor Standards - Private Personnel Services

- Conduct investigations of complaints.
- Review and approve applications for license.
- Review and approve contracts.
- Provide certification of non-regulated services.

Employment Mediation

- Prevent economic disruption by promoting good industrial relations.
- Assist labor and management in resolving their differences.

Lab 39

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Labor Standards - Wage and Hour				
Improve Wage and Hour service by reducing the average number of days from complaint receipt to closure. *PPB: 6930*				
• Average number of days to close wage and hour cases	121	111	101	91
Labor Standards - WORD				
Improve public service by reducing the average number of days from complaint receipt to close of file. *PPB: 6930*				
• Average number of days to close WORD cases	202	185	170	155
Labor Standards - Private Personnel Services				
Increase the percentage of private employment companies reached through licensing, certification, or notification. *PPB: 6930*				
• Percentage of private employment companies reached through licensing, certification, or notification	80%	81%	82%	83%
Employment Mediation				
Provide a specialized alternative to litigation by performing mediations or arbitrations. *PP*				
• Number of mediations or arbitrations performed	19		24	24

Lab 40

Attachment E

Department of Labor

Division of Occpational Safety and Health							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	13,222,081	13,568,620	14,377,740	13,220,029		13,220,029	
Less Receipts	(4,985,271)	(5,186,340)	(5,302,685)	(4,372,546)		(4,372,546)	
State Appropriations	*8,236,810*	*8,382,280*	*9,075,055*	*8,847,483*	-2.5%	*8,847,483*	-2.5%
Positions	225.00	234.00	232.00	231.00		231.00	

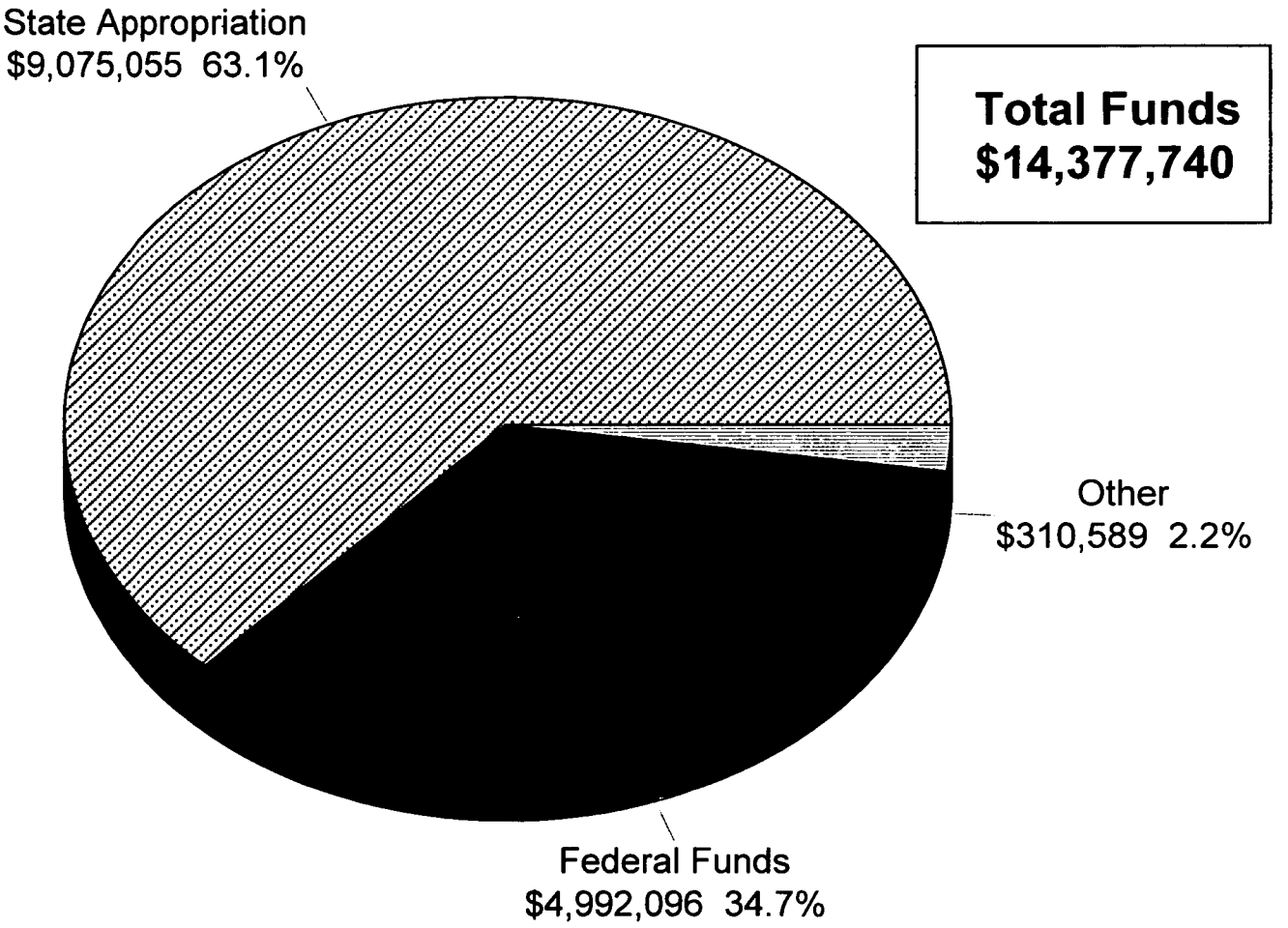
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

- **Agricultural Safety and Health** – The Division enforces the Migrant Housing Act of North Carolina which requires safe and sanitary living conditions for migrant workers.
- **Occupational Safety and Health** – The Division enforces safety and health regulations in the workplace by conducting inspections, identifying hazards and assuring corrective action is taken.
- **Data Collection Program** – The Division collects, manages and analyzes labor-related data for a variety of purposes such as producing an inspection assignment schedule and tracking occupational injury and illness rates and fatalities.
- **OSHA Review Board** – The Review Board serves as the appeals review panel for contested violations issued to business by the OSHNC Division.
- **Consultative Services** – The Division provides training sessions and on-site consultative services to employers seeking assistance in meeting workplace safety requirements.

Governor's Budget, Volume 5, pp. 250 to 254

Occupational Safety and Health Division
FY 1998-99 (Authorized) Total Budget
By Funding Source

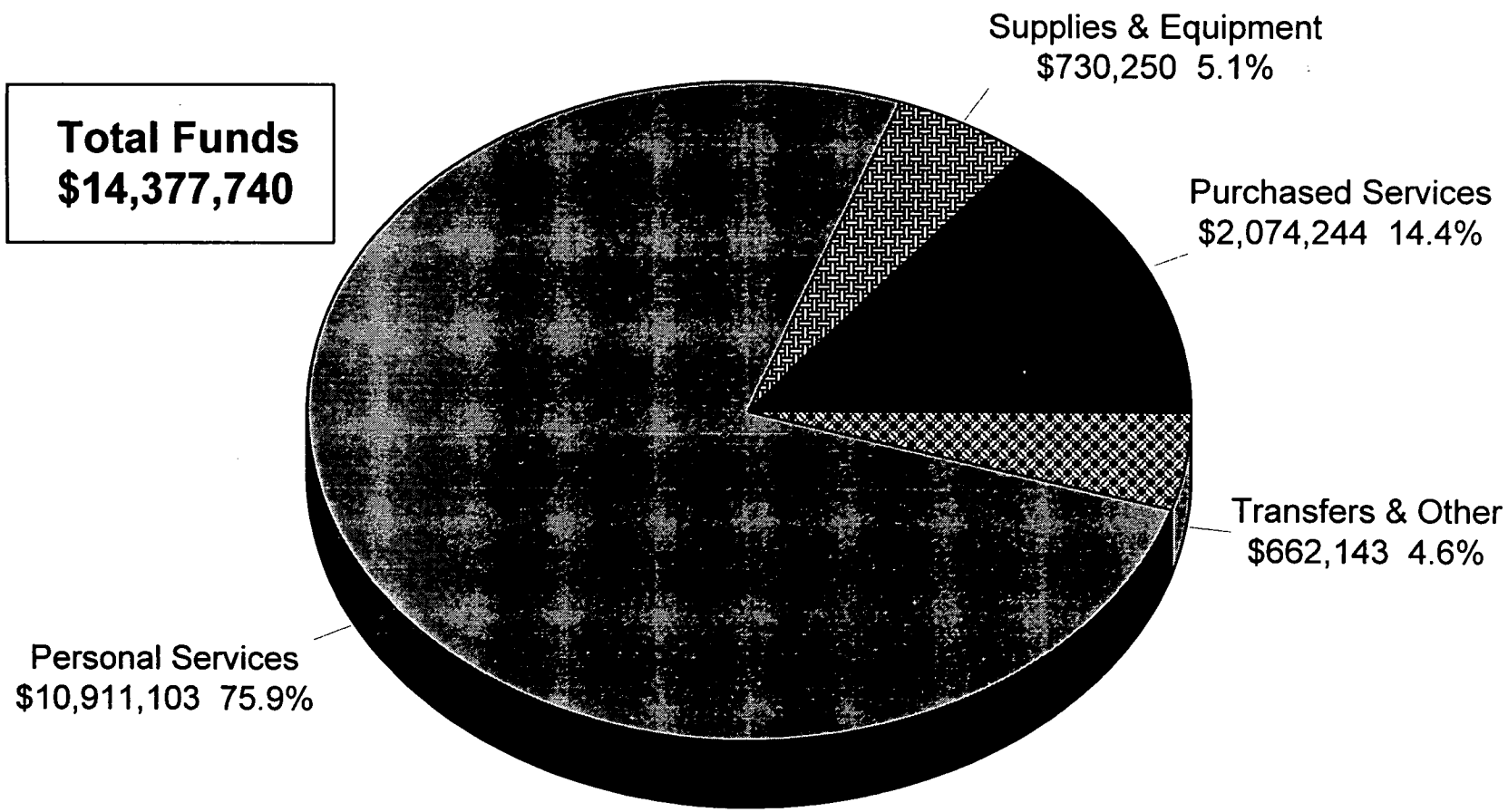


Fiscal Research Division - March 1999

LAB

Occupational Safety and Health Division

FY 1998-99 (Authorized) Total Budget
Expenditures By Category

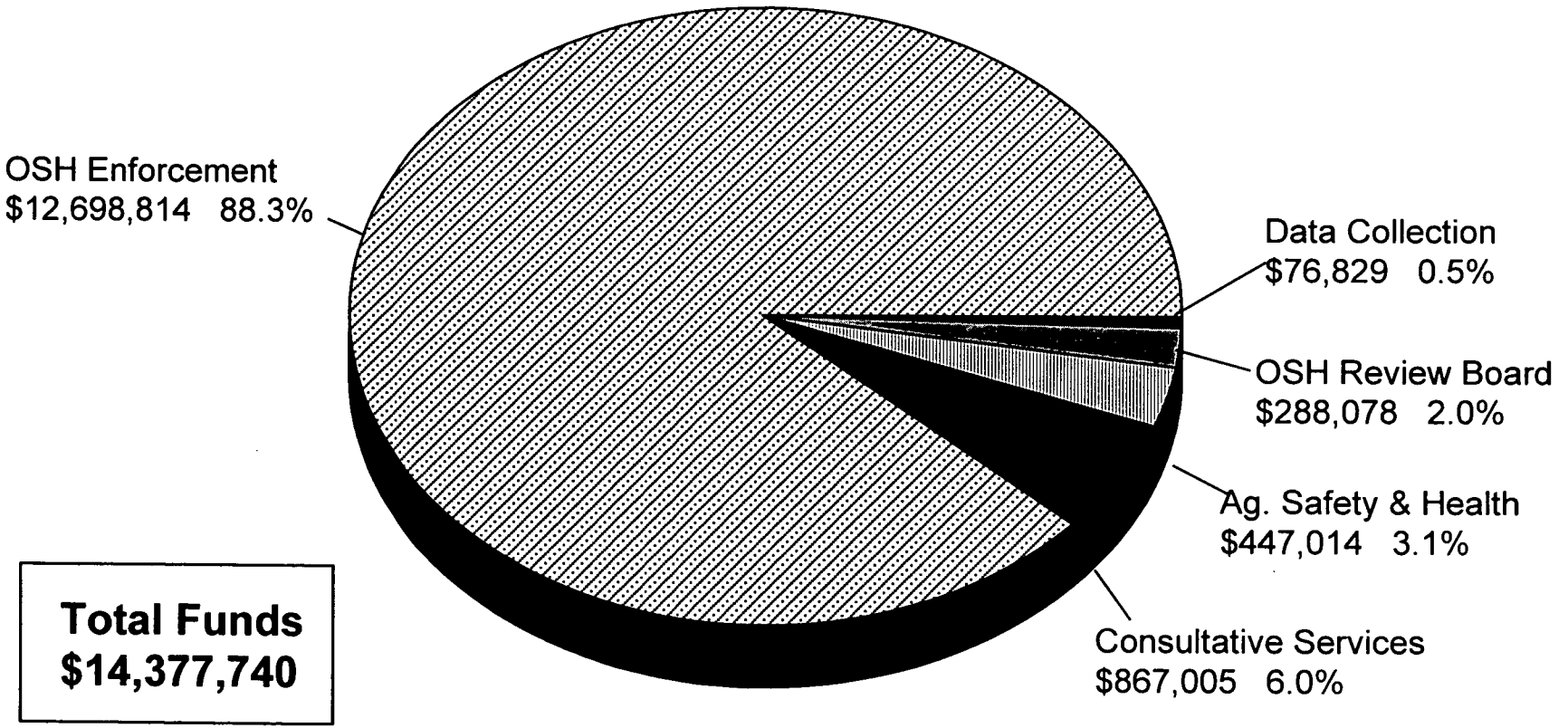


Fiscal Research Division - March 1999

Occupational Safety and Health Division

FY 1998-99 (Authorized) Total Budget

By Activity



Fiscal Research Division - March 1999

OSHNC Division
Overview of Budget Actions

Current Biennium 1997-99

Selected Reductions	FY 1997-98	FY 1998-99
1. Reduce state support for six OSH enforcement positions (3 FTEs) from 100% state funding to 50% federal and 50% state funded support.	($192,546) -3.00	($192,546) -3.00

Selected Expansion and/or Capital Improvements

Note: The 1997 Budget Bill included a special provision (SB 352, Section 17 (a)) which directed the NC Department of Labor to use up to $450,000 in additional federal funds received from the US Department of Labor under a federal OSHA grant to provide technical assistance to employers to reduce injuries and illnesses in their workplaces.

Proposed Recommendation for the 1999-2001 Biennium

Governor's Recommended Reductions	FY 1999-2000	FY 2000-2001
1. Eliminate Vacant Positions Applications Analyst Programmer I (1.00 FTE)	($44,675) -1.0	($44, 675) -1.0

Continuation Budget Items

1. Decrease line-item for office lease.	($79,390)	($79,390)
2. Increase line-item for printing, binding & duplication.	25,953	25,953
3. Increase line-items for employee travel related expenses.	47,003	47,003
4. Increase line-item for equipment.	6,434	6,434

Fiscal Research Division -- March 1999

Mission Statement

To reduce the incidence of occupational injury and illness.

Operations

- Conduct inspections.
- Carry out consultative surveys.
- Conduct training and education programs.
- Develop and interpret standards.
- Provide staff support to the OSHA Review Board, to provide a forum for hearing appeals for further review of any citation, abatement period, or penalty assessed by the OSHA Division.
- Register growers, explain migrant housing regulations and provide training, provide preoccupancy inspections, and certify approved housing for occupancy.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Reduce the rate of injury or illness in the workplace. *PPB: 6930*				
• Total case injury and illness incidence rate per 100 full-time workers in the private and public sectors		6.45	6.40	6.35
Eliminate serious hazards in workplaces where intervention takes place. *PPB: 6930*				
• Number of serious hazards eliminated	8,269	8,400	8,500	8,600
Assist in implementing or improving workplace occupational safety and health programs. *PPB: 6930*				
• Number of safety and health programs established or upgraded	1,964	2,075	2,250	2,450
Train managers and employees in occupational safety and health. *PPB: 6930*				
• Number of people trained in occupational safety and health	12,500	12,500	12,500	12,500
Increase the percentage of registered growers achieving Gold Star status. *PPB: 6930*				
• Percentage of registered growers achieving Gold Star Status	40%	40%	45%	45%

LAB-S

VISITOR REGISTRATION SHEET

NER 3/24

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. Ren Richmond	Farm Bureau
2. Hester Vernon	Farm Bureau
3. [illegible]	N.H.
4. Noel Lee Hayes	F. B.
5. Barbara Hayes	Farm Bureau
6. William B. Garner	Farm Bureau
7. Johnny Gray	OSBM
8. J.W. Reel	OSBM
9. Shelli Altieri	OSBM
10. Vernon James	Farmer Bet
11. Dorothy Sparrow	Farm Bureau
12. Billie Sparrow	Farm Bureau
13. Buck Lattimore	NC Industrial Commission
14. Bob Andrews	LABOR
15. Sharon Hayes	Labor
16. Hanne Meyrick	Labor
17. Becky Brown	Labor
18. Dana Cope	Labor
19. Joe M[illegible]	TDA
20. Doug Lassiter	N.C. Sept. [illegible]
21. Paul McCoy	Farm Bureau

VISITOR REGISTRATION SHEET

NER 3/24

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. Howard McAdams	Farm Bureau
2. Bryan Wilson	Farm Bureau
3. Anita McNeil	DENR BPA
4. Phonie Atabank	WCCDI
5. [illegible]	DENR
6. R. Rogers	DENR
7. A. Rashford	WCCDI
8. Sheila Chavis	OSPL
9. Beckie Street	PPAB
10. Brenda Dougherty	Sprint
11. Martin Edes	Self-Help
12. Larry Cope	DOL
13. C. Porter	Bond Assoc.
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, March 24, 1999 at 2:30 p.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, March 24, 1999 at 2:30 p.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Carpenter, Culp, Mitchell, and Tolson, were present.
The Committee members discussed the divisions and questions were answered.

Senator Martin called the meeting to order. Jennifer Herrera, Fiscal Research, gave a brief overview of the Agricultural Finance Authority. This is Attachment A of these minutes. Mr. Frank Bordeaux, Executive Director, AFA, explained this program to the Committee. A copy of his remarks was not available.

Jennifer Herrera continued with budget presentations by giving a brief overview of the North Carolina Housing Finance Agency. This is Attachment B of these minutes. Mr. Bob Kucab, Executive Director, NCHFA, explained this program. He said the agency was self-supporting. They generate fee income from all their activities. They charge participants application fees, and processing fees to pay the costs of their staff.
He said they recover all their staff fees without appropriations from the State. He referred to the blue handout entitled 1998 Achievements, to answer questions from the Committee. This is Attachment C of these minutes.

Ms. Herrera continued with the Rural Economic Development Center overview. This is Attachment D of these minutes. Mr. Billy Ray Hall, President, REDC, explained this program. These are Attachments E and F of these minutes. Committee members asked questions regarding the bond money. Mr. Billy Ray Hall said bond money would be available when the agencies make grant awards. He said there are five categories of grant awards that can be made out of the bond money. He said it should begin this summer and go through the fall with the rounds of grants. He stated that the REDC had been in business for 12 years. He addressed the items that were recommended in the Governor's recommended budget. Mr. Hall spoke about the NC Microenterprise Loan Program. This program helps rural people become self-sufficient by providing opportunity for self-

employment and small business growth. It provides loans for the start-up or expansion of small businesses by individuals who have sound ideas and do not quality for bank loans.

Jennifer Herrera completed the agenda by a brief explanation of the State Aid – North Carolina Community Development Initiative. The North Carolina Community Development Initiative (the "Initiative") is a non-profit corporation that provides services statewide to community development corporations involved in community and economic development activities. The Initiative provides technical and financial assistance, as well as training to CDC's and other professionals working in the community economic development field. This is Attachment G of these minutes. Mr. Abdul Rasheed, President, NC CDI, gave a brief history of NC CDI. This is Attachment H of these minutes.

The meeting adjourned at 3:45 p.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 24, 1999 (afternoon)
Sen. Bob Martin, Presiding

1. Chairman's Comments

2. Other NER Budget Presentations

   Agricultural Finance Authority
   Jennifer Herrera, Fiscal Research
   Frank Bordeaux, Executive Director, AFA

   NC Housing Finance Agency
   Jennifer Herrera, Fiscal Research
   Bob Kucab, Executive Director, NC HFA

   State Aid – NC Community Development Initiative
   Jennifer Herrera, Fiscal Research
   Abdul Rasheed, President, NC CDI

   Rural Economic Development Center
   Jennifer Herrera, Fiscal Research
   Billy Ray Hall, President, REDC

3. Committee Discussion

4. Adjourn

Attachment A

Agricultural Finance Authority							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	302,191	321,134	355,008	310,559		310,559	
Less Receipts	(130,459)	(165,135)	(218,208)	(181,173)		(181,173)	
State Appropriations	*171,731*	*155,999*	*136,800*	*129,386*	-5.4%	*129,386*	-5.4%
Positions	5.00	5.00	5.00	5.00		5.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

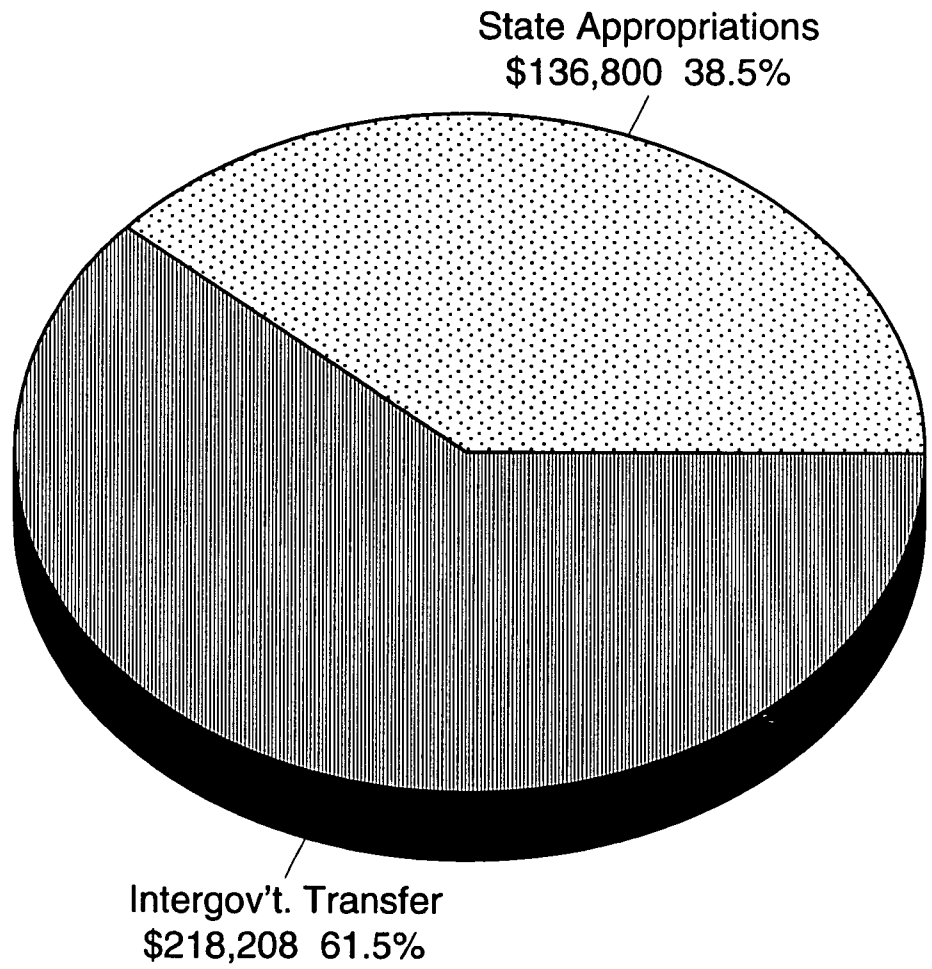
DIVISION ACTIVITIES

Operational since 1987, the North Carolina Agricultural Finance Authority provides financing for agricultural development and expansion to farmers and agribusiness that have difficulty obtaining financing in conventional credit markets. In addition to administering and servicing a farm loan fund, the Authority explores sources of additional loan capital for North Carolina farmers.

Governor's Budget, Volume 5, p.47-48

Agricultural Finance Authority

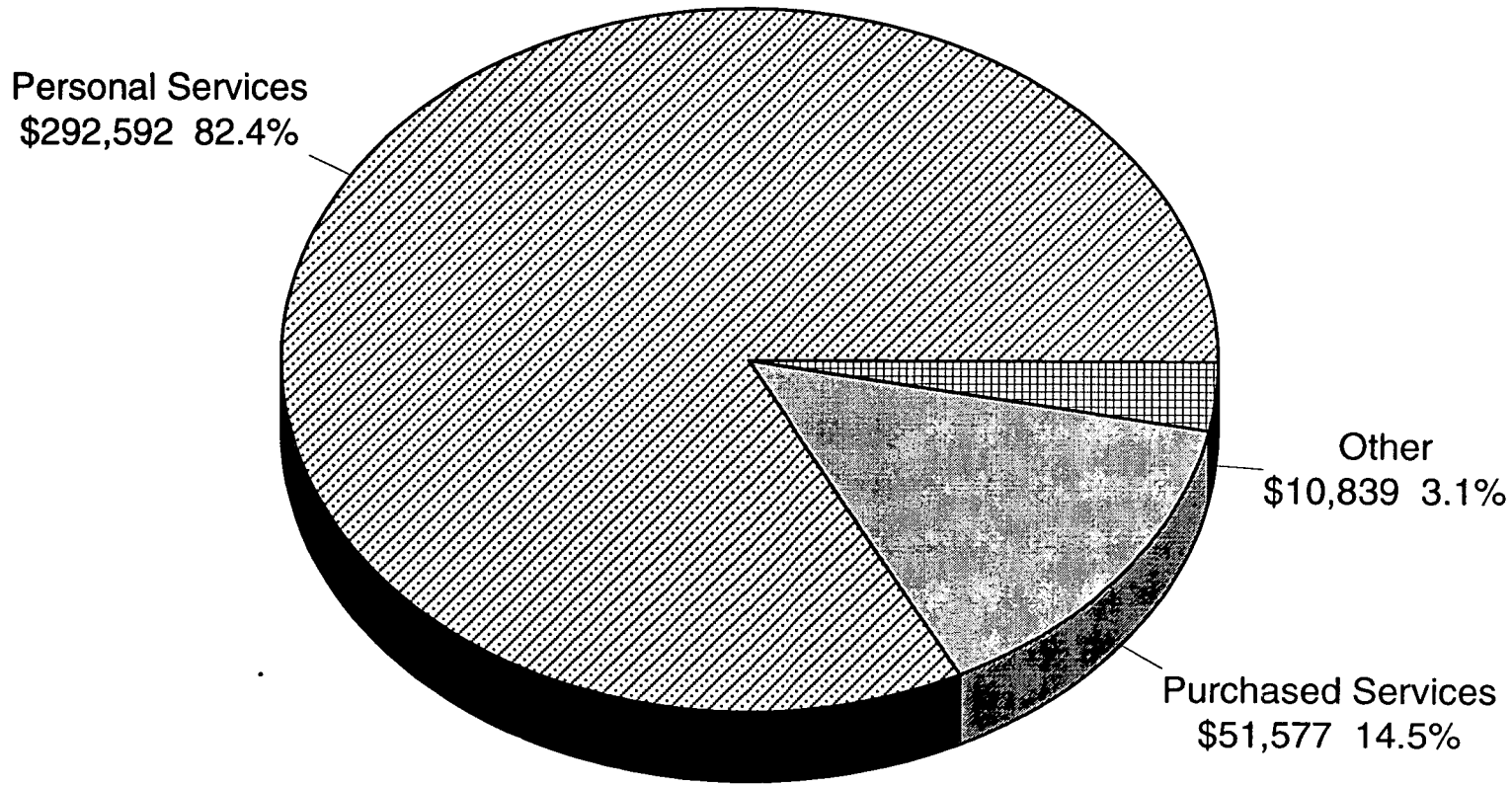
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - March 1999

Agricultural Finance Authority

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

AGRICULTURAL FINANCE AUTHORITY
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1) Reduce General Fund appropriation by utilizing the interest income earned from the Farm Reserve Loan fund for the Authority's operating expenses.	($ 25,000)	($ 25,000)

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The Committee may wish to have the Authority describe the loan programs available to North Carolina farmers and agribusiness, including information on average loan sizes, rates of repayment, and types of activities supported.

AG-4

AG-5

Mission Statement

To provide affordable credit to NC farmers and agribusinesses unable to obtain their credit needs from local sources at reasonable rates and terms.

Operations

- Provide loans to farmers at reasonable interest rates and lengths of terms.
- Provide loans to qualifying applicants with a resulting low delinquency rate.
- Provide loans or tax exempt bond financing to Agri Business firms.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase financial resources available to farmers and agribusinesses. *PPB: 6310*				
• Dollar value of agriculture enterprise loans made annually (millions)	$4.292	$1.700	$1.700	$1.700
Provide additional financing from Agricultural Development Bonds each year. *PPB: 6310*				
• The dollar value of bonds issued (millions)	$6.0	$2.0	$2.0	$2.0
Increase farm income earning capacity by loans made to North Carolina farmers. *PPB: 6310*				
• Percentage of loans which expand farm income earning capacity by ten percent	100%	55%	55%	55%
Provide ten new jobs from Agricultural Development Bonds each year. *PPB: 6310*				
• Number of new jobs (FTE)	63	10	10	10

Attachment 13

Overview of the
North Carolina Housing Finance Agency
March, 1999

INTRODUCTION

The North Carolina Housing Finance Agency (NC HFA) is a self-supporting public agency created by the General Assembly in 1973 to increase the supply of affordable housing for the state's low- and moderate-income citizens. The Agency provides both financing and technical assistance for the development and purchase of affordable housing. Funding for Agency programs and operations comes from program fees, earnings from tax-exempt bond sales, federal funds, and the Housing Trust Fund. A 13-member Board of Directors sets policy for the Agency. A separate 13-member Housing Partnership Board sets policy for the North Carolina Housing Trust Fund.

General Fund appropriations have been used to match federal HOME program funds to finance new affordable housing units and to rehabilitate existing units for low- and moderate-income households. The Governor's recommended continuation budget includes $2.3 million for this purpose. For the current fiscal year (1998-99), the General Assembly provided a total of $4 million to support the Housing Trust Fund – a $2 million direct appropriation for general uses and $2 million earmarked from the Work First Reserve specifically for affordable elderly housing. The principal uses of the Housing Trust Fund are as follows:

(1) loans to first-time home buyers
(2) loans to developers of affordable rental housing in rural areas
(3) grants to elderly home owners for urgent home repairs
(4) loans to non-profit sponsors of housing for persons with special needs (e.g. mentally ill, homeless, developmentally disabled).

Both HOME and Housing Trust Fund state appropriations are directly invested in "bricks and mortar"; no funds are used for staff or operating costs.

PROGRAM ACTIVITIES

See attached

GOVERNOR'S RECOMMENDED REDUCTIONS

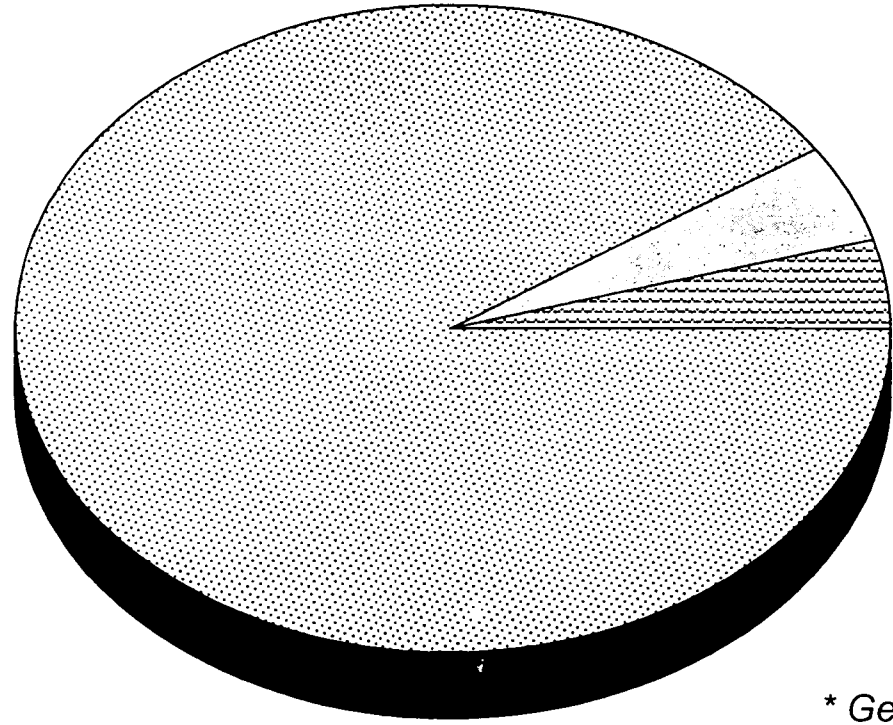
None

CROSS REFERENCES FOR BUDGET VOLUMES

Governor's Budget -- Volume 5, p. 271-274

North Carolina Housing Finance Agency
FY 1998-99 (Authorized) Fund Sources

TOTAL $46,155,675



** General Fund Appropriations*

Fiscal Research Division - March 1999

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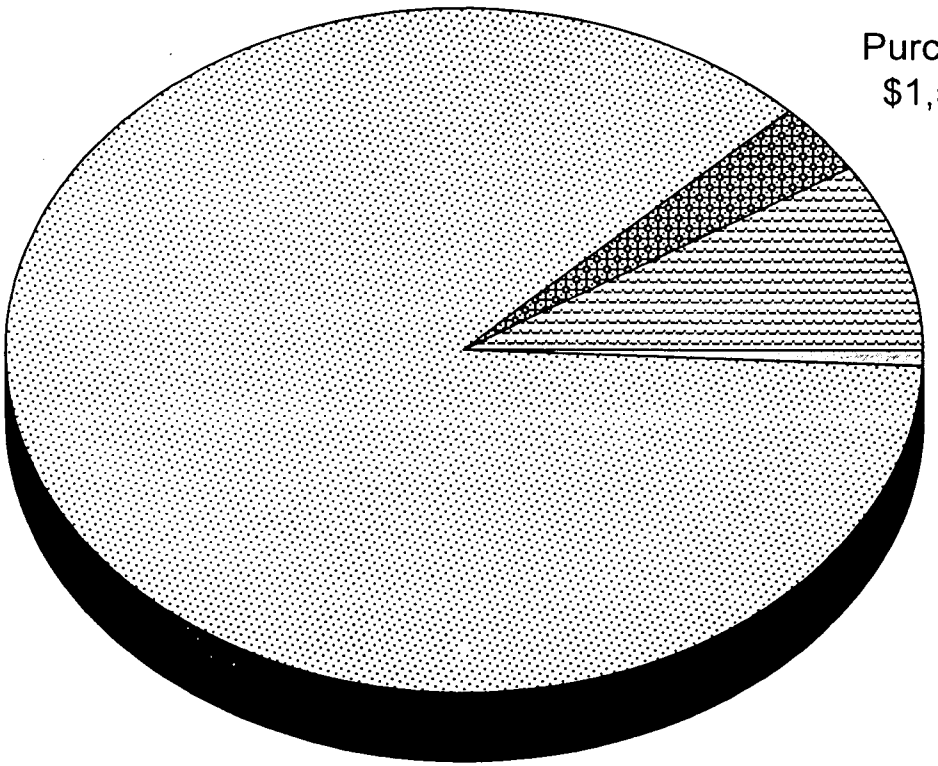
North Carolina Housing Finance Agency

FY 1998-98 (Authorized) Expenditures By Category

TOTAL $46,155,675



Fiscal Research Division - March 1999

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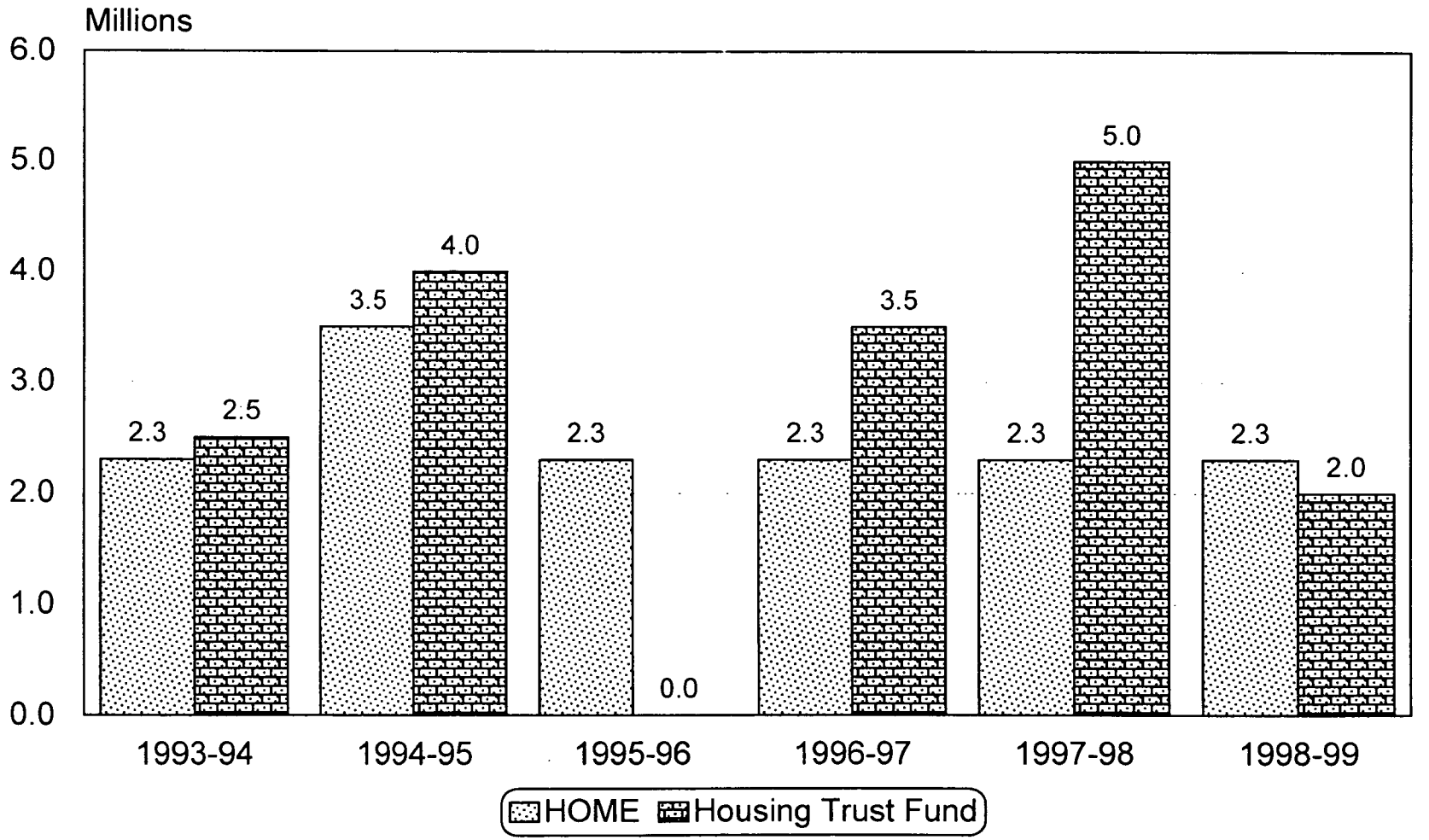
North Carolina Housing Finance Agency

Summary of State Appropriations 1993-1999



Fiscal Research Division - March 1999

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North Carolina Housing Finance Agency
Summary of Programs

Home Ownership Programs

The Home Ownership Mortgage Loan Program offers mortgages to first-time home buyers with low and moderate incomes at an interest rate below conventional rates. It is funded by tax-exempt bond sales. Funds are available throughout the year until exhausted. Contact a loan underwriter at (919) 781-6115.

Program also provides interest-free, deferred second mortgages up to $3,500 to pay a substantial part of the down payment and closing costs for home buyers below 80% of median income. Contact a loan underwriter at (919) 781-6115.

The Mortgage Credit Certificate (MCC) Program provides an alternative to the Home Ownership Mortgage Loan Program. MCCs reduce the federal income tax liability which home buyers pay and leave them more disposable income to qualify for a market-rate mortgage. The program is funded by the conversion of tax-exempt bond authority. Funds are available throughout the year until exhausted. Contact a loan underwriter at (919) 781-6115.

Rental Programs

The Low-Income Housing Tax Credit Program encourages owners to produce rental housing for low-income households by allowing a 10-year federal tax credit which is calculated on the project's qualified basis. The program is overseen by the N.C. Federal Tax Reform Allocation Committee and is administered by the agency under agreement with the Committee. Applications are requested at the beginning of each year. Contact Steve Culnon at (919) 571-4808.

The Catalyst Rental Program encourages nonprofit organizations to build rental housing for low-income households by providing loans from agency interest earnings for market studies, land options, architectural services, engineering work and environmental reviews. Funding is open but limited by availability. Contact Suma Kumar at (919) 571-4781.

The Housing LINC Loan Fund, operated under agreement with the N.C. Division of Aging and funded by the Kate B. Reynolds Foundation, is a revolving loan fund to pay predevelopment costs for assisted-living projects for the elderly. Funding is limited by availability. Contact Suma Kumar at (919) 571-4781.

The AIDS Predevelopment Loan Fund, operated under agreement with the N.C. AIDS Care Branch and funded under the federal HOPWA Program, is a revolving loan fund to pay predevelopment costs for housing with supporting services that is available for persons with AIDS. Contact Suma Kumar at (919) 571-4781.

The Assisted Independent Living Program uses funds from a Robert Wood Johnson Foundation grant to pay the staff cost of coordinating the availability of community-based services for the elderly living in subsidized rental housing projects. Funding is limited by availability. Contact Mary Reca Todd at (919) 571-4768.

The Multifamily Unsubsidized Loan Program provides mortgage financing at an interest rate below conventional rates, so that developers can build rental housing at less cost and offer tenants lower rents. Contact Steve Culnon at (919) 571-4808.

The Federal and Agency Rental Assistance Programs provide monthly rent subsidies to assist very low-income tenants in occupying projects that would not be affordable otherwise. Restricted by fund availability. Contact Mary Gardner at (919) 571-4819.

The N.C. Elderly Housing Rights and Consumer Protection Program provides information for consumers on housing rights and protection issues. Develops materials and trains advocates and service providers. Funded by a U.S. Administration on Aging grant. Contact Mary Reca Todd at (919) 571-4768.

Special Assistance Programs

Two funding sources are used for special assistance programs: the Housing Trust Fund and the HOME Investment Partnerships Program.

The Housing Trust Fund was created by the General Assembly to increase the supply of affordable housing for very low-, low- and moderate-income households. It is used for both rental housing and home ownership programs adopted by the 13-member N.C. Housing Partnership.

The HOME Program provides federal funds for developing affordable housing for very low-, low- and moderate-income households. Funds may be used for both rental housing and home ownership.

The following programs are funded by the Housing Trust Fund and the HOME Program:

Rental Programs

The Rental Production Program provides loans of up to $1.5 million per project for the production of rental housing for households below 60% of median income. Contact Jim Yamin at 571-4811.

The Special Needs Housing Program provides amortizing loans of up to $250,000 per project for the production of transitional and permanent housing and loans of up to $100,000 for the rehabilitation of emergency housing for households below 50% of median income with special needs. Contact Andrea Schmidt at (919) 571-4919.

Home Ownership Programs

The Affordable Home Ownership Program provides amortizing second mortgage loans of up to $20,000 per unit for the purchase of newly constructed, rehabilitated, or existing homes. Assistance targeted to home buyers below 80% of median income. Contact Bill Bunting at (919) 571-4915.

The Single Family Rehabilitation Program provides up to $500,000 to local and regional governments and nonprofit organizations for deferred payment loans to rehabilitate single-family owner-occupied homes, primarily in distressed counties. Assistance targeted to homeowners below 80% of median income. Contact Bob Dunham at (919) 571-4778 or Brad Lankford at (919) 571-4916.

The Urgent Repair Program provides up to $75,000 to local governments, regional agencies and nonprofit organizations for grants to correct housing conditions that pose a threat to life or safety. Assistance targeted primarily to households below 50% of area median income. Contact Bob Dunham at (919) 571-4778 or Dick Smith-Overman at (919) 571-4914.

Policy and Research

The Consolidated Plan is a housing and community development plan required by HUD which provides details about the state's needs and housing conditions, sets out a strategy to meet needs, identifies resources available, and establishes a one- and five-year investment plan for resources. Contact Nancy Bloebaum at (919) 571-4172.

The Housing Coordination and Policy Council was established by the General Assembly as a 15-member advisory group from various state agencies and departments. It advises the Governor and the General Assembly concerning state housing policy and improved program coordination. Contact Bill Dowse at (919) 571-4774.

The North Carolina Housing Partnership was established by the General Assembly to set policy for the use of the North Carolina Housing Trust Fund. The Housing Partnership comprises 18 members. Contact Bill Dowse at (919) 571-4774.

The Housing Resource Manual provides a listing and description of organizations in the state that have been identified by the agency as housing service providers. Contact Nancy Bloebaum at (919) 571-4172.

The Home Equity Conversion Loan Program statute in North Carolina requires the agency to approve the training standards for individuals providing counseling to elderly home owners who are applying for reverse mortgages. Contact Mary Reca Todd at (919) 571-4768.

The Housing N.C. Awards recognize home ownership and rental projects built in North Carolina that are judged by an expert panel to be outstanding examples of affordable housing. Contact Margaret Matrone at (919) 571-4804.

General

The agency maintains a close working relationship with the following organizations to improve affordable housing development opportunities:

The Community Investment Corporation of North Carolina, a statewide for-profit corporation which provides debt financing for low-income rental projects. Contact Roger Earnhardt at 781-7979.

The North Carolina Affordable Housing Equity Corporation, a statewide nonprofit corporation which provides tax credit syndications to nonprofit sponsors of low-income rental projects. Contact David Peet at 420-0063.

REPORT OF THE NORTH CAROLINA HOUSING FINANCE AGENCY
SIX MONTH PERIOD, JULY 1, 1998 – DECEMBER 31, 1998

The Agency is self-supporting. It provides financing for affordable housing by selling tax-exempt Mortgage Revenue Bonds, issuing federal Housing Credits, and operating the HOME Program and state Housing Trust Fund. Net interest margins or fees pay the Agency's expenses, including the cost of operating the state's Housing Trust Fund.

In all, the Agency has assisted nearly100,600 families and individuals of low and moderate income, including 50,325 first-time home buyers.

Six Month Production

In the six months ended December 31, 1998, the Agency provided financing and tax credits of $177.72 million to support total development of $345.78 million. This provided housing for 9,682 North Carolina households.

Of the 9,682 households assisted:

- 1,760 first-time buyers purchased homes
- 2,933 rental units were financed
- 3,695 renters received monthly rent assistance
- 664 homes received emergency repairs
- 281 substandard homes were rehabilitated
- 265 rental units received funds for fire protection equipment
- 52 units were rehabilitated for persons with low incomes and special needs
- 32 rental units received predevelopment loans

Economic Impact

During the six months ended December 31, 1998, the $345.78 million in total development which the Agency supported:

- generated 4,332 construction jobs
- increased state tax revenues by $13.38 million
- produced $24.87 million in local tax revenues

Continued Emphasis on Home Ownership and Family Self-Sufficiency

The Agency continued to emphasize affordable home ownership and development of rental housing with services to promote family self-sufficiency and independent living for the elderly.

During the reporting period, the Agency issued $35 million in Mortgage Revenue Bonds and $100 million in Mortgage Credit Certificates which will lower the cost of purchasing a home for 2,150 households. The November, 1998 bond sale achieved the lowest rate in the Agency's history, providing mortgages at 5.75%.

The Agency continued a highly successful down payment assistance program used in conjunction with the Agency's Mortgage Revenue Bond (MRB) Program. A total of $945,781 in federal HOME funds provided second mortgages for 302 households. These households had an average income of $27,319, compared with the average income of $32,429 for all borrowers using the Agency's MRB Program. Of the 302 buyers, 39.7% were African American and 44.7% were minorities. Overall, under the MRB Program, 30.5% of home buyers were minorities.

The Agency also continued a 1997 initiative that lowers the income required to use its Mortgage Revenue Bond financing. Loans were made using the Housing Trust Fund in combination with prepayments from the mortgages provided through the sale of tax exempt Mortgage Revenue Bonds.

Housing Trust Fund

In all, the Housing Trust Fund invested $6,461,841 in 1,215 housing units, including:

- 664 rural home owners received emergency repairs
- 281 substandard homes rehabilitated
- 80 first-time home buyers received loan subsidies
- 123 new rental units financed
- 13 first-time home buyers received down payment assistance
- 4 nonprofits received loans to rehabilitate 4 buildings that are used to shelter 52 homeless individuals
- 1 small nonprofit received a loan to build 2 homes

HOME Program

The federal HOME Program and state matching funds provided $15,455,837 to finance 1,060 affordable units. These included:

- 411 first-time home buyers received down payment assistance
- 368 new rental units financed
- 281substandard homes rehabilitated

Other Accomplishments

During the period the Agency:

- closed one of the first HUD Section 8 Portfolio Reengineering deals in the nation, preserving Waynesboro House in Goldsboro as 85 apartments for the elderly;

- made $2 million available through the Special Need Housing Program for the production of new supportive housing units for persons with special needs;

- collaborated with member agencies of the Interagency Council for Coordinating Homeless Programs (ICCHP) in securing a two-year HUD Supportive Housing Program Technical Assistance Grant of $40,000;

- received a HUD Housing Counseling Grant of $406,393. The Housing Finance Agency will serve as an intermediary for twenty-two housing counseling agencies across the state providing home ownership counseling for lower income families;

- the Agency's executive director was installed as president of the National Council of State Housing Agencies;

- hosted a statewide housing conference on November 18, 1998, attended by staff and 200 representatives of the affordable housing industry.

PRODUCTION REPORT

	FY 1998	Six Months 7/1/98 – 12/31/98
Single Family Mortgage Loan Program		
Number of Loans	2,065	951
Average Family Income	$31,200	$32,429
Counties Reached	68	60
Mortgage Credit Certificate Program		
Number of Loans	994	693
Average Family Income	$30,335	$31,522
Counties Reached	43	43
Multifamily Subsidized Program		
Amount of Rent Subsidies	$17.69 million	$8.84 million
Number of Units	3,515	3,515
Counties Reached	50	50
Housing Credit Program*		
Amount of Tax Credits Allocated	$9.6 million	$10.61 million
Estimated Equity Provided	$67.2 million	$77.46 million
Number of Units	2,339	2,840
Maximum Income	60% local median	60 % of local median
Counties Reached	27	23
Agency Rental Assistance		
Amount of Rent Subsidies	$144,195	$101,032
Number of Units	140	180
Counties Reached	7	7
Catalyst, and LINC Predevelopment Loans		
Amount Awarded	$85,600	$18,100
Number of Units	150	32
Counties Reached	5	1
Housing Trust Fund Programs		
Amount Awarded	$1.7 million	$6.46 million
Number of Units	101	1215
Counties Reached	16	66
HOME Program		
Amount Awarded	$8.57 million	$15.46 million
Number of Units	944	1,060
Counties Reached	44	43
Fire Protection Loan Fund		
Amount Awarded	$628,479	$170,277
Number of Units	517	265
Counties Reached	11	2

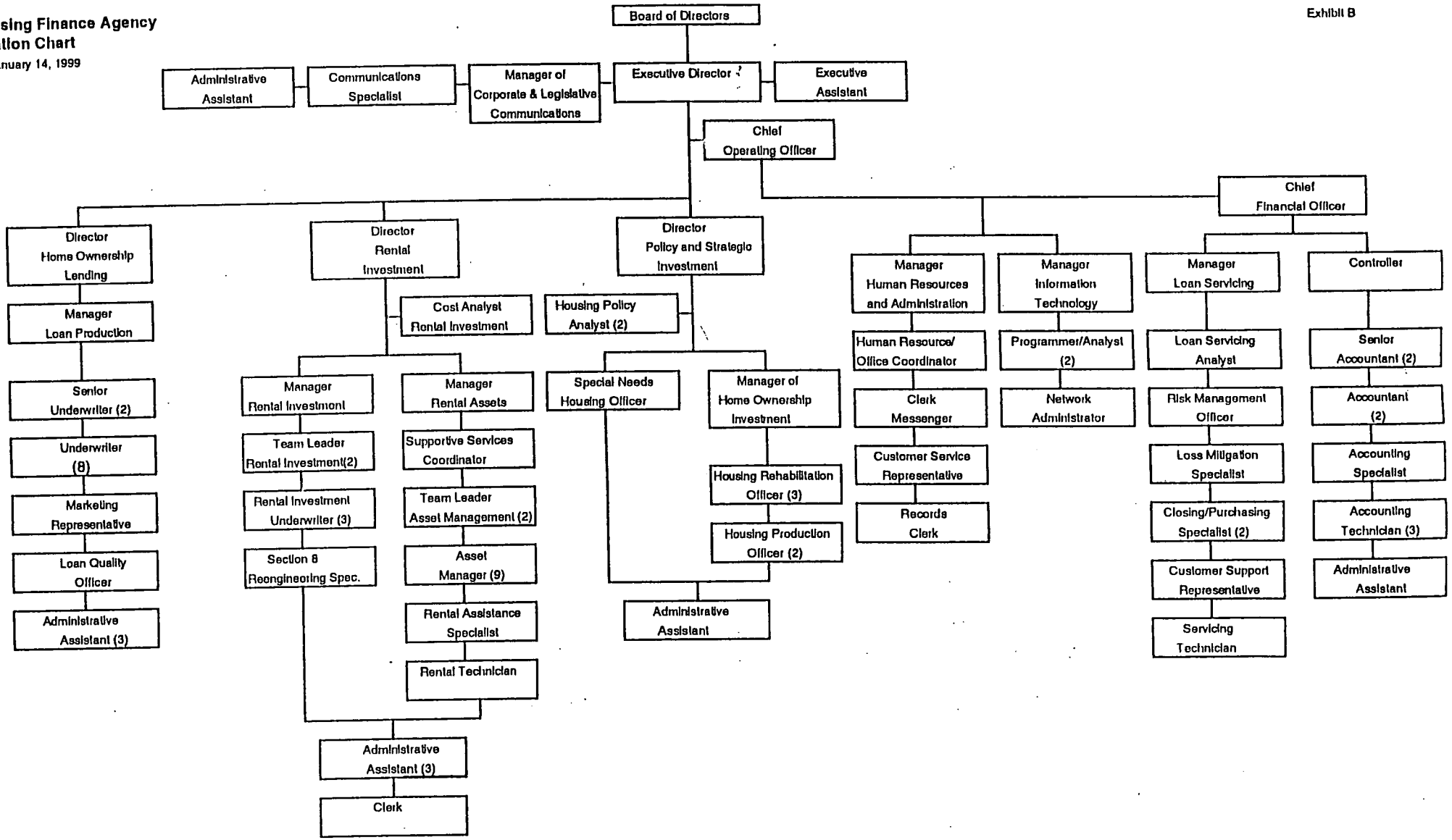
*Formerly, "Low Income Housing Tax Credit Program"

Note: In order to lower the income targeting, some units receive funding from more than one source. For that reason, the units shown in this listing should not be totaled.

Exhibit B

N.C. Housing Finance Agency
Organization Chart

Adopted: January 14, 1999



HFA-11

Presentation Summary

The North Carolina Housing Finance Authority, located organizationally within the Office of the Governor, is reviewed by the Natural and Economic Resources appropriations subcommittee. The agency leads in creating affordable housing opportunities for North Carolinians through the effective investment of public and private capital, professionalism, and responsiveness to the needs of partners and the people served.

Operations

- Award funds to rehabilitate substandard units, provide assistance to assure quality construction, monitor recipients to ensure program compliance.
- Provide below market rate financing and tax credits to first-time home buyers; administer Housing Tax Credit Program.
- Provide down-payment assistance and second mortgage financing.
- Provide rent subsidies on behalf of low-income tenants; monitor property owners/managers to ensure compliance.
- Conduct training workshops for departmental staff on financial policies and procedures; automate manual financial processes to improve operational efficiency.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Rehabilitate homes owned by low-income homeowners. *PPB: 2800*				
• Number of home owners assisted (1997-98 data reflect a partial year)	50	763	763	763
Provide low cost financing and tax credits to first time home buyers. *PPB: 2800*				
• Number of home buyers assisted	4,268	3,198	3,198	3,198
Provide rental assistance to low income renters. *PPB: 2800*				
• Number of renters assisted	3,655	3,655	3,655	3,655
Finance affordable rental units and special needs housing units. *PPB: 2800*				
• Number of affordable rental and special needs housing units produced	2,513	1,902	1,902	1,902

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Attachment D

Rural Economic Development Center

	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized	Governor's Continuation Request 1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	6,295,065	7,896,257	13,107,535	4,382,535		4,307,535	
Less Receipts	(425,065)	(626,257)	(475,197)	(475,197)		(400,197)	
State Appropriations	*5,870,000*	*7,270,000*	*12,632,338*	*3,907,338*		*3,907,338*	
Less State NR 1998-99			*(8,725,000)*	-		-	
Adjusted Appropriation			*3,907,338*	*3,907,338*	*0%*	*3,907,338*	*0%*
Positions	14.75	18.10	19.50	15.80		14.80	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

The purpose of the Rural Economic Development Center is to improve economic conditions, support increased entrepreneurial development, and make more and better jobs available in rural areas with a special focus on low-income residents.

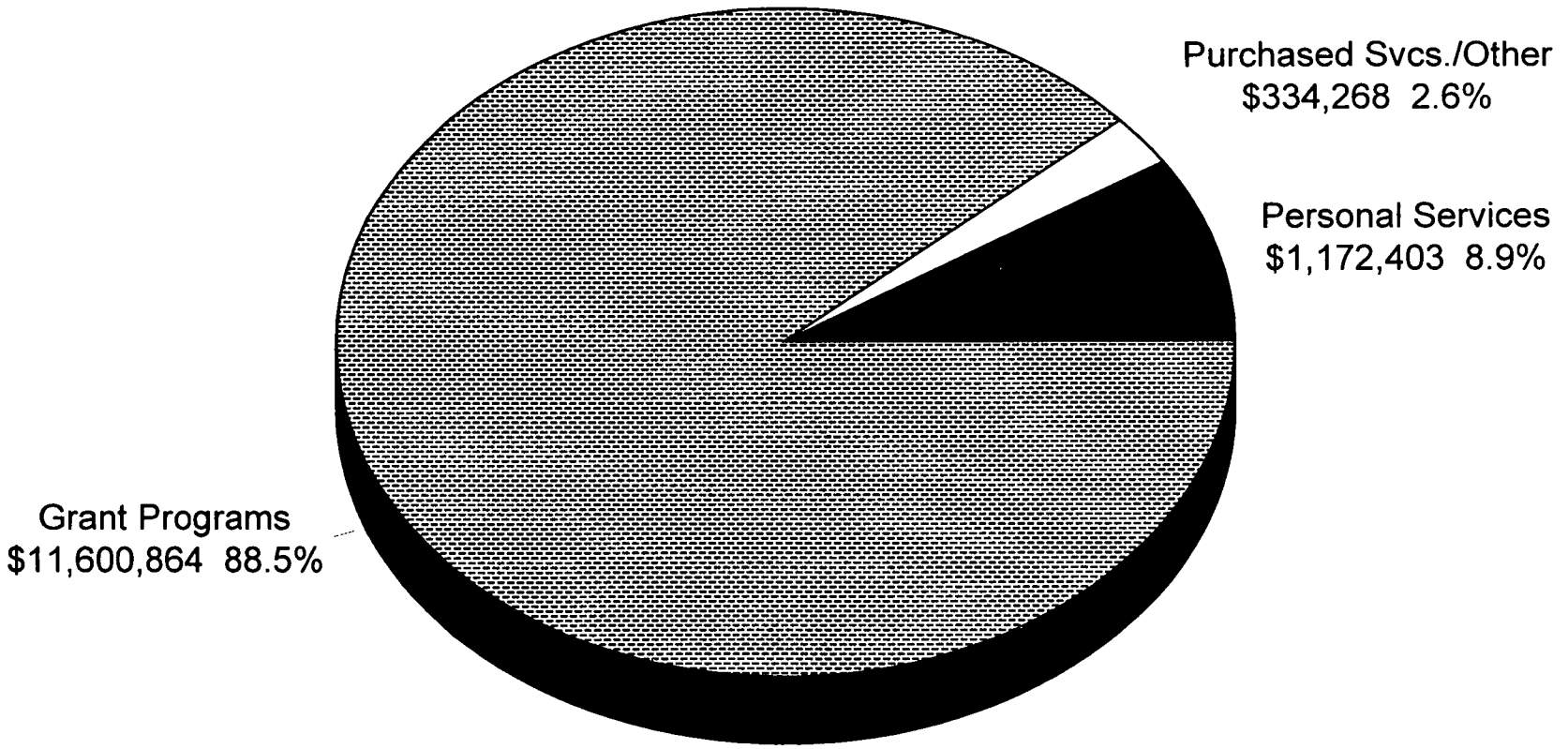
CENTER ACTIVITIES

- Conducts research into rural issues
- Tests rural development strategies
- Advocates for rural policy and program innovations
- Trains and informs rural leaders
- Secures and directs resources to rural communities
- Administers business finance and community development programs

The Rural Center serves as administrator of funds appropriated by the General Assembly for various economic development programs.

Governor's Budget, Volume 5, pp 72-73

Rural Economic Development Center
FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

RURAL ECONOMIC DEVELOPMENT CENTER
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-1999

SELECTED REDUCTIONS	1997-98	1998-99
1. Eliminate recurring appropriation for the NC Association of CDCs	($150,000) R	($150,000) R
2. Transfer funding for the NC Community Development Initiative to Commerce	($1,800,000) R	($1,800,000) R
3. Reduce operating support -administration		($ 12,662) R

SELECTED EXPANSION		
1. Provide nonrecurring support for the NC Association of CDCs	$ 200,000 NR	$ 275,000 NR
2. Provide additional general administration support		$ 200,000 NR
3. Supplemental funding program – additional funds	$3,150,000 NR	$8,000,000 NR
4. Capacity grants program		$ 200,000 NR
5. Research and demonstration grants – additional funds		$ 50,000 NR

RURAL ECONOMIC DEVELOPMENT CENTER
GRANT PROGRAMS IN CONTINUATION BUDGET

Activity		1999-2000	2000-2001
1. Research and Demonstration Grants		$475,864 R	$475,864 R
2. Grants to CDCs that have previously received state funds		$900,000 R	$900,000 R
3. Grants to new and emerging CDCs		$250,000 R	$250,000 R
4. Rural Center administration for CDC grants		$ 50,000 R	$ 50,000 R
5. Microenterprise Loan Program		$250,000 R	$250,000 R
6. Supplemental Grants Program		$950,000 R	$950,000 R
7. Opportunities Industrialization Centers		$200,000 R	$200,000 R
	TOTAL	**$ 3,075,864 R**	**$ 3,075,864 R**

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

PROGRAM UPDATE

The 1998 General Assembly passed Senate Bill 1354 – Clean Water and Natural Gas Critical Needs Bond Act of 1998. In November, North Carolina voters approved by referendum this legislation which makes available $800 million in loan and grant funds for water and wastewater projects and $200 million to extend natural gas service to currently under served areas of the state.

The Rural Economic Development Center serves as administrator of $115 million of the $800 million in clean water bonds through three program areas: the Supplemental Grants program; the Capacity Building Grants program, and a new Unsewered Communities Grants program. Bond proceeds are to be allocated as follows:

- Supplemental Grants — $48 million ($8 million per year for 6 years)
- Capacity Building Grants — $12 million ($2 million per year for 6 years)
- Unsewered Communities — $55 million

Mission Statement

Develop innovative strategies to improve the lives of rural North Carolinians, with special focus on economic opportunities for citizens with low to moderate incomes.

Operations

- Work to influence public policy, private practice, and individual opportunity in the area of workforce development.
- Work to influence public policy issues related to small business development.
- Maintain significant involvement in programmatic activities associated with physical infrastructure development.
- Promote civic infrastructure development through the annual Rural Economic Development Institute and other REDC activities.
- Identify and analyze issues that have a significant impact on rural economic development. Classify these issues as major or minor with regard to the REDC attention to be dedicated to the issues in a given year.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Identify and analyze important rural economic development issues. *PPB: 6600*				
• Number of major issues analyzed	4	5	5	5
• Number of major issues acted upon	4	4	4	4
• Number of minor issues analyzed	14	15	15	16
• Number of minor issues acted upon	11	11	11	11
Provide effective research and development and leadership resources for rural development organizations. *PPB: 6600*				
• Number of research and demonstration initiatives developed	20	10	10	10
• Number of reports and major publications distributed	16,000	24,000	15,000	15,000
• Number of existing community development corporations supported	24	25	26	26
• Number of new or emerging community development corporations supported	9	6	7	7
• Number of Rural Leadership Institute graduates	32	35	35	35
Provide financial support for rural development organizations. *PPB: 6600*				
• Number of Capacity Water and Sewer Grant awards	17	15	15	16
• Number of Supplemental Water and Sewer Grant awards	66	130	150	150
• Number of "Individual" Microenterprise Loans	11	50	50	50
• Number of "Group" Microenterprise Loans	51	70	70	70

Attachment E

I. INTRODUCTION

Mr. Chairman - members....
THANK YOU

Overview the 4 continuation programs this committee has set up over the past few years [INVESTMENTS]

Research & Demonstration - 12 years

CDC's (OIC) - 11 years

Microenterprise - 10 years

Supplemental & Capacity - 6 years

Rural NC - 85 counties - especially lower 50 I, II, III

have benefited greatly -- Rural NC appreciates this committee leadership over the years (and your staff).

II. Today's Focus - The FY 98-99 continuation program and investments.

III. THE RESEARCH & DEMONSTRATION PROGRAM - 12 YEARS

$525,000 in FY 98-99 -- innovative research and demonstrations

- Tech Prep HS & CC ~ Nat'l
- Capital in rural NC ~ enterprise corporation $20 M.
- ↓

MAP

100 Applications

29 Projects

Champion ESOP

Flex Mfg. Caswell

Mariculture New Bern/Carteret

IV. CDC PROGRAM

New and Emerging Minority CDC's

30 years of self-help [1 of 3]

Housing; real estate development; commercial development

(organizational development)

$1.2 M FY 98-99

MAP

26 CDC Mountains to Coast

graduates move on to Community Development Initiative

OIC; continuation budget $250,000

50K → Wilson, Greenville, Rocky Mount, Elizabeth City
(Lenoir, Greene, Jones)

V. MICROENTERPRISE

Small Business Loans complementary SBC, SBTDC, Banks, Others

$250,000 FY 98-99

MAP

15 sites serving 85 counties

58% minority / 51% women / 48% poor

81% success

Step-up loans

IV. SUPPLEMENTAL & CAPACITY - 6 YEARS

Local match grant writing/PER

ATP ≤ 20K

≤ 150K

Supp.	$8,950,000	FY 98-99	Cont. 950,000
Capacity	$200,000	FY 98/99	

MAP

98 Public Agency Recipients

Supp. 79 Awards

3,854 New Jobs

14,089 Retained Jobs

3,562 Business

189,000 Customers

$114,500,000 Public $ Leveraged (13:1)

$574,800,000 Private $ Leveraged (64:1)

Capacity ____

VII. THANK YOU AGAIN & QUESTIONS

Bond

Attachment F

The Rural Center

N.C. MICROENTERPRISE LOAN PROGRAM

Purpose

The Microenterprise Loan Program helps rural people become self-sufficient by providing opportunity for self-employment and small business growth. It provides loans for the start-up or expansion of small businesses by individuals who have sound ideas and do not qualify for bank loans.

What is available

The program provides loans up to $25,000 in combination with business planning and technical assistance. It is operated by the N.C. Rural Economic Development Center in partnership with local lending sites located throughout the state.

History

The center initiated the Microenterprise Loan Program in 1989. Today the program serves all 85 rural counties of North Carolina.

Funding for the program comes from a variety of sources. The N.C. General Assembly provides $250,000 annually in funds for local site operation. Additional funds come from private foundations. The loan capital is provided primarily through a program related investment.

Program overview

Five local lending sites operate ***group-based*** lending programs. Entrepreneurs participate in these programs by self-selecting into groups of four to 10 people. Each group participates in an intensive training and certification process. Once certified, the group can make credit decisions for its members.

All loans must be current in order for the group to consider making additional loans. Group members also work with each other to support the growth and development of one another's businesses.

The other sites offer ***individual-based*** lending programs. These programs are a good choice for people with more business experience and greater financial needs. Program managers work one-on-one with potential borrowers to prepare loan applications based on the borrower's business plan, character, and the local economy.

Individuals can apply directly to the Rural Center or be referred by a network of organizations and individuals already providing business assistance in the community.

The Microenterprise Loan Program encourages participants to take advantage of local training and counseling assistance to improve their business skills. Such assistance is offered by small business centers located at area community colleges and small business technological development centers.

Who is eligible

Anyone who wishes to start or expand a small business in the 85 rural counties of North Carolina may apply. The Microenterprise Loan Program is designed for entrepreneurs dedicated to the development of a good business idea. Specific emphasis is placed on providing services to rural, low-income, female and minority participants.

Steps to take

Prospective borrowers should contact the Microenterprise Loan Program's local lending office in their area for more information on the loan application process or call the Rural Center.

Local lending sites

Alleghany Chamber of Commerce
Sparta, 1-800-372-5473
Counties served: Alleghany

Ashe County Chamber of Commerce
West Jefferson, (336) 246-9550
Counties served: Ashe

Beaufort County Community College
Washington, (252) 946-6194
Counties served: Beaufort and Washington

East Carolina Microenterprise Fund
Beaufort, (252) 504-2424 or (252) 514-9804
Counties served: Carteret, Duplin, Onslow, Pamlico, Pender and Craven

Foothills Microenterprise Loan Program
Marion, (828) 652-6021 (ext. 521)
Counties served: McDowell, Polk, Rutherford, Avery, Mitchell, and Yancey

Gateway CDC
Henderson, (252) 492-6298
Counties served: Vance

Lenoir Community College
Kinston, (252) 527-6223 (ext. 104)
Counties served: Jones, Greene, Lenoir, and Wayne

Mountain Microenterprise Fund
Asheville, (828) 253-2834/2919
Counties served: Buncombe, Cherokee, Clay, Graham, Swain, Macon, Transylvania, Haywood, Madison, Henderson, and Jackson

NC REAL Enterprises
Chapel Hill, (919) 688-7325 or (919) 332-4641
Counties served for high school students only: Granville, Orange, Nash, Pender, Tyrrell, and Vance

Counties served through the local community college system: Alamance, Alleghany, Anson, Avery, Bertie, Brunswick, Burke, Cabarrus, Caldwell, Chatham, Cherokee, Clay, Cleveland, Columbus, Cumberland, Edgecombe, Gates, Graham, Hertford, Halifax, Haywood, Lee, Martin, Mitchell, Northampton, Onslow, Pasquotank, Richmond, Robeson, Rowan, Scotland, Stanly, Union, Watauga, Wilkes, Wilson Ashe, Camden, Chowan, Currituck, Harnett, Jackson, Macon, New Hanover, Perquimans, Randolph, Surry, Warren, Yadkin and Yancey

Region L's Small Business Resource Center
Rocky Mount (919) 446-0411
Counties served: Edgecombe and Nash

Rockingham Community College
Wentworth, (336) 342-4261
Counties served: Rockingham

Southern Sandhills Loan Program
Southern Pines, (910) 695-3832
Counties served: Richmond, Scotland, Montgomery, Hoke and Moore

Southeastern Community College & Columbus Co. Minority Business Council
Whiteville, (910) 642-7141(ext. 323)
Counties served: Robeson, Bladen, Columbus, and Brunswick

Wilkes Chamber of Commerce
North Wilkesboro, (336) 838-8662
Counties served: Wilkes

Yadkin Valley Economic Dev't District
Boonville, (336) 367-7251
Counties served: Surry, Stokes, Yadkin, and Davie

Rural Center contact

CAROLYN PERRY, DIRECTOR
MICROENTERPRISE LOAN PROGRAM
RURAL ECONOMIC DEVELOPMENT CENTER
4021 CARYA DRIVE
RALEIGH, NC 27610
(919) 250-4314

Microenterprise Loan Program Results

- The N.C. Microenterprise Loan Program remains one of the largest microenterprise loan funds in the country.
- The program has made loans to businesses that include a broad range of retail shops and service operations, including florists, automotive repair firms, and child care providers. Loans also have supported the development of small manufacturing firms and craft operations.
- A study of self-employment by UNC-Chapel Hill indicates that current borrowers alone will add more than $6 million to the economy by 1999.

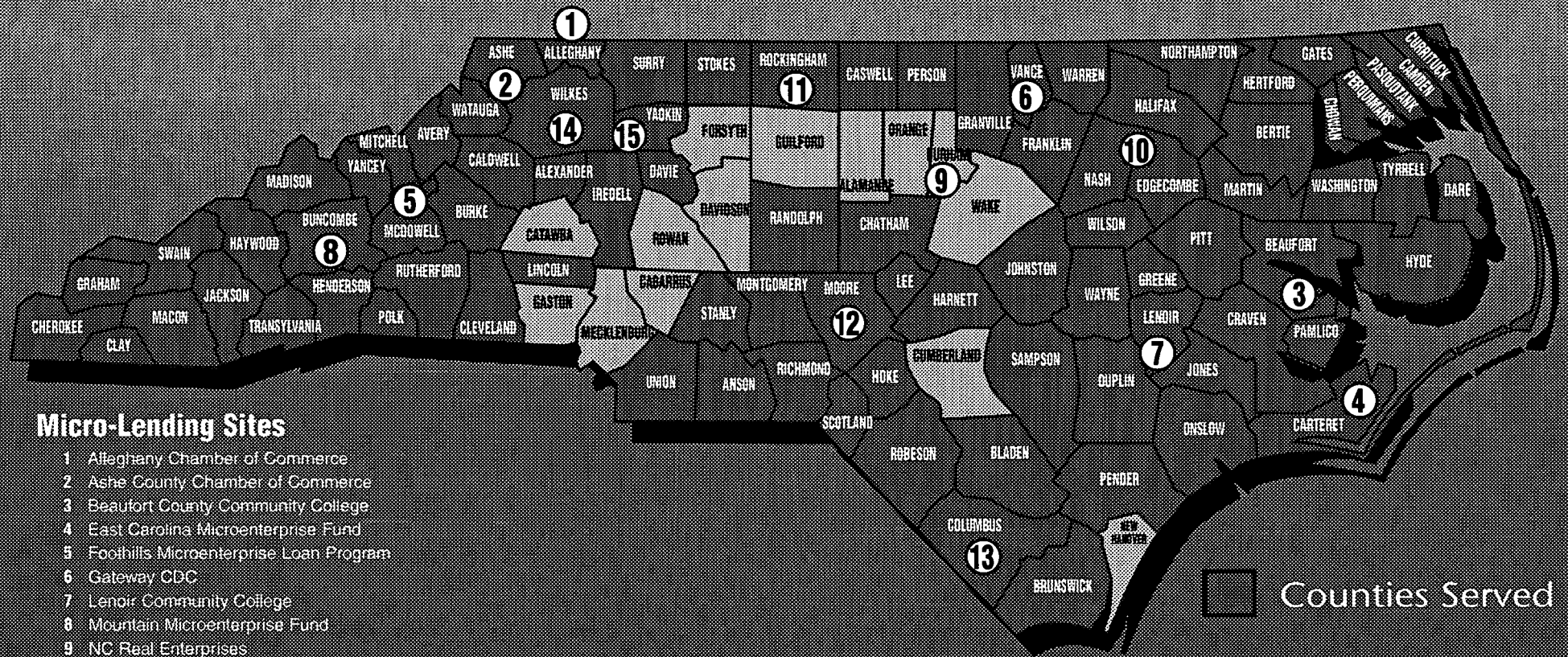
November 1989 Through December 1998:

Number of inquiries:	12,200
Number of people served:	2,438
Number of businesses served:	990
Number of business loans:	644
Total dollars loaned:	$3,653,510
Repayment rate:	81%
Average loan size:	$5,673
Coverage:	85 counties
Jobs created/sustained:	1,178

Loan Customers: 58% minority, 51% women, 48% low income

Microenterprise Loan Program
Local Lending Sites Funded, FY99

The Rural Center



Counties Served

Micro-Lending Sites

1. Alleghany Chamber of Commerce
2. Ashe County Chamber of Commerce
3. Beaufort County Community College
4. East Carolina Microenterprise Fund
5. Foothills Microenterprise Loan Program
6. Gateway CDC
7. Lenoir Community College
8. Mountain Microenterprise Fund
9. NC Real Enterprises
10. Region Ls Small Business Resource Center
11. Rockingham Community College
12. Southern Sandhills Loan Program
13. Southeastern Community College & Columbus Co. Minority Business Council
14. Wilkes Chamber of Commerce
15. Yadkin Valley Economic Development District

3/99

Attachment G

Department of Commerce

State Aid - North Carolina Community Development Initiative History of General Fund Appropriations							
						Governor's Continuation Request	
	1994-95 Actual	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Recommended	2000-2001 Recommended
Recurring	2,000,000	1,800,000	1,800,000	2,000,000	2,000,000	2,000,000	2,000,000
Nonrecurring	175,000	-	-	-	275,000	-	-
Total	*2,175,000*	*1,800,000*	*1,800,000*	*2,000,000*	*2,275,000*	*2,000,000*	*2,000,000*

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 authorized budget.

ACTIVITIES

The North Carolina Community Development Initiative (the "Initiative") is a non-profit corporation that provides services statewide to community development corporations involved in community and economic development activities. The Initiative provides technical and financial assistance, as well as training to CDCs and other professionals working in the community economic development field.

Governor's Budget, Volume 5, pp. 74-75

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Transfer funding for the Initiative from the Rural Economic Development Center.	($1,800,000) R	($1,800,000) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	1997-98	1998-99
1. Fund the Initiative through the Department of Commerce – State Aid	$1,800,000 R	$1,800,000 R
2. Additional funds for operating and program activity grants.	$ 200,000 R	$ 200,000 R
3. Additional funds for operating and program activity grants. Section 15.15 of SB 1366 earmarks $200,000 to the Northwest Corridor CDC in Mecklenburg County.		$ 275,000 NR

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
None		

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE

The North Carolina Community Development Initiative is nationally recognized as a model public-private community economic development intermediary dedicated to increasing assets and creating wealth for communities and individuals in low-resource communities. A Chief Executive Officer and 21-member Board of Directors, including representatives from the private sector, public officials, and CDC leaders, provide leadership. The Chairman of the Board of Directors, is Ronald J. Leeper, a corporate and civic leader in Charlotte.

The Initiative provides annual core operational grants to 22 established, high-performing CDCs in rural areas, small towns, and major cities, project lending, strategic issue management and project development assistance to the CDC industry statewide. Since 1994, the Initiative has taken an annual State investment/appropriation and leveraged it to attract millions of dollars from the private sector. It has channeled more than $19 million to CDCs, resulting in more than $100 million of completed local development.

The work of funded CDCs is making a difference: commercial real estate development, business and enterprise development, capital formation, affordable housing, and growth in local tax bases – not to mention improved lives that have become more productive, communities that are safer and more attractive, and children who have a better chance.

The results of this unique partnership are evident:

- more than $1 million in new real estate taxes
- 805 new single family homes
- 677 new units of multi-family housing
- 280,000 square feet of commercial real estate, including offices, shopping centers, and industrial facilities

By employing new and innovative methods grounded in sound business practices that hold CDCs accountable, the Initiative, together with its investor partners, is able to develop new programs that offer even more promise, such as a targeted Mortgage Alliance Program and a retail and commercial program to take advantage of national franchise opportunities.

Major foundation support has come from the Z. Smith Reynolds Foundation, which has given $4.25 million, one of the largest grants in its history; and from the Ford Foundation, which has given $2.5 million. Banks, corporations and anonymous donors have invested more than $3 million in the Initiative.

First Citizens Bank is providing $200 million in low-interest loans for CDC projects. BankAmerica and First Union have each committed up to $1 million for a revolving loan fund.

1/99

North Carolina Community Development Initiative, Inc.

316 W. Edenton St., Suite 200A
Raleigh, NC 27603

P.O. Box 98148
Raleigh, NC 27624
(919) 828-5655
(919) 834-8018 (fax)

1999 Report to the Joint Legislative Commission on Governmental Operations

President and CEO

Abdul Sm Rasheed

Board of Directors

Ronald J. Leeper, Chairman
Charlotte, NC

George Esser
Immediate Past Chairman
Chapel Hill, NC

P.E. Bazemore
Monroe, NC

Fannie Corbett
Wilson, NC

Gregory A. Cummings
Concord, NC

Joyce Dickens
Rocky Mount, NC

Martin Eakes
Durham, NC

Grace
Salem, NC

Andrea Harris
Henderson, NC

Rep. Howard Hunter, Jr.
Conway, NC

Joseph Kilpatrick
Winston-Salem, NC

Michael T. Lentz
North Wilkesboro, NC

William Mann
Winston-Salem, NC

Susan Perry-Cole
Rocky Mount, NC

Rhonda Raney
Raleigh, NC

Ed Stewart
Durham, NC

Alton Thompson
Greensboro, NC

Stanley Watkins
Charlotte, NC

Herbert M. Wayne, Jr.
Winston-Salem, NC

Williamson
-Salem, NC

Winnie Wood
Camden, NC

15 January 1999

We are pleased to have this opportunity to report to the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division that the North Carolina Community Development Initiative continues to have a positive impact on the organizational and production capacity of the CDCs that we serve across the state. These communities and neighborhoods where our CDCs work serve as examples of what can be achieved when institutions work together for the common good. For the fifth consecutive year, our independent audit revealed sound and prudent fiscal practices and controls with no management letter. We continue to leverage the State's investment to attract other investor partners. We have placed $19 million of grants, project specific loans and equity into 22 communities across the State, that has yielded over $100 million of completed local development. For these 22 established, high performing CDCs in rural areas, small towns and majors cities across the State, 1998 was the best year to date.

This year as a part of our annual meeting the Initiative sponsored a statewide conference *Low-Resource Communities America's Emerging Markets*. William Goodyear, Chairman of Bank America, Illinois was the opening speaker, other speakers included Rick Carlisle, Secretary Commerce, Cecil W. Sewell, Jr., Chairman and CEO Centura Bank, as well as many other industry leaders.

BOARD and GOVERNANCE

The Initiative's board of directors continues to establish policy and provide direction for this organization. At the annual meeting, Ronald J. Leeper, a Charlotte based business leader was elected chairman of the board of directors. George Esser, the former chairman continues to be active on the Board. Michael T. Lentz, Vice President, NationsBank Community Reinvestment in North Wilkesboro was elected to the

Board at the annual meeting. As reported last year, the Board adopted a formal committee structure that has proven to be a success.

The Board will continue in 1999 to develop a new strategic plan that will guide the organization through the year 2004. The Board has accelerated its efforts to increase our investor base by continuing to leverage the State's investment. We will launch a major development campaign in 1999. We are exploring the feasibility of developing a regional approach to funding in the eastern, western and I-40/I-85 corridor. If proven to be feasible, this approach will be implemented in 2000.

ADMINISTRATIVE

We continue to remain a lean organization with a small administrative staff. Our overall administrative cost is 9.7% of our total revenues. We currently spend 7.1% of the State's investment for administrative cost. In July 1996 we moved into 10,333 sq. ft. of office space donated by BB&T for one dollar per year. Additionally, BB&T donated the furniture for the offices. The space and furnishing represent a direct investment of $242,903. This space is being shared by three of our sister organizations at no cost. Each of these organizations has been able to realize some administrative savings by sharing some of our common cost, telephone receptionist, copying equipment, mail service, etc. This arrangement between BB&T and the Initiative will end in July 1999.

There are no plans for expansion during 1999. We will continue to invest money in improved technology and in training our staff.

PROGRAMMATIC ACTIVITES

The Initiative has four program activities, which are the Core Operating Grant Program, Financing Programs, Strategic Issue Management and Project Assistance (formerly the technical assistance unit), and Human Capital Development. The technical assistance unit name was changed to more adequately reflect the scope of our involvement with organizations at the community level. Increasingly, we find ourselves responding to our banking partners, local units of government and state government "to be part of or fix" a problem with a particular project. These programs represent 88.7% of our total operating budget.

I. **Core Operating Grant Program** makes grants through a competitive process to high performing CDCs of up to $150,000. These grants are intended to build the capacity and increase productivity of the local CDC by providing a stable source of core operating support. We are currently invested in 22 communities around the state, with grant support totaling $2,441,808 in 1996, $2,731,350 in 1997 and $2,768,500 in 1998.

In 1999, we will be invested in 19 local communities and 2 targeted regions. The regional projects represent approximately 22 western counties and 33 eastern counties. The Board's decision to decrease the number of CDCs awarded operating grants was based on available financial resources currently committed. Additionally, the maximum grant amount was reduced from $150,000 to $123,000 for 1999 due to reduced resources.

II. **Financing Programs** are various loan and financing tools that are designed to be an affirmative response to the identified needs of the CDC community. These products are industry driven and range from "Gap Financing" to capital and equity building loans. As a rule, these products are available to the entire CDC community in the state. To date, we have committed $744,000 in loans. In 1998, NationsBank committed $1 million in low-interest loans for community development projects. We are negotiating with First Union Bank for an additional $ 1million with similar terms.

During 1999, this program will continue to operate in its current form, responding to the needs of our constituency. There are three new innovative Special Projects that we intend to bring on line in 1999.

- The Mortgage Alliance Program a collaboration between the Initiative, the state's minority banks and minority community development credit unions, Norwest Mortgage, Fannie Mae and G.E. Capital Mortgage to allow these financial institutions to provide affordable mortgages in targeted low wealth communities.

- Retail and Commercial Program is designed to position CDCs and other community based entrepreneurs to take advantage of national franchise opportunities.

- Initiative/Centura Insurance Program will give CDCs and other nonprofit organizations access to better insurance coverage at lower premiums.

III. **Strategic Issue Management and Project Development**, formerly the technical assistance unit, is the hallmark on which all of our programmatic activities are based. This program is available to the entire CDC industry statewide. Our staff is designed to provide high level strategic management on a specific issue to an organization from board governance, organizational management to specific project issues. We have earned the respect and confidence of the broader community economic development industry and find that we are often called into a deal to help "unravel a project when it is stuck," by many of our partners. This is very hands-on and is available to the entire CDC industry with first preference given to Initiative grantees.

As the number of request increase and the complexity of their project activity increases, we expect that there will be increased demand for this program. There are no plans for change in this program during 1999.

IV. **Human Capital Development** program is a new program in 1998, designed as a partnership between St. Augustine's College, and the Initiative, funded by the National Congress for Community Economic Development. This program has three very specific products. These products are a Personal Enhancement Plan (PEP), Pathway to Excellence Certification (Pathway) and an undergraduate degree program in community economic development. Making St. Augustine's College the nation's first HBCU with a community economic development major in the country.

During 1999 the program will offer via the Internet *Financing Community Economic Development*. PEP's will be developed for 24 practitioners. The first classes in the new degree program are slated to begin in academic year 1999/2000.

Attached are:

1. Board of Directors
2. 1997 Audit
3. Unaudited 1998 Fiscal Reports
4. 1998 and 1999 Grantee Map
5. 1997 Annual Production Results
6. Draft 1998 Annual Production Results

Mission Statement

The accounting fund, State Aid to Non-State Entities, includes grant-in-aid funding for non-state agencies that primarily provide community economic development assistance.

The North Carolina Community Development Initiative (CDI) receives state support on a continuing basis through this fund. CDI is a statewide public/private partnership that provides essential services to the community development corporations that are practicing comprehensive community economic development.

Operations

- Provide project-specific board governance and administrative management technical assistance.
- Provide project loans to Community Development Center (CDC) specific projects -- both commercial and residential.
- Provide targeted training to CDCs and other professionals working in community economic development.
- Provide human capital development to individuals needing to increase their capacity in the field of community economic development.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase the creation of wealth and assets for low-wealth communities: *PPB: 6600*				
• Amount of new real estate taxes generated by CDCs	$216,123	$369,391	$286,704	$301,039
• Number of new full-time jobs created by all development work	464	731	625	656
• Value of single family homes (millions)	$15.3	$11.3	$12.0	$12.6
• Total fixed asset value of CDC projects (millions)	$16.1	$27.2	$21.3	$22.4
• Rate of contract compliance between Initiative and CDCs	75%	85%	90%	92%
Increase the number of individuals and organizations with industry proficiency and capacity: *PPB: 6600*				
• Number of individuals who successfully complete industry certification programs			20	50
Increase the level of collaboration and partnership development between the CDCs, local units of government, and the private sector: *PPB: 6600*				
• Ratio of state to non-state funding leveraged as a result of the state's investment	1:2	1:2	1:3	1:3
• Number local units of government involved in at least one project	75%	75%	78%	80%

NP-141

Attachment H

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE

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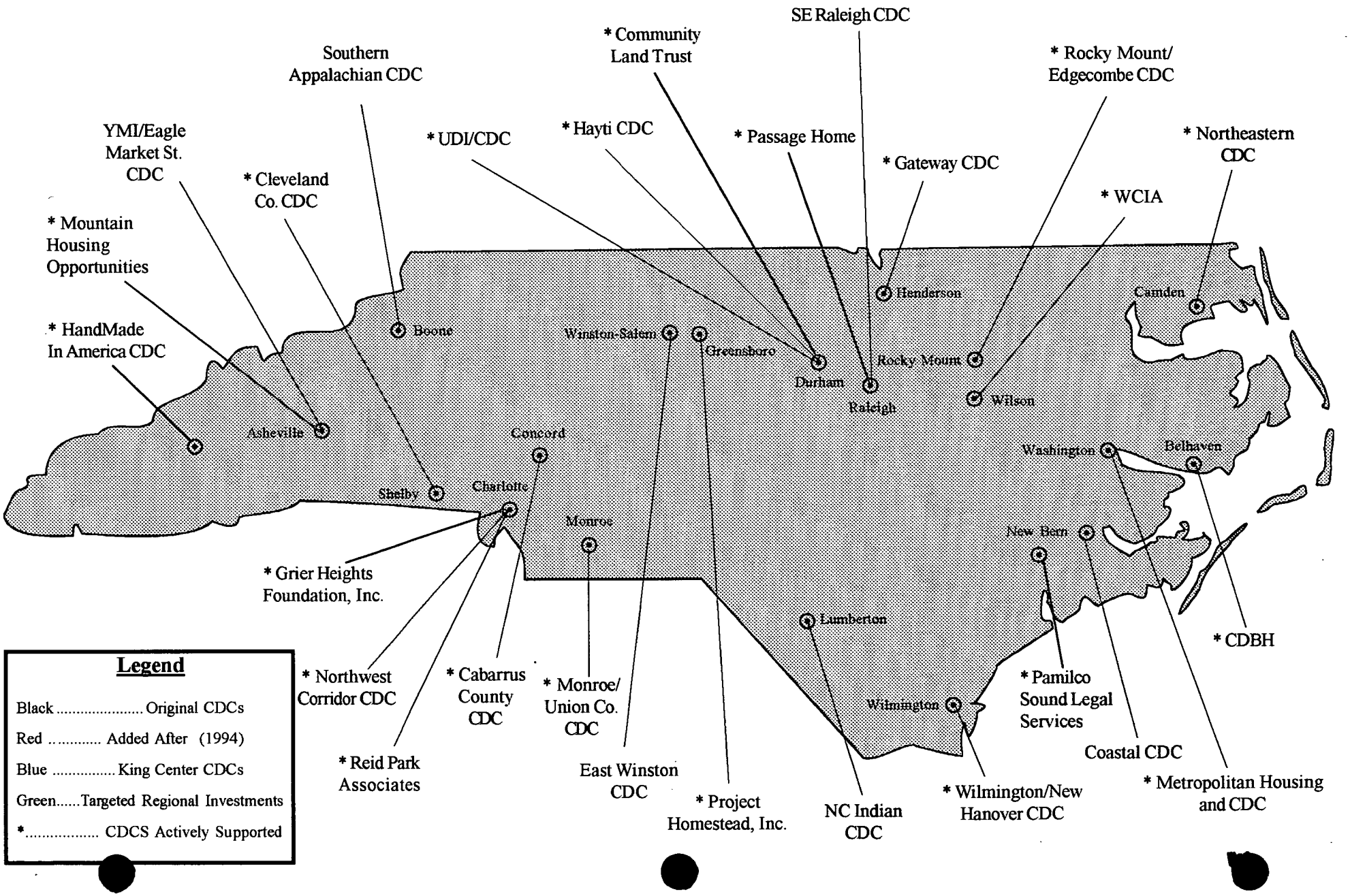
Initiative CDC Statewide Layout



Legend

Black ..... Original CDCs

Red ..... Added After (1994)

Blue ..... King Center CDCs

Green..... Targeted Regional Investments

*..... CDCS Actively Supported

Production Data for Initiative CDCs							
date: 2/3/99	1994	1995	1996	1997	1998	94-'98	99-03 Projected
Total Fixed Asset Value of CDC Projects	$15,521,661	$22,513,574	$17,700,035	$16,128,596	$27,568,115	$ 99,431,981	$118,739,522
Single Family Units: New and Rehab	90	201	117	231	170	809	1002
Value of Single Family Homes	$ 5,458,171	$12,555,614	$ 7,527,746	$15,308,347	$11,603,860	$ 52,453,738	$66,605,869
Value of Single Family Home Mortgages	$ 5,076,099	$11,676,721	$ 7,000,804	$14,236,763	$10,791,590	$ 48,781,977	$61,943,458
Development Fees of Single Family Homes	$ 297,000	$ 683,400	$ 409,500	$ 831,600	$ 629,000	$ 2,850,500	$3,616,719
Housing Land Acquired (acres)	56	119	31	31	102	338	316
Value of Housing Land Acquired	$ 1,040,276	$ 2,276,904	$ 606,011	$ 621,146	$ 2,132,601	$ 6,676,938	$6,497,674
Multi-Family Units: New and Rehab	104	205	129	23	216	677	712
Commercial Real Estate (sq.ft.)	76,730	84,370	55,442	29,300	33,800	279,642	229,257
Full-Time Construction Jobs Created	248	360	283	258	441	1,591	1,900
Jobs Created from Comm. R. E. Dev.	192	211	139	73	85	699	573
Full-Time Jobs Created: All Development	616	800	591	464	736	3,206	3,462
Loan Pools Established by CDCs	$ 170,000	$ 320,000	$ 250,000	$ -	$ -	$ 740,000	$483,493
Micro-Loans Originated by CDCs	12	12	17	13	3	57	64
Home Ownership Counseling (# persons)	1,436	2,445	2,494	3,146	3,425	12,946	17,531
New Real Estate Taxes Generated by CDCs	$ 198,677	$ 292,676	$ 233,640	$ 216,123	$ 374,926	$ 1,316,044	$1,594,927

Board of Directors

Attachment

Ronald J. Leeper
Chairman, Initiative Board of Directors
Charlotte
President, R.J. Leeper Company General Construction Services

George Esser
Immediate Past Chairman
Chapel Hill
Retired Community Development Pioneer

Philip E. Bazemore
Monroe
Member, Monroe City Council

Fannie Corbett
Wilson
Executive Director, Wilson Community Improvement Association

Gregory Cummings
Concord
General Manager, Phillp Morris USA

Joyce Dickens
Rocky Mount
Executive Director, Rocky Mount/ Edgecombe CDC

Martin Eakes
Durham
CEO/President, Center for Community Self-Help

James Grace
Winston-Salem
Executive Director, East Winston CDC

Andrea Harris
Henderson
President, N.C. Institute of Minority Economic Development

Rep. Howard Hunter, Jr.
Conway
Member, N.C. House of Representatives

Joseph Kilpatrick
Winston-Salem
Assistant Director, Z. Smith Reynolds Foundation

Michael T. Lentz
North Wilkesboro
Vice President, NationsBank

William Mann
Winston-Salem
Senior Vice President, Wachovia Corporation

Susan M. Perry-Cole
Rocky Mount
Assistant Secretary of Community Development N.C. Department of Commerce

Rhonda Raney
Raleigh
President/CEO, The North Carolina Association of CDCs, Inc.

Ed Stewart
Durham
Executive Director, UDI/CDC

Dr. Alton Thompson
Greensboro
Chairman, NC A&T State University Department of Agricultural Education, Economics and Rural Sociology

Stanley Watkins
Charlotte
Key Business Executive
Neighborhood Development, City of Charlotte

Herbert Wayne, Jr.
Winston-Salem
Retired Senior Vice President and Community Reinvestment Act Administrator, Wachovia Corporation

Henry G. Williamson, Jr.
Winston-Salem
Chief Administrative Officer, BB&T Corporation

Winnie Wood
Camden
Retired President, F.P. Wood & Company

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE

Opportunities Industrialization Center - OICs

Historical Data

Founded in 1964 by Dr. Leon Sullivan OIC of America and its state affiliates have trained generations of welfare recipients, drug abusers and at risk youth across the country to lead productive lives. In the 32 years since OIC began, it has served approximately two million program participants. Each site is independently incorporated and has a volunteer board of directors that set policy. All OIC affiliates are classified as a 501 (c) 3 nonprofit and is always community-based. OICs are involved in a variety of programs for the disadvantaged, including alternative education systems, community economic development, housing for the aged and literacy training. OIC projects are funded by the U.S Departments of Health and Human Services, Transportation, Commerce and Housing and Urban Development. Additional funds come from major corporations, local and state government, foundations and individuals.

In 1995 the North Carolina General Assembly directed the Rural Center to administer funds to the five Opportunities Industrialization Centers operating in North Carolina. The four that are currently operating adhere to the educational curriculum setforth by OIC of America. Their primary activities include job recruitment, job training, placement, and services to the unemployed, underemployed or unskilled in the community. The organizations do, however, develop individual programs that target the needs in their respective communities.

Wilson Opportunities Industrialization Center Legislative (WOIC). The Wilson OIC has provided more than 103,538 Wilson County residents with services valued at more than $2,443,000 during the last two years. For 1997 and 1998 WOIC was able to accomplish the following:

- Organized the Wilson County faith community to launch a grassroots community awareness program related to HIV/AIDS education and STD prevention.

- Provide monthly meetings in conjunction with the Citizens for a Healthier Wilson County subcommittee for Adolescent Pregnancy Prevention.

- Received a grant from the Department of Health and Human Services to implement Helping Our Youth Achieve and Succeed (HOYAS), a four-year after-school summer mentoring program for 30 at-risk ninth graders.

- Developed a Firefighter-Level II-First Responders Training Program with the City of Wilson and Wilson Technical Community College to increase minority participation in the Wilson Fire Department.

- Developed an Industrial Maintenance Mechanic (IMM) job skills training program to provide a skilled labor pool for industries locating to the region. This is in collaboration with private industry and the Wilson Community College.

- ▪ Additional WOIC activities include "NANAS House" a research project that focuses on reducing the infant mortality rate in Wilson County; implementation of a community food bank program; a partnership among the Wilson Community Improvement Association, the City of Wilson (Parks and Recreation) and the N.C. Department of Agriculture to institute a six-week summer feeding program that served 1,000 meals per day to students who receive free or reduced lunches during the school year.

■ **Rocky Mount Opportunities Industrialization Center (RMOIC).**

❖ During 1997-98 and 1998-99, the Rocky Mount OIC enrolled 611 Edgecombe and Nash county residents into its Jobs Training Partnership program. The Upper Coastal Plains Council of Governments is their primary educational funding agency. Eighteen students received their GEDs, 57 individuals were placed in unsubsidized employment and five students successfully completed Associate Degree programs at ECC through the OICs individual referral program. The Summer Youth Program placed 436 young peoples in jobs throughout Rocky Mount, Nash and Edgecombe counties.

❖ RMOIC continued its partnership with the Enterprise Alliance of Halifax, Edgecombe and Wilson counties to develop a construction trades training and welfare work program for area residents. RMOIC also collaborated with the Rocky Mount/Edgecombe CDC, the Rocky Mount Department of Social Services, DCA and the North Carolina Housing Finance Agency. RMOIC also:

- Coordinated a summer food service program to provide nutritious meals to children living in low-income neighborhoods during the summer months. Thirty thousand (30,000) meals were served at 11 sites in 1997 and 13 sites in 1998. Approximately 400 meals per day were served in churches, day care centers, schools and recreational centers throughout the county.

- Provided much needed child day care services to residents in the community. Enrollment in the RMOIC program remains constant at 56 children. With enhanced training for its teachers, transportation for the children, creative learning opportunities, and regularly scheduled parent /teacher meetings, the organization continues to provide a quality environment for the children. The organization also will continue to work closely with the Division of Social Services to provide financial and resource support to parents who are transitioning from dependency to self-sufficiency through welfare to work.

- Provided direct services to area industries by contracting to receive, clean and ship recyclable pallets to the Consolidated Diesel Company, the region's largest employer. In 1997-98, the organization shipped 211,522 pallets to Cummins engines affiliates throughout North America and in 1998 it shipped an additional 97,631. Consolidated Diesel provides opportunities for training and job placement to RMOIC program participants.

■ Opportunities Industrialization Center of Lenoir, Greene and Jones Counties.

- ❖ Formed just three years ago, this OIC is providing the community with GED classes, student counseling, job readiness and retention classes, and job placement services. During 1997-98, the organization received a grant for $74,000 to run a twelve-week summer youth employment training program working with 44 at-risk students.

- ❖ In 1998, the organization re-established its partnership with Lenoir Community College. The college will provide faculty for GED and human resource development classes. The OIC also partnered with the cooperative extension service to provide a nutrition education program for students at the center. A total of 27 students received certificates of completion. Other organizational activities include:

- ❖ Establishment of a referral contract with the Employment Security Commission in Kinston. The OIC is responsible for the job assessment and job readiness of its program participants and works with them before they go to the Employment Security Commission.

- Working with Du Pont Industries in Kinston to prepare participants for jobs in theindustry. To date, six participants have been placed with the help of its job readiness program.

- Continued work with the local department of social services on the new welfare to work project called A.R.I.S.E., with which the OIC proposes to prepare 100 applicants for future jobs.

Elizabeth City Opportunities Industrialization Center (EOIC).

- The Elizabeth OIC continues to run a successful program, including GED and occupational skills training, which includes a certified nursing assistant program. Since implementing the program in early 1998, the OIC has graduated 11 candidates with three receiving both a GED and CNA certificate. The organization also works to implement programs that target at-risk kids in the community and conducts parenting classes. Other activities include:

- The OIC forms partnerships with local businesses and other organizations for job placement opportunities for its program participants. It also is working with both the city and county to address job placement issues.

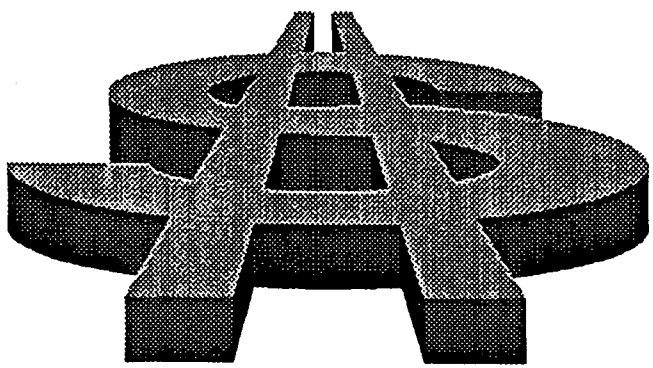
- The OIC works with local law enforcement to coordinate the "crime watch" program in community. The OIC also operates an anti-drug program targeting youth.

OICs in North Carolina

The five OIC state affiliates in North Carolina are:

- Pitt-Greenville OIC (as of 10/98 non operational)
- Rocky Mount OIC
- Elizabeth City OIC
- Wilson OIC
- OIC of Lenoir, Jones and Greene Counties

Currently, the Rural Center administers a $250,000 state appropriation to the organizations ($50,000 per site).



WHAT IS O.I.C. ?

Opportunities Industrialization Center (OIC) is a network of comprehensive employment training programs across the nation. The first OIC was founded in Philadelphia in 1964. From its beginnings in an abandoned jailhouse, OIC has grown into an organization which serves disadvantaged and under-skilled Americans of all races.

OIC affiliates are involved in a variety of programs which impact upon disadvantaged Americans; encompassing employment training, alternative education systems, and economic development. With more than 25 years of operation, OIC's has served over 1 million persons with a placement rate better than 75% in full-time positions.

WHAT IS ITS MISSION ?

Through its programs and outreach facilities OIC has provided recruitment, training, job placement and employee services to the unemployed, under-employed and unskilled for more than 25 years.

THE OBJECTIVES OF O.I.C.

The founders of O.I.C. established seven (7) objectives which have served as their guiding light in expanding the program.

They are:

1. To train or retrain millions of men and women with untapped talents and unknown skills, who ar unemployed and under-employed.

2. To involve the total community in the awareness of the value of preparation, thereby stimulating inspiring individuals to seek higher levels of productivity, creativity, and achievement.

3. To develop among other trainees and associates a sense of increased economic security.

4. To foster and nurture a sense of self pride which will give the trainee confidence and enable him/h participate with dignity in the total society.

5. To stimulate loyalty and pride in the community; a sense of brotherhood involving all religious, rac cultural, economic, political and other groups.

6. To adapt the training program to meet the challenge of changing technological advances and curre business needs.

7. To develop an awareness of man's relationships and responsibilities to his fellow human, along wi the ability to act in a constructive manner in the community and the world.

Hence , Opportunities Industrialization Centers seeks to develop the "whole person".

O.I.C. PHILOSOPHY

"Integration without preparation is frustration"

Everything that O.I.C. does should reflect its basic philosophy.

We can state this philosophy in seven points:

1. *O.I.C.* believes in man. his unlimited possibility for good: his improvability; his right to a good life regardless of his color. creed. family background or any circumstance or misfortune of life.

2. *O.I.C.* holds that man in his infinite variety should be treated with respect - his dignity is no to be violated because of his appearance. personal history or present condition.

3. *O.I.C.* insists that its trainees should be treated as the adults they are: that everyone can learn. even though at different speeds and under differing conditions: that it is the obligation of O.I.C. personnel to assist the learner in finding and adjusting to his most favorable learning environment.

4. *O.I.C.*, should be realized. is also the outgrowth of the Civil Rights Movements; that their probably would have been no O.I.C without the struggle for human dignity and equal opportunity. Thus O.I.C. is also viewed as a positive constructive and tangible phase of the Civil Rights Movement.

5. *O.I.C.* considers itself part of the war on poverty and that its services are most valuable to the poor. the unemployed. the defeated and the socially rejected: that to the extent that O.I.C. establishes rapport with the victims of poverty and renders real assistance to them - to that extent does O.I.C. accomplish its mission.

6. *O.I.C.* realizes that men differ widely in their social and cultural traits and that no set of these characteristics can be adjudged inherently "superior" or "inferior".

7. *O.I.C.* recognizes that the world of work does have rules and practices that must be understood by those who would succeed in this realm.

Without the O.I.C. Philosophy There Can Be No True O.I.C.

O.I.C. Philosophy and Principles of Service

O.I.C. Standards incorporate the philosophy and principles of O.I.C., summarized as follows:

1. *O.I.C.'s* mission is providing training and job creation services to low income persons, regardless of race, color, creed, national origin, etc.

   O.I.C. believes in the desires and capability of all individuals to grow and be self-reliant, if provided job skills, life skills, and proper motivation and personnel development opportunities as exemplified by its "Feeder" concept, a job opportunities.

2. In *O.I.C.*, the individual served is the most important person in the entire organization.

3. *O.I.C.* services provided are primarily job training and placement. Any additional service such as those related to job creation (economic development, community development, etc.), must be based on a firmly established program base.

4. *O.I.C.* provision of services is a "whole person" approach. This means services are directed to all aspects of individual need.

5. *O.I.C.* must have a strong relationship with the private sector, which must be reflected in a operations.

6. *O.I.C.* is community based. Its board (local and national) must be representative of the community, and be responsible to that community, particularly to the poor people O.I.C. serves.

7. *O.I.C.* is non-partisan.

8. *O.I.C.* is a volunteer-based program. Volunteers are the leaders of O.I.C. Maintenance of volunteer involvement is critical to O.I.C. success and integrity.

9. *O.I.C.s* must always utilize volunteers, contributions and acceptable resources to maintain the program.

10. *O.I.C.s* must assure that all activities of the corporation are conducted in accordance with its legal, contractual and ethical responsibilities.

11. Each independent *O.I.C.* affiliate is part of the whole of the O.I.C.s of America. As such, each affiliate has a responsibility to all other affiliates to best represent O.I.C. in its community, share experience and knowledge, abide by the national policies and participate in the national activities.

HOW IS THIS MISSION ACCOMPLISHED ?

Through the following primary approaches.

SKILLS TRAINING

Throughout the country OIC affiliates train men and women in the skill areas. A variety of the training offered at specific OIC's depend largely on the extent of the funding, the facilities and equipment available to the OIC, the needs of the local business and industry, as well as the needs of the trainees.

INDUSTRIAL PARTNERSHIPS

A substantial effort of OIC is focused on strengthening the already close and productive alliance between the OIC organization and the private sector of business and industry. At the summit of this private sector partnership is the National Industry Advisory Council (NIAC), a group comprised of CEO's from the nation's leading corporations. This advisory body is instrumental in aiding the organization's overall growth and future direction.

In addition, the organization has a second group of middle and upper level executives called the National Technical Advisory Committee (NTAC), which lends its expertise and experience in assisting OIC in maintaining its service delivery network.

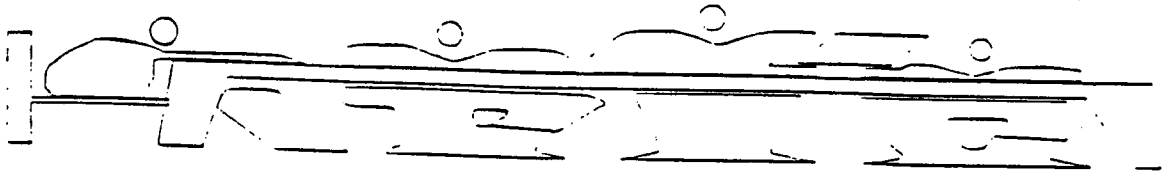
HOW IS O.I.C. ORGANIZED AND OPERATED ?

The national headquarters know as Opportunities Industrialization Centers of America (OIC A) serves local OICs in most states and Washington, D.C. Through a central administrative headquarters in Philadelphia, OIC A provides affiliates with technical assistance in the areas of program planning and operations as well as fiscal and program management.

OIC operates on a national and local level. On the local level, OIC A has chartered affiliates, the nature of the relationship between the national office and local affiliates is spelled out in the Affiliate Agreement.

The governing body of OIC A is its Board of Directors comprised of a cross section of America and representing such fields as business, education, labor and clergy. The Board is multi-racial as are all levels of OIC A.

Each OIC affiliate, is incorporated in the state where it is located, and has its own Board of Directors whose membership reflects the diversity of the community.



Founded in 1964 by Reverend Leon H. Sullivan, Opportunities Industrialization Centers of America, Inc. (OIC) has grown into a national network of skills training centers serving the poor and unemployed in cities, counties and rural communities throughout the nation. OICs deliver manpower and manpower-related services to poor and disadvantaged people, and to those experiencing artificial barriers to employment.

Each local OIC is independently incorporated and governed by a Board of Directors made up of community representatives who are committed to the OIC concept of helping the poor move into America's mainstream. Both OIC boards and local staff are dedicated to placing unemployed persons in meaningful jobs by:

- *Providing quality skills training programs services;*
- *Managing the program effectively and efficiently;*
- *Enhancing and diversifying service capability.*

The basic OIC philosophy---**HELPING PEOPLE TO HELP THEMSELVES**--- inspires each OIC. Many staff members of local centers have themselves moved out of the ranks of the jobless and disadvantaged through OIC education, training and development and can relate to those similarly disadvantaged. Growth and development are enhanced at every OIC through the following basic attitudes which are translated into everyday practices:

- *Every person has dignity; it should not be violated;*
- *Everybody is somebody;*
- *OIC screens people in, not out;*
- *Classes are open entry/open exit;*
- *Instruction is trainee-centered and individualized;*
- *Training goals are job-oriented.*

OIC provides service to the whole person, total development of both attitudes and skills. The basic OIC program model encompasses basic components which are modified by local centers to suit the needs of people and businesses in their community.

RECRUITING/OUTREACH PROGRAM

OIC recruiters reach out to unemployed and underemployed people and motivate them to help themselves by enrolling in the OIC program. Recruiters go into the streets, to community groups, and to schools to tell people the OIC story and enlist them to receive the free services OIC offers.

ASSESSMENT/COUNSELING PROGRAM

Staff counselors welcome applicants to OIC and interview them to gather basic information. Job and personal counseling begins. New recruits consider their options and, with counseling, begin to identify a course of action and the range of service they need. An employability plan begins to take shape. Support services are identified and referral to other agencies is made as necessary. The OIC concept to intake screens people in, not out, no matter what their problems may be, and helps them plan to overcome any employment barriers.

ORIENTATION/FEEDER PROGRAM

OIC counselors introduce the trainee to the OIC co[illegible] of self-help and to finding ways to help themselves. OIC orientation instills pride and self-respect in trainees while preparing them for the pre-vocational and vocational training steps to come.

The OIC Feeder Program is motivational, diagnostic and therapeutic. Trainees, who may have had no job experience focus on personal development. Feeder introduces trainees to good work habits and prepares them for the world of work. If needed, trainees can learn computation and communication skills, complete high school equivalency work and gain bi-lingual proficiency to handle work assignments. Feeder also introduces trainees to consumer education, money management and ethnic history.

SKILLS TRAINING PROGRAMS

Trainees enter a skill training course in a vocation suited to their aptitudes and aspirations. OIC skills training is offered in areas which local labor market indicators show will have job demand when enrollees complete training. Skill courses are open- entry/open exit, giving trainees the opportunity to progress at their own pace toward skill proficiency.

JOB DEVELOPMENT PROGRAM

As trainees progress through the program, OIC job counselors contact them at regular intervals to ascertain how they are doing and whether they have any problems. Th[illegible] employers are also interviewed to determine if the [illegible] worker needs any follow-up assistance from OIC. So[illegible] workers re-enroll to upgrade skills through further training and education in order to advance their careers.

SUPPORTIVE SERVICES PROGRAMS

Many people have special problems when they arrive at OIC---problems which may bar them from participating in the program. Consistent with OIC's whole-person concept, OIC deals with these problems either by providing appropriate supportive services or through linkages with other agencies. Such needs may include day-care for the young child of a trainee or health services, dental care, or legal assistance. Some people need transportation assistance to get a training site, or adequate housing.

SPECIAL PROGRAMS

OIC has developed specialized programs which address specific needs for individual communities. For instance, there are programs for ex-offenders who need assistance to start life anew after incarceration. OICs in rural areas have programs for migrant and seasonal workers to enable them to break the grip of poverty which intermittent, seasonal work imposes.

There are programs designed to serve the special needs of ex-drug abusers, jobless youth, women, and those wit[illegible] language limitations which bar them from jobs. Mo[illegible] specific programs include the *Youth Advocacy Progra[illegible] Project HOPE, Learning Opportunities Centers (LOC)* and the *Career Education Program*. All OIC approaches are developed to allow OIC centers to expand their services to the poor and unemployed in their community.

VISITOR REGISTRATION SHEET

N.E.R. 3-24-99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY
1.	Joe McClees	TDA
2.	John Ciannamea	TDA
3.	Ebonie Alexander	NCCDI
4.	A. Rashford	NCCDI
5.	Sheila Chavis	OSPI
6.	Amy Fullbright	Hunton & Williams
7.	Buck LATTIMORE	NC INDUSTRIAL COMMISSION
8.	BOB KUGAB	NC HOUSING FINANCE AGENCY
9.	Lyda Aycock	Commerce
10.	Phillip R. Wilson	"
11.	Johnny Gray	OSBM
12.	J.W. Reel	OSBM
13.	Shelle Alteri	OSBM
14.	Billy R. Kahl	NC Rural Center
15.	Linda Gunn	REDC
16.	Jan Cruse Klein	REDC
17.	Jack Waldron	
18.	[illegible]	NCAFA
19.		Farmer self employed
20.	Turner G. James	Farmer Retired
21.	PB	NFB
	C Porter	Bone & Associates
	Jim Nowell	OSBM

VISITOR REGISTRATION SHEET

NER 3-24-99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. Erica Wilson	Orange County
2. Emma Blose	Orange County
3. Bill Rowe	NCJCDC
4. Kathryn Sawyer	Commerce
5. FRANK BORDEAUX	NCAFA
6. LAURA DEVINO	DENR
7. [illegible] Hengert	Electric co-ops
8. R. ROGERS	DENR
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Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

March 25, 1999 – 8:30 a.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Thursday, March 25, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Nine House Members were present as follows: Representatives Stan Fox, Chair; Bill Owens, Chair; Edith Warren, Vice Chair; Rex Baker, Jim Carpenter, Arlie Culp, Frank Mitchell, Carolyn Russell and Joe Tolson.

Representative Stan Fox, House Chair, presided at the meeting. He recognized Mr. Rick E. Carlisle, Secretary of Department of Commerce, who thanked the committee for the opportunity to address it. He stated his Department is well known by committee members, and most Department's Division Directors will appear before committee soon. He stated he would review past year and discuss future challenges. Looking at past year overall it was a good year in North Carolina. We had nearly $8,000,000,000 in new investment that set a record (previous high was $7,000,000,000 in 1992). 45,000 new jobs were created, our international investment was up about 17 percent, and we began to see some major investment in rural areas. Tourism was up 6.5 percent from 1997. Film business is down a little because of the soft dollar in Canada, but overall the economy looks good. By a lot of measures, it is our best economy ever. This makes my next point seem strange because on one hand we have the best economy in about 30 years, but last year we set a new record for job losses due to plant closings and permanent layoffs. We hit 23,000 layoffs last year. To give perspective at looking at that number, in the 1991 recession we reached 17,000. Before that it had been running at 14,000. January of 1999 4,700 jobs were lost due to plant closing and permanent layoffs. What is going on with the best economy we have ever had and yet there are record job losses? A couple of things are involved. Part of it is impact of companies investing in technology, which they have to do to be competitive, and as they invest in technology, they need fewer workers. We are about the only growing market in the world, so imports are hitting hard in NC that hits particularly hard in the apparel industry. This will continue and is one of the reasons we need to bring in new jobs. We will keep seeing these kinds of turmoil in the economy. It is unavoidable in this kind of economy. A triple whammy then hits Rural NC. It is a combination of turmoil in the manufacturing sector, the tobacco problems with decline in tobacco allotments and the fall in farm commodity prices. We have to redouble our efforts to keep bringing in jobs. People say with an unemployment rate of three or four percent why are we working so hard to bring in jobs. We are losing 23,000 manufacturing jobs so we have got to keep bringing in jobs. We have done a good job of this, but we cannot stop. We have to focus more energy on rural NC. Internally we are looking at how we can focus more of our resources on tiers one, two and three. In

competitive funds, for example, we are trying to limit that to lowest three tiers. The $20,000,000 bond issue will be a big help. We are targeting that to poorest counties. We can use these funds for water and sewer. We will probably ask for more tools this Session to help make rural parts of state more competitive and also displaced workers initiatives. There is some new federal legislation that gives us more flexibility. We need to retrain displaced workers in our community colleges and do a better job with our workforce development funds. We will concentrate on several areas during the next year – such as keeping our state technologically competitive, forming a new center for entrepreneurial and technology, using incubators, creating a textile forum, and increasing our international engagement. We want to help all people in the state share in this, and we know that in tight times we have to do more with less. We are building a new website on the internet that will speed up our ability to work with clients. We want rural and urban NC to grow together.

At this point Secretary Carlisle asked for questions from the committee. Representative Baker asked if there has been any lessening of impact of NAFTA. Mr. Carlisle said it would keep growing for another few years – three to five. NAFTA has had an impact. A lot of what is happening would have happened anyway. Some competition is Mexican, but a lot of it is Asian. There is so much production moving into Asia. Senator Cochran asked about expanding incubators and not creating another program and Mr. Carlisle agreed. Senator Martin asked if incubators have been successful, and Mr. Carlisle said some work well where resources have been put in, and some do not work well. Overall program has worked. Representative Russell asked about the low unemployment rate and how it effects how many businesses can be brought in. Mr. Carlisle said companies are a little nervous particularly if they look at urban areas. We have a low unemployment rate, but a lot of people in jobs would love to move up from $6 to $7 per hour to $11 to $12. With right training funds in place, we can meet labor needs. This is a national problem. We are beginning to see interest in rural areas due to labor concerns. Senator Martin asked about NAFTA and low tariffs and free trade, and Mr. Carlisle said what is moving offshore are companies with low skill labor. Tariffs are dropping everywhere, but pressure over time is going to be low tariffs and low trade which is why getting high technology high skill capital intensity is where we have got to go in NC. Our edge is being more creative, more innovation. We will do well as long as we put in new capital.

Representative Carpenter stated at western end of state there is a very bad problem with plants moving away, and there seems to be a trend now that everybody is beginning to think let's help people who are already in the area grow some businesses. Is there anything the Department is doing to assist companies to grow besides the incubator facilities? Mr. Carlisle stated the William S. Lee tax credits this body passed in 1996 and revamped in 1998 help, and about 85 percent of these dollars go to existing companies for existing job creation and for investing in new machinery. The best thing to do is keep this up and also find training dollars. A lot of companies are struggling with training dollars. They need to hire more people coming out of unskilled jobs. About 80 percent of all new investment and new jobs come out of companies doing this. Representative Culp asked what is the largest industrial employer in NC? Mr. Carlisle answered that

most of our labor force is still in manufacturing, about 25 percent, and IBM has about 14,000, and Cone Mills about 10,000 employees. He will get information. Representative Owens asked about monies Community Colleges get for training and if we give enough. Mr. Carlisle said we run out of money every year, but we scramble around. The recurring appropriation is about $6,500,000, and you have come forth in other years with about $8,000,000. The demand is around $12,000,000 to $14,000,000 and it is going up. Representative Russell asked what percent of monies should a business outlay for training dollars for expansion to upgrade and go to a higher lever of technology? Mr. Carlisle said it would vary, but depending upon the company anywhere between $500 and $3,000 per worker. It is a substantial amount of money.

The Chair called upon Jennifer Herrera, Fiscal Research, to give the Commerce Department's overview. She shared COM 1-11 with the committee. More detail will be provided with each budget presentation for divisions and activities in the Department. The big difference from the state appropriations this year and what the Governor is recommending is the General Assembly appropriated a large sum of money last year in non-recurring funds not only for Department of Commerce but for state aid that runs through the Department of Commerce totaling approximately $50,000,000. Major activities can be grouped into Economic Development, Community Development, Information Technology Services and Regulatory. Senator Cochrane asked about the vacant Assistant Secretary for Finance position and the Executive Director, Tourism, Film, & Sports Development on the organizational chart. Representative Culp asked about the petroleum overcharge and if we still get money from it. Ms. Herrera said we still get money, and she does not know when it will end. Chair Fox asked about areas that are totally receipt supported and how do we determine that. Ms. Herrera stated they may be set by individual commission. We would have to take a look at list of agency fees and see if statutes set them. Things the General Assembly would set are public utility regulatory fees, and she will check on this. Senator Martin asked where does the petroleum overcharge funds go, and Ms. Herrera said the Governor will submit in his budget in a special provision which will show overall program areas where money is to go. One is the State Energy Plan..

Ms. Herrera continued with COM 12-20. It includes Department of Commerce's Administrative Services and Executive Aircraft Operations. The EAO provides air travel for state officials, agency representatives, and corporate clients of the economic development program. COM 18 describes use of aircraft for emergency and disaster assistance and the rates to be charged for use of the aircraft. Representative Mitchell asked about the rent increase for the hanger space for the Sikorsky and where it is kept. Ms. Herrera stated the previous aircraft resided in the heliport off Old Garner Road. The new helicopter is too wide to fit in, and it is stored at Piedmont Aviation. Representative Mitchell said the $9,000 rent increase is expensive, and Senator Martin asked if we are building a place to store the aircraft at Raleigh Durham Airport. Representative Owens stated we need to look at all rental places. Ms. Leza Aycock, Assistant Secretary for Administration, DOC, stated Department of Transportation is in process of building a new hanger at the Airport. Senator Horton asked what is total rent? Ms. Aycock said the total rent for space at Piedmont Aviation is $37,000 a year. This is for hanger space for

two planes and office space for the pilots and a conference room so when business and industry brings in clients they do not have to necessarily leave the airport. Senator Martin asked how much land do we have at Old Garner Road where the chopper landing is, and Ms. Aycock will find out for the committee. Representative Owens asked if rates for flying on the plane are the same for everyone? Representative Baker asked how much profit is built into rates? Ms. Aycock said rates are same for everyone and profit is not included. Rates are set based on cost of fuel and wear and tear on aircraft. Chair Fox asked under policy item five (COM 17) who makes decision as to whether it is deemed appropriate to use the aircraft? Ms. Aycock said a Cabinet Secretary or Council of State member would need to give approval for a staff member, and it is subject to availability. Representative Baker asked if he wanted to use aircraft, how could he get approval, and Ms. Aycock said if you were travelling with Department of Commerce for a business and industry trip, you would be covered under the Department's approval. Otherwise, the Speaker would have to give approval, and cost would be charged to General Assembly. Representative Owens asked about waiting time or staying overnight charges and $200 is added for cost of pilot's subsistence. Representative Baker said he thinks we have 68 aircrafts. Ms. Herrera said NER several years ago directed a study of aircraft. If committee is interested we can locate the study and share it with committee members. Departments of Commerce and Transportation, Forestry, Marine Fisheries and Wildlife, Highway Patrol and the University Hospital System have aircrafts. Representative Tolson asked about bumping when you think you have a reservation and how much notice would you get if this happens. Unfortunately it can happen, but most flights are booked 48 hours in advance. The minimum notice you would have would be two days.

The Chair recognized Leza Aycock, Assistant Secretary for Administration, DOC, who discussed regular administration area of department that is same as other departments. We write checks, hire people in personnel and have a small public information office and the Executive Aircraft Operations Division. Representative Mitchell asked if department is satisfied with Sikorsky Helicopter and Cessna Citation Jet, and department is very satisfied. Representative Baker asked if $350,000 lease purchase amount in budget is adequate, and if there are sufficient funds in continuation budget to purchase aircraft. Senator Martin asked if we studied this issue in recent years, and the committee has done so. Representative Tolson asked about two positions to be cut, and Ms. Aycock stated the positions remained vacant for a long time and are not required.

The Chair called upon Jennifer Herrera to discuss NC Government Competition Commission, COM 21-27. The purpose of Commission is to be catalyst for the use of competition to improve the delivery of state government services, to make state government more effective and efficient, and to reduce the cost of government to taxpayers. It is a new created commission in 1998-99. The former Speaker has made his two appointments in December 1998 to the commission, but the remaining appointments have not been made to date. Ms. Leza Aycock was called upon to respond to questions. Senator Martin asked what has happened to $218,000, and Ms. Aycock stated it is sitting in reserve in DOC's budget. Representative Baker said he understands bills may be introduced in House and Senate to move this commission from Commerce to State

Budget. The commission was put in Commerce because it is a freestanding commission. State Budget does not mind taking it as it operates as a freestanding commission except there are no other commissions like it in State Budget. He is concerned about this from a public's perception of the independence of the commission, and he says Leza told him she has received some inquiries from companies or individuals who have materials they would like to submit to commission. Senator Horton said he is confused about the commission. He was happy this was done and asked what is being done by DOC to remind the appointing authorities they need to make appointments so the job can get done? Ms. Aycock said the DOC has inquired about appointments, but we do not have authority to force appointments. Senator Horton asked why is there a reluctance to make appointments and is there a feeling this is not needed? Representative Baker said he inquired about this issue several months ago and was told the State Government Employees Association was lobbying Governor not to make his appointments. Upon a direct inquiry to State Government Employees Association they denied this. He feels the Association is very much opposed to this commission. Representative Owens asked if Senate has appointed any members, and Ms. Aycock said no. Representative Mitchell asked if inquires were from companies in our state that are interested in bidding on state work. Ms. Aycock said Lt. Governor's Office forwarded an inquiry and Pitney Bowes had made an inquiry. Senator Martin asked what is duty of Office of State Budget and what is attitude when people come for approval of their budget. Ms. Shelle Altieri, Office of State Budget, was recognized, and she said the office's job is to make sure the state's money is used prudently, and in receiving a request from an agency we go through a review process ourselves, we make recommendations and do negotiations, and there are times when we do not allow certain things to go in the budget. We go through detailed analysis of requests to make informed decisions. When we are able to get out of office, we go visit programs. For instance, we go and visit hog lagoons. We try to learn as much about programs as possible. Representative Owens sees state as big business, and if we can contract through private sector more efficiently, we should do this. Chair Fox stated to him it seems will of committee is to find out when appointments are going to be made to commission, and he feels chairs should look into this. We certainly need to know in preparing our budget. If there is no objection from committee, the chairs will seek an answer from Governor and Senate about their appointments.

The meeting adjourned at 9:40 a.m. to reconvene on March 30, 1999 at 8:30 a.m.

Respectfully submitted,

Stan Fox
Representative Stan Fox, Chair

Mary Capps
Mary Capps, Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 25, 1999
Rep. Stan Fox, Presiding

1. Chairman's Comments

2. Department of Commerce

   Secretary's Remarks
   Rick E. Carlisle
   Secretary of Commerce

   Departmental Overview
   Jennifer Herrera, Fiscal Research

   Administration and Aircraft
   Jennifer Herrera, Fiscal Research
   Leza Aycock, Assistant Secretary for Administration, DOC

   NC Government Competition Commission
   Jennifer Herrera, Fiscal Research
   Leza Aycock, Assistant Secretary for Administration, DOC

3. Committee Discussion

4. Adjourn

Department of Commerce

Administrative Services/Executive Aircraft Operations							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	3,266,681	3,461,530	5,016,510	4,970,838		4,970,838	
Less Receipts	(990,482)	(932,237)	(1,080,997)	(941,571)		(941,571)	
State Appropriations	*2,276,199*	*2,529,293*	*3,935,513*	*4,029,267*	2.4%	*4,029,267*	2.4%
Positions	43.00	45.00	45.00	45.00		45.00	

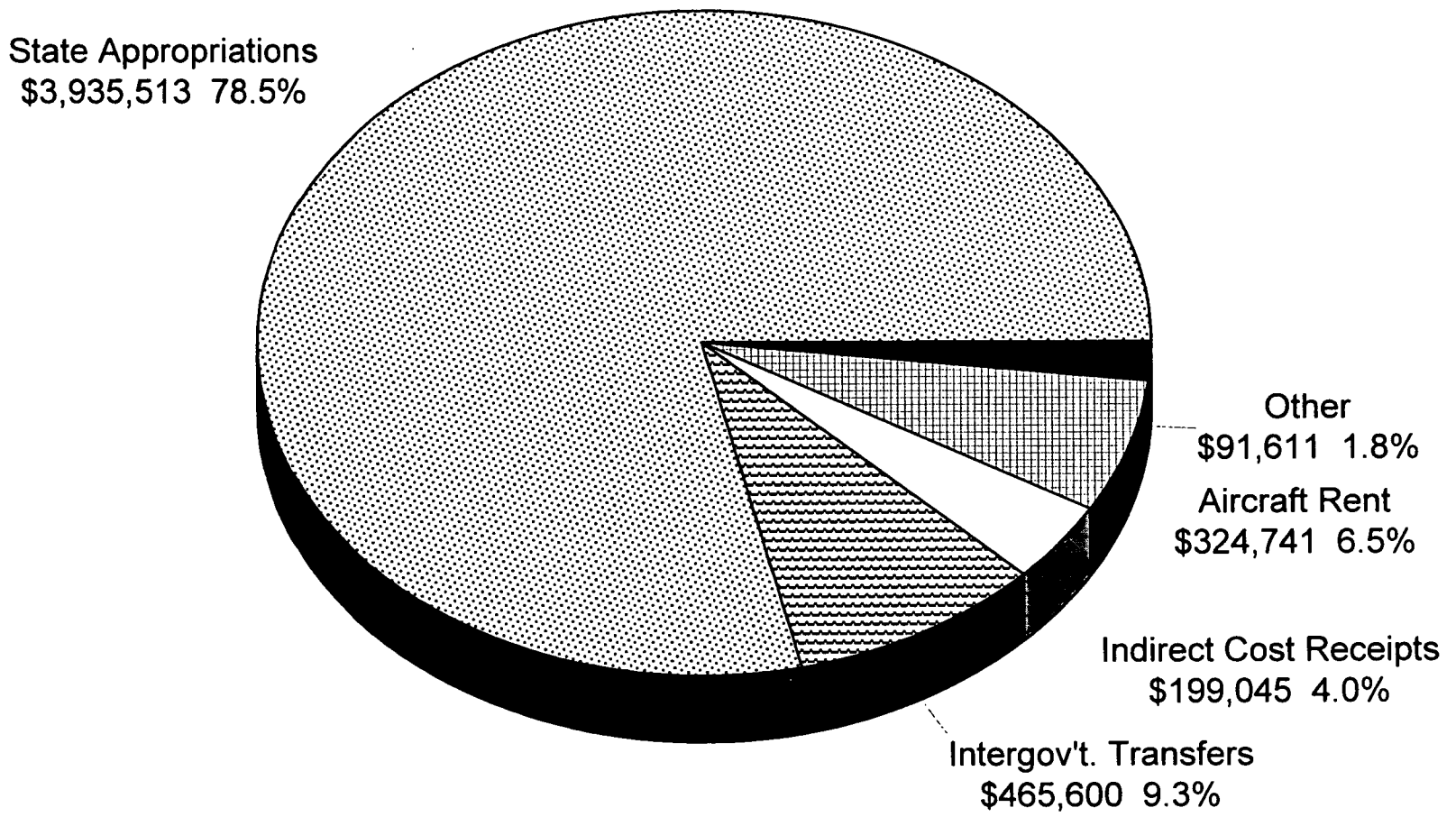
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 authorized state appropriation.

DIVISION ACTIVITIES

Administrative Services provides policy and administrative support to the various programs in the Department of Commerce. Administrative services provided include budgeting, accounting and purchasing functions, personnel management, and information systems. Executive Aircraft operations provide safe and convenient air travel for state officials and agency representatives as well as for corporate clients of the Economic Development Program. Aircraft personnel from the program also provide special assistance in law enforcement and emergency situations.

Governor's Budget, Volume 5, pp 112-115

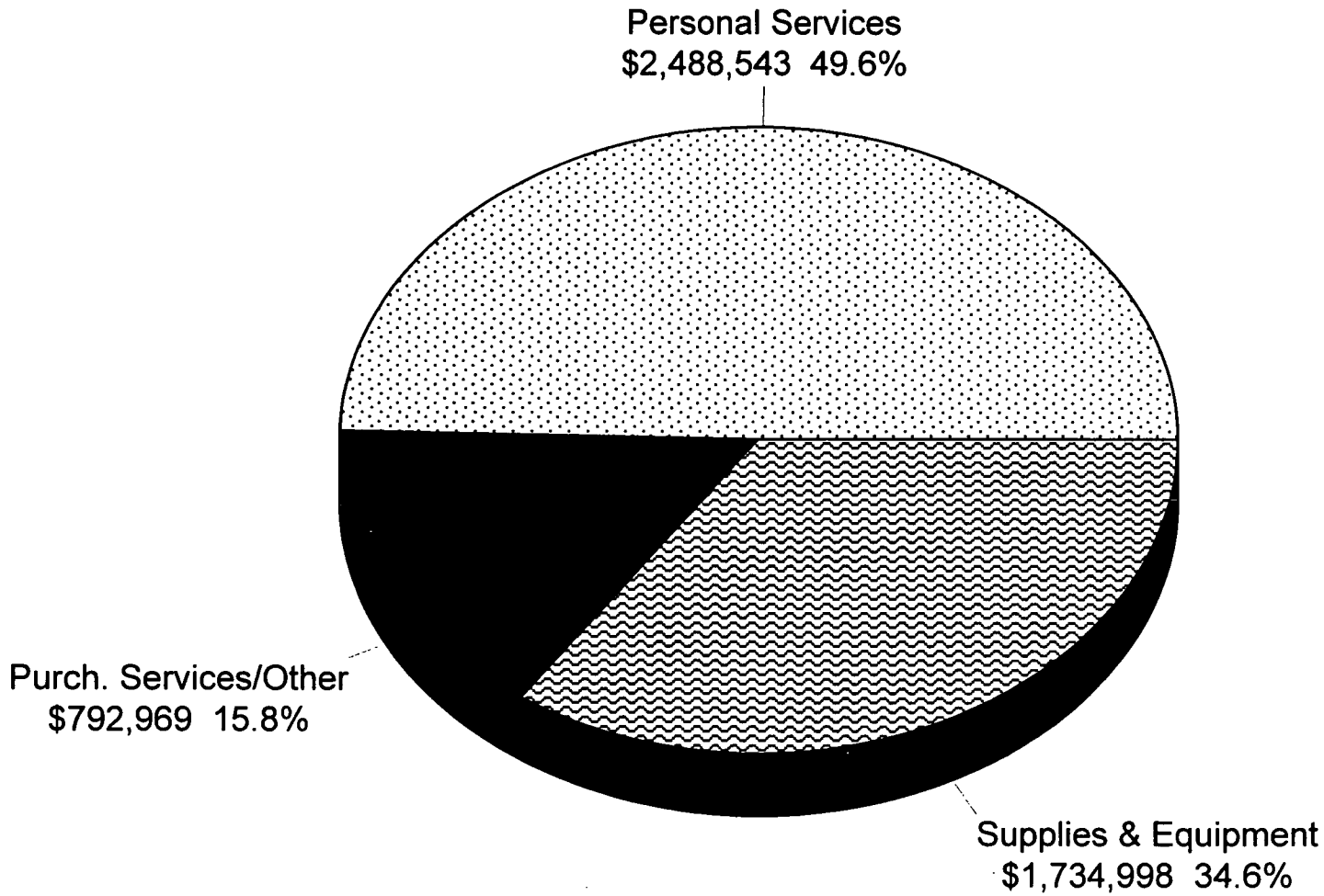
Administration/Executive Aircraft Operations
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - March 1999

Administration/Executive Aircraft Operations

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - March 1999

ADMINISTRATIVE SERVICES/EXECUTIVE AIRCRAFT OPERATIONS
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Administration – budget indirect cost receipts.	($ 52,000) R	($ 52,000) R
2. Executive Aircraft – reduce funding for aircraft repair.	($188,000) R	($188,000) R
SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Executive Aircraft – additional funds for aircraft lease.	$350,000 R	$ 350,000 R

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
None		
CONTINUATION BUDGET RECOMMENDATIONS		
1. Increase for rent of hangar space for new aircraft.	$ 9,000	$ 9,000
2. Increase to provide insurance for new aircraft.	$ 117,512	$ 117,512

CONTINUATION BUDGET RECOMMENDATIONS (CONT.)	1999-2000	2000-2001
3. Increase to provide for training required for continued aircraft pilot and maintenance qualifications.	$ 37,000	$ 37,000
4. Increase supplies - fuel requirements associated with new aircraft.	$ 52,700	$ 52,700

PROGRAM NOTE

Administrative Services Positions

The budget documents and personnel counts for the Department of Commerce indicate 37 positions for Administrative Services; organizational charts indicate a total of 50 positions. According to the department, the additional 13 positions assigned to Administrative Services are funded through the Business and Industry Division. The activities performed by these positions, however, are administrative in nature. They include: 9 MIS positions, 2 Public Information Officer positions, 1 Deputy Secretary and 1 Administrative Assistant position.

COM-17

North Carolina
Department of Commerce

James B. Hunt Jr., Governor

Rick Carlisle, Secretary

EXECUTIVE AIRCRAFT OPERATION STATEMENT OF POLICY

WHEREAS, the North Carolina Department of Commerce is responsible for the Economic Development Program for the State: and

WHEREAS, the Executive Aircraft Operation was placed in the Department of Commerce in order to be able to quickly and efficiently respond to the Economic Development needs:

WHEREAS, these needs can be anytime, including weekends, nights, holidays and many times on very short notice:

NOW, THEREFORE, BE IT RESOLVED, the following policy for assignment and usage of the State Executive Aircraft will be established:

FIRST priority shall be to meet the requirements of the North Carolina Department of Commerce as determined by the Secretary of Commerce.

SECOND priority shall be to provide air transportation for the Governor.

THIRD priority shall be to provide air transportation for the Lieutenant Governor, President Pro Tempore and the Speaker of the House in the performance of their official duties.

FOURTH priority shall be to provide air transportation to Cabinet Members and Council of State Members not involved with economic development functions.

FIFTH priority shall be to provide air transportation to other State Officials on a first-come first- serve basic as may be deemed appropriate and/or necessary with the express approval of the Cabinet Secretary or Council of State Member from whose Department the request originates.

SIXTH priority shall be to provide use of aircraft for drug interdiction duties.

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Tel: (919) 733-4962 • Fax: (919) 733-8356

COM-14

It is understood that emergency and disaster assistance will take precedence over all other uses when there is eminent danger to life or property. Such judgements will be made by the Secretary of Commerce or his representative. The Secretary of Commerce, the Deputy Secretary of Commerce, or their designees, may schedule and reschedule all flights in accordance with the above priority listing.

All flight scheduled must be for official state business.

Effective May 11, 1998, rates to be charged for all users outside the North Carolina Department of Commerce are as follows:

King Air	B-200	$400.00 per hour
Citation Bravo	C-550	$550.00 per hour
Sikorsky	S-76 Helicopter	$550.00 per hour
Bell 206L	Helicopter	$400.00 per hour

$200.00 per night charge for all flight requiring an overnight stay by flight crew.

Rick Carlisle
Secretary

Revised
September 15, 1998

COM-19

Mission Statement

To provide support and overall policy direction to operational programs of the Department of Commerce.

Operations

Administration

- Inform the media and the public about happenings of the Department of Commerce through press releases, news conferences, and responses to direct inquiries.
- Provide technical support for all data processing activities including determination and acquisition of equipment for the department.
- Provide budgeting, accounting, purchasing, and other fiscal activities for all the agencies/divisions within the Department of Commerce.
- Provide the recruiting, training, personnel management, etc. for all the agencies/divisions within Commerce.
- Coordinate and track legislative information

Executive Aircraft

- Operate a fleet of aircraft to fly corporate clients involved in economic development activities, state officials and agency representatives on official duty, and to provide emergency and law enforcement support.
- Establish and maintain a system to keep up with maintenance and inspection requirements for each aircraft as well as spare parts inventory, and perform as much maintenance as possible with program mechanics and personnel
- Assure that each pilot and maintenance mechanic receives training as required

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Administration				
Maximize the efficiency of the department by providing accounting, data processing, personnel, and other general support services to the operating units of the department. *PPB: 6998*				
(No measures have been developed.)				
Ensure the successful attainment of all objectives of the Department of Commerce. *PPB: 6998*				
(No measures have been developed.)				

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Objectives and Key Performance Measures - Continued	**1997-98 Actual**	**1998-99 Authorized**	**1999-00 Target**	**2000-01 Target**
Administration - Continued				
Executive Aircraft				
Provide air transportation for state officials, agency representatives on official duty, and corporate clients involved in economic development activities. *PPB: 0630*				
• Number of flights made in support of economic development activities	162	175	175	175
Aircraft will be maintained in a timely and efficient manner. *PPB: 0630*				
• Number of aircraft operated	4	4	4	4
• Annual savings resulting from use of in-house staff performing maintenance	$130,000	$130,000	$130,000	$130,000
• Time savings resulting from use of in-house staff (in days)	30	30	30	30

DEPARTMENT OF COMMERCE

Overview							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	331,453,941	601,095,636	670,836,519	577,861,453		547,507,053	
Less Receipts	(273,515,458)	(506,259,291)	(557,987,201)	(524,252,802)		(493,878,320)	
Cash Balance +/-		42,442,908	(7,319,634)	-		-	
State Appropriations	*57,938,483*	*137,279,253*	*105,529,684*	*53,608,651*	-49.2%	*53,628,733*	-49.2%
Positions	2,934.00	3,252.30	3,388.50	3,354.80		3,353.80	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

ACTIVITIES

Economic Development - Promotes and assists in the expansion and recruitment of industry, travel and tourism, and international trade.

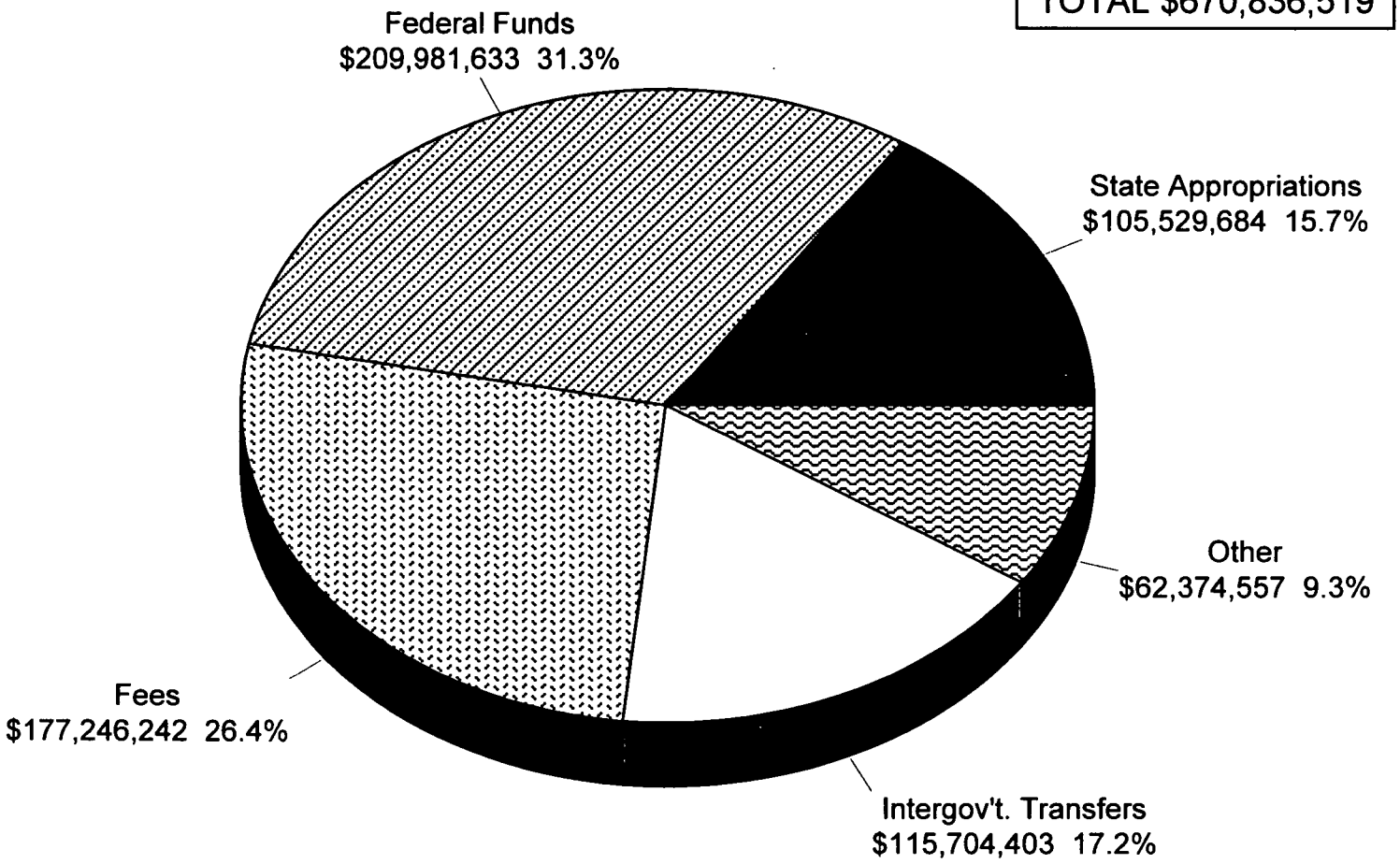
Community Development – Provides planning and development assistance to cities and counties, workforce development for industrial needs, and oversees sound energy policies.

Information Technology Services – Provides technological assistance in support of the economic development of North Carolina.

Regulatory – Serves as an umbrella agency for independent agencies including the Employment Security Commission, Industrial Commission, Public Utilities Commission, ABC Commission, Banking Commission, and Cemetery Commission.

Department of Commerce
FY 1998-99 (Authorized) Budget
By Funding Source

TOTAL $670,836,519

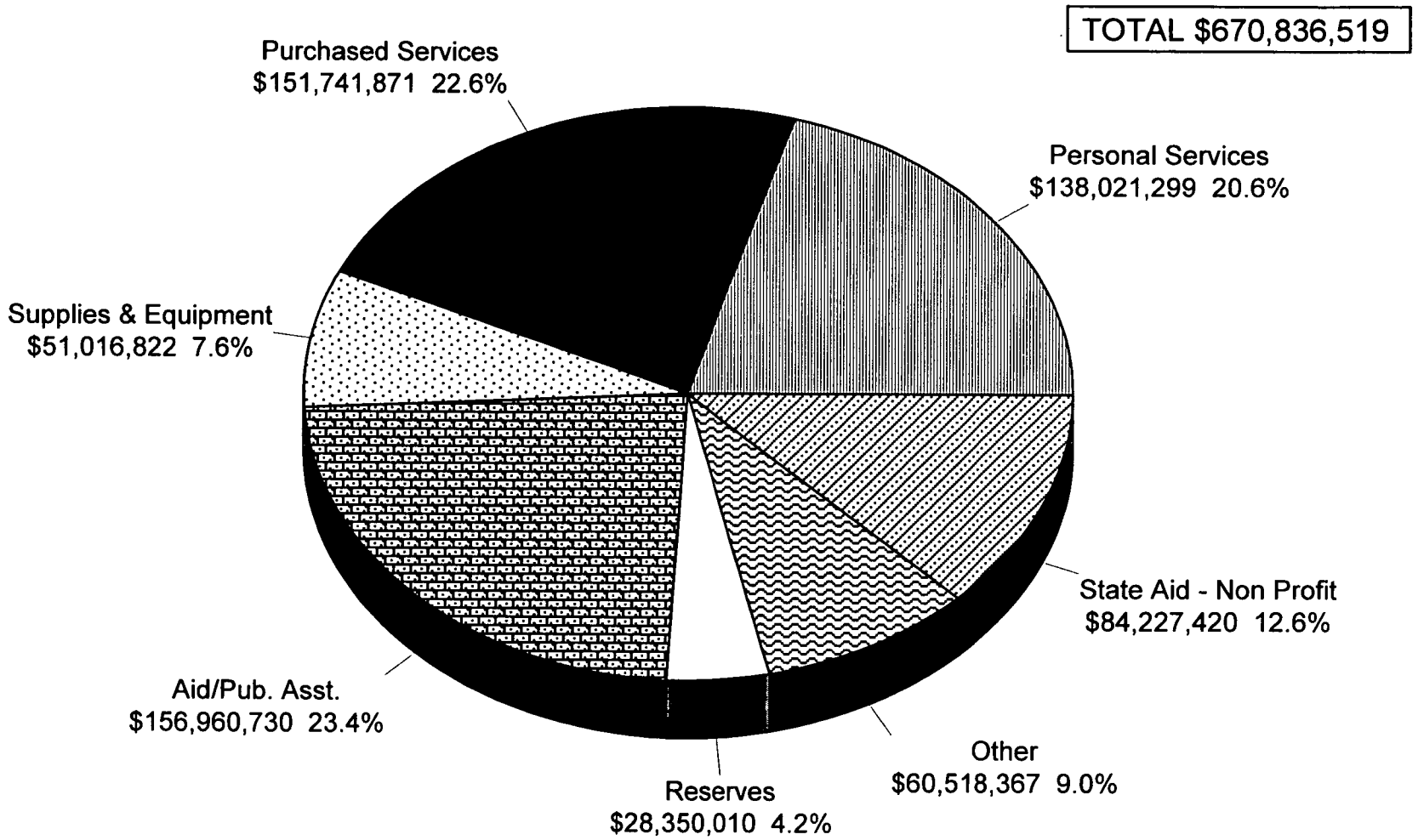


Fiscal Research Division - March 1999

Department of Commerce

FY 1998-99 (Authorized) Budget

Expenditures By Category



Fiscal Research Division - March 1999

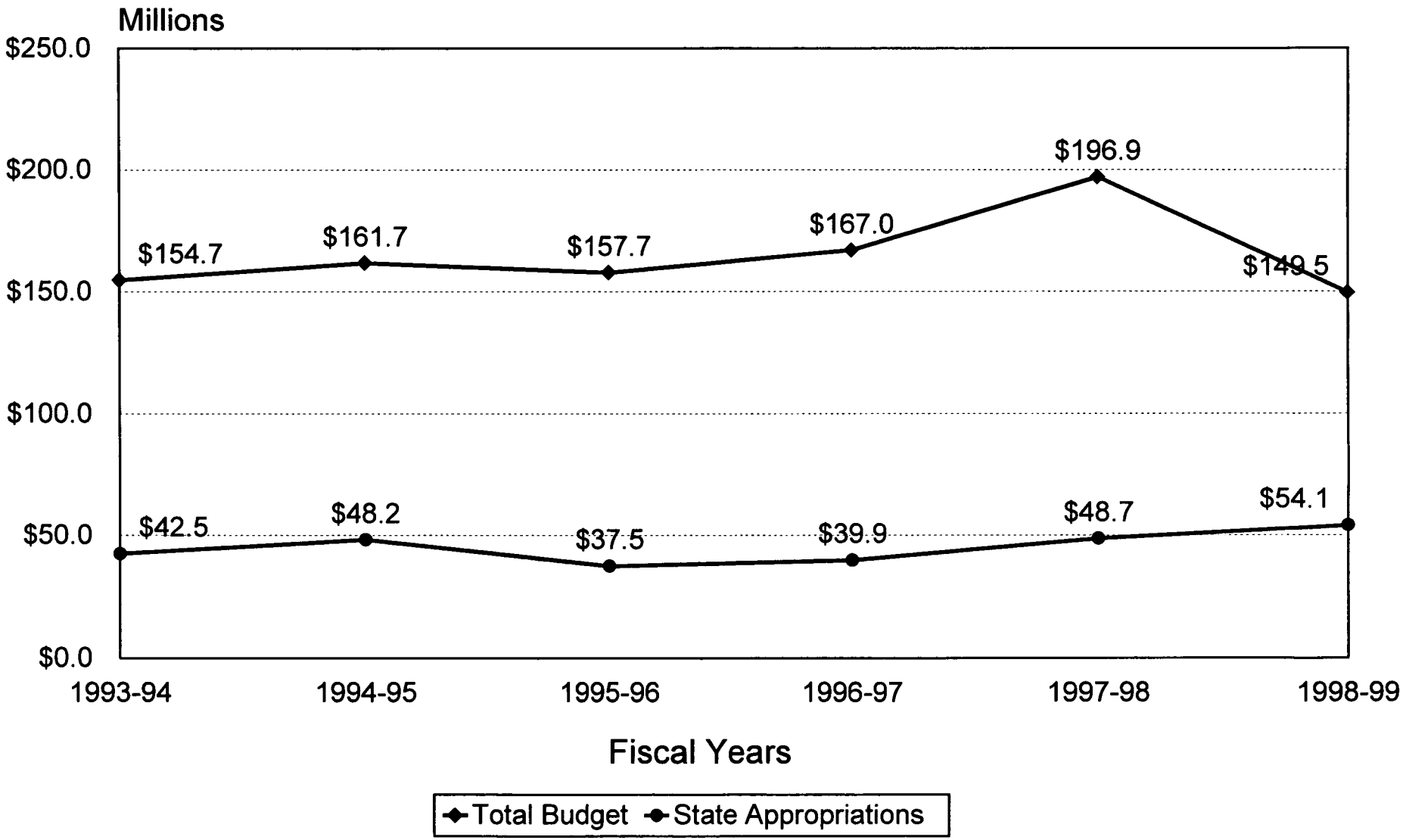
DEPARTMENT OF COMMERCE

[illegible] RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Eliminate vacant positions	(96,315) R	(96,315) R
NC ACTS - Deputy Director	-2.00	-2.00
Business & Industry - Program Assistant IV		

Department of Commerce

Authorized Budget -- Six Year History



Fiscal Research Division -- March 1999

Department of Commerce

Six Year Authorized Budget History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	5-Year Δ
Total Budget Requirements	154,708,181	161,693,383	157,706,757	166,974,870	196,949,920	149,506,675	
Change vs. Previous Year		6,985,202	(3,986,626)	9,268,113	29,975,050	(47,443,245)	
Percentage Change		4.52%	-2.47%	5.88%	17.95%	-24.09%	-3.36%
State Appropriations	42,507,774	48,186,986	37,466,698	39,886,692	48,704,542	54,063,373	
Change vs. Previous Year		5,679,212	(10,720,288)	2,419,994	8,817,850	5,358,831	
Percentage Change		13.36%	-22.25%	6.46%	22.11%	11.00%	27.18%

Notes:

(1) Total authorized budget requirements include agency receipts and general fund appropriations as of fiscal year end (June 30), except FY 1998-99, which is as of January 31, 1999.

Department of Commerce

Six Year Position History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	5-Year Δ
Total Positions	2,621.84	2,675.52	2,635.61	2,600.50	2,990.25	3,064.75	
Change vs. Previous Year		54	(40)	(35)	390	75	443
Percentage Change		2.05%	-1.49%	-1.33%	14.99%	2.49%	16.89%

Source: Office of State Personnel

Items for Possible Committee Discussion

The Secretary has made a number of changes in the department's organizational structure since the 1998 Session. These changes include the creation of an Assistant Secretary for Finance, a Director of Marketing and Customer Services, elimination of the position of Director of Minority Development, and elevation of the division directors of Travel, Film and Sports Development and Policy and Employment to the "Assistant Secretary" level. The Committee may wish to have the Department discuss the rationale for these changes and any increased efficiencies and program improvements realized as a result of the new organizational structure.

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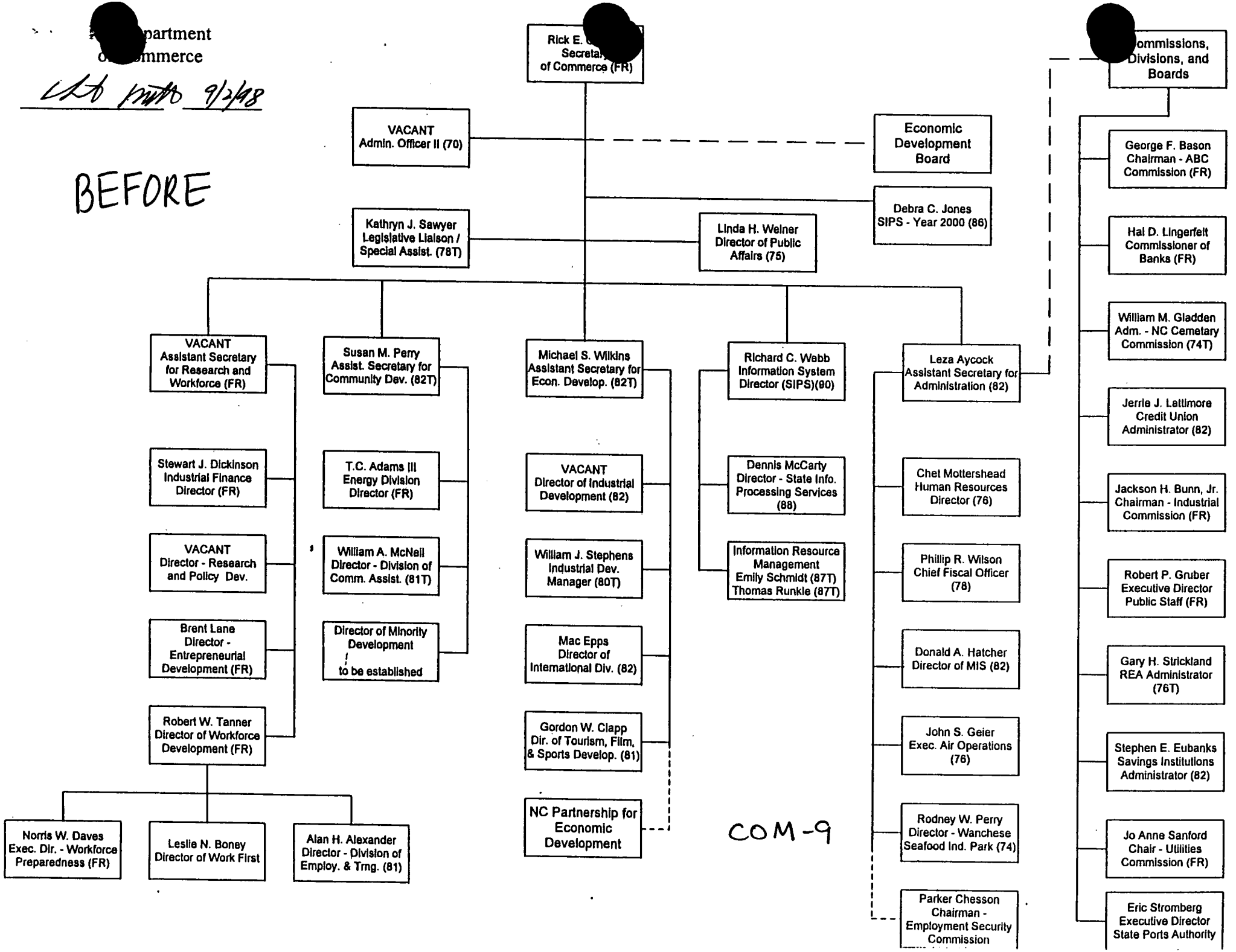
LLO mtg 9/2/98

BEFORE



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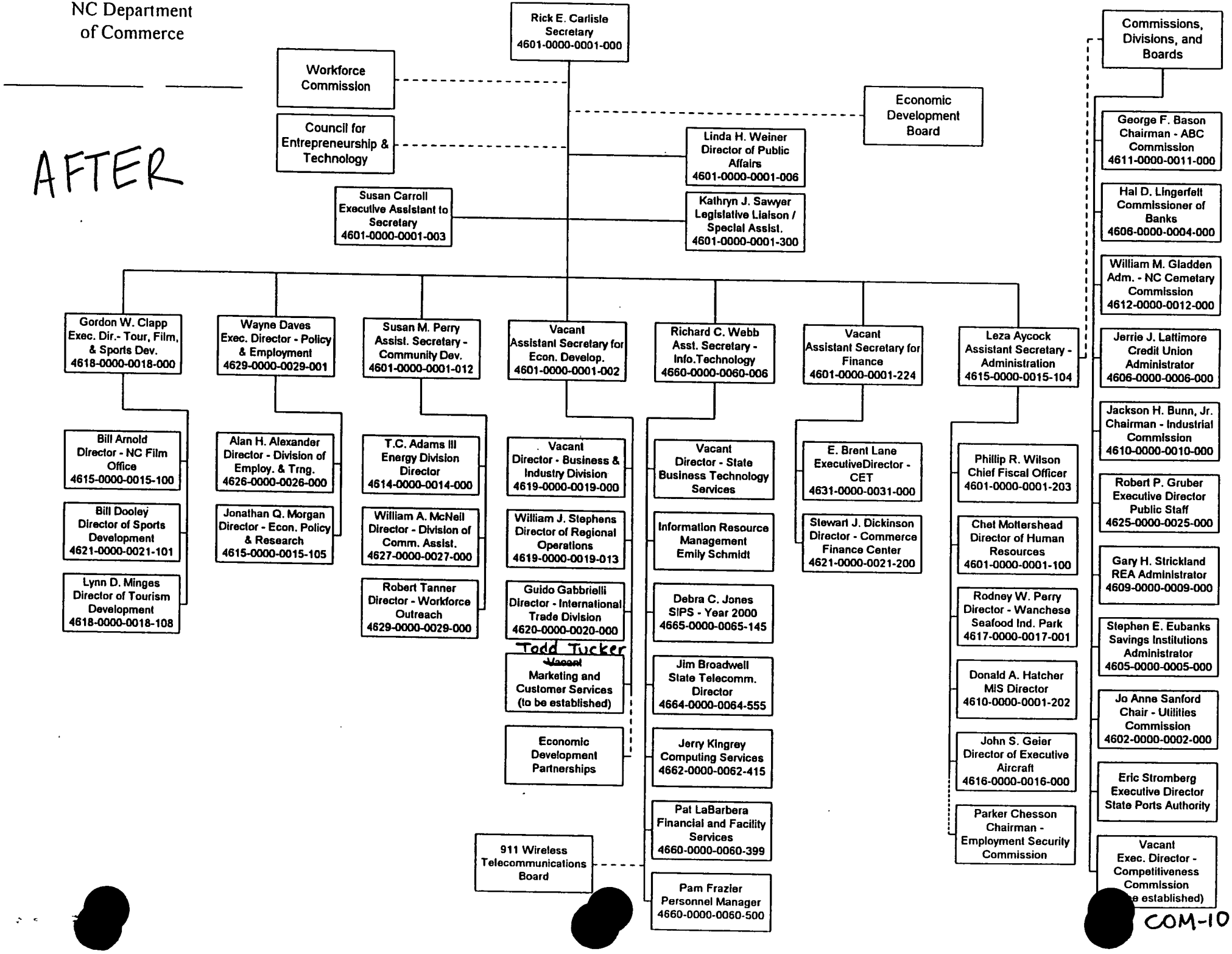
NC Department of Commerce

AFTER



COM-10

Mission Statement

To improve the economic well-being and quality of life for all North Carolinians.

Goals

- Create a leading edge/high performance organization.
- Increase North Carolina's global competitiveness.
- Promote lifelong learning.
- Build stronger communities.
- Stimulate entrepreneurial growth.
- Create jobs through sustainable economic development.

Operations

The Department of Commerce, as defined in Chapter 143B of the North Carolina General Statutes, is the lead agency for the promotion and implementation of the state's policy of actively encouraging the recruitment of environmentally sound national and international industry into North Carolina.

The Department of Commerce operates to promote the development of North Carolina's labor force, the growth and development of our travel and tourist industries, the development of our state ports, management of North Carolina's energy resources, and to assure the coordination of North Carolina's economic development efforts throughout state government. The Secretary for the Department of Commerce is appointed by the Governor, and holds statutory authority to plan and direct the department's programs.

Performance / Program Budget

Seventy-eight percent of expenditures in the Department of Commerce focus on objectives in the Economic Development and Commerce Program Area; twenty-two percent focus on objectives in the General Government Program Area. (For more information, see Program Analysis chapter in Volume I.)

Department of Commerce

North Carolina Government Competition Commission							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	-	-	232,700	218,000		218,000	
Less Receipts	-	-	-	-		-	
State Appropriations	-	-	*232,700*	*218,000*		*218,000*	
Less State 1998-99 NR			*(14,700)*	-		-	
Adjusted Appropriation			*218,000*	*218,000*	*0%*	*218,000*	*0%*
Positions	-	-	3.00	3.00		3.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

ACTIVITIES

The purpose of the North Carolina Government Competition Commission is to be the catalyst for the use of competition to improve the delivery of state government services, to make state government more effective and efficient, and to reduce the cost of government to taxpayers.

Governor's Budget, Volume 5, pp. 116-117

NORTH CAROLINA GOVERNMENT COMPETITION COMMISSION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
None		

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	1997-98	1998-99
1. Creation of the North Carolina Government Competition Commission.		$218,000 R 14,700 NR 3.00

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
None		

Requested by: Representatives Mitchell, Baker, Carpenter, Hall
COMPETITIVE GOVERNMENT INITIATIVE

Section 15.2C. (a) The General Statutes are amended by adding a new Chapter to read:

"Chapter 143C.

"North Carolina Government Competition Act of 1998.

"§ 143C-1. Short title.

This Chapter shall be known and may be cited as the 'North Carolina Government Competition Act of 1998'.

"§ 143C-2. Definitions.

As used in this Chapter, unless the context requires otherwise:

(1) 'Commission' means the North Carolina Government Competition Commission.

(2) 'State agency' means any State department, agency, or institution.

"§ 143C-3. North Carolina Government Competition Commission created; duties.

(a) The North Carolina Government Competition Commission is created within the Department of Commerce. The Commission shall exercise its powers independently of the Secretary of Commerce and shall be subject to the direction and supervision of the Secretary of Commerce only with respect to the management functions of coordination and reporting. The purpose of the Commission is to be the catalyst for the use of competition to improve the delivery of State government services, to make State government more effective and more efficient, and to reduce the costs of government to taxpayers.

(b) The Commission shall:

(1) Develop an institutional framework for a statewide competition initiative to encourage innovation and competition within State government.

(2) Establish a system to encourage the use of feasibility studies and innovation to determine where competition could reduce government costs without adversely affecting essential services.

(3) Monitor the activities, products, and services of State agencies to bring an element of competition and to ensure a spirit of innovation and entrepreneurship to compete with the private sector to increase the quality of services or reduce costs to taxpayers.

(4) Identify any barriers to competition in State government and recommend actions to overcome those barriers.

(5) Promote acceptance of competition by State government officials and State employees as a viable alternative to in-house operations for delivering State government services where savings to the State may be realized through competition, including the development and implementation of State employee adjustment and incentive programs.

(6) Advocate, develop, and accelerate implementation of a competitive program for State agencies to ensure competition for the provision or production of government services from both public sector and private sector entities.

(7) Establish approval, planning, and reporting processes required to carry out the functions of the Commission.

(8) Determine the competition potential of a State program or activity, perform cost and benefit analyses, and conduct public and private competition analyses.

(9) Devise evaluation criteria to be used in conducting performance reviews of any State program or activity that is subject to a competition recommendation.

(10) Assess the short-term and long-term results of State government competition efforts.

(11) Appoint, as needed, ad hoc committees relating to specific matters within the Commission's purview.

COM-23

"§ 143C-4. Membership; appointment; terms; vacancies; chair; quorum; compensation.

(a) The Commission shall be composed of nine members to be appointed as follows:

(1) Three members appointed by the Governor, one of whom shall be a State employee and two of whom shall be members of the private sector. One of these private sector members shall have large-scale purchasing experience.

(2) Three members appointed by the Speaker of the House of Representatives, two of whom shall be members of the private sector and one of whom shall be a State employee.

(3) Three members appointed by the President Pro Tempore of the Senate, two of whom shall be members of the private sector and one of whom shall be a State employee.

Members of the Commission shall serve two-year terms. In making the initial appointments to the Commission, the respective appointing authorities shall appoint at least one member for a one-year term so that subsequent terms stagger.

(b) All initial appointments shall become effective July 1, 1998. The initial members' terms shall end on June 30 of the applicable year in which a term expires, with the subsequent term beginning on July 1 of that year. No member may serve more than two consecutive terms. Vacancies shall be filled by the appointing authority for any unexpired portion of a term. Members shall receive subsistence, per diem, and travel allowances as provided by G.S. 138-5.

(c) A majority of the members shall constitute a quorum. The Commission shall annually elect its chair and vice-chair from among its members.

(d) The Commission shall appoint an executive director and other necessary staff within funds available to it.

"§ 143C-5. Cooperation of other State agencies.

All State agencies shall cooperate with the Commission and, upon request, assist the Commission in the performance of its duties and responsibilities. The Commission shall not impose unreasonable burdens or costs in connection with requests of State agencies.

"§ 143C-6. Application for and acceptance of certain gifts and grants; authority to enter into contract; applicability of State purchasing laws.

(a) The Commission may apply for, accept, and expend gifts, grants, or donations from governmental sources or from private nonprofit foundations organized for taxation purposes under section 501(c)(3) of the Internal Revenue Code to enable it to better carry out its objectives. No entity that provides a gift, donation, or grant shall be eligible for a contract award that results from action of a Commission recommendation.

(b) The Commission may contract for professional or consultant service. Any consultant awarded a contract shall be ineligible for a contract award resulting from the consultant's recommendations.

(c) The Commission is subject to the provisions of Articles 3, 3C, and 3D of Chapter 143 of the General Statutes.

"§ 143C-7. Public-private competition analysis; proposals for competition.

(a) The Governor, the General Assembly, or the Commission may direct a State agency to perform a public-private competition analysis covering any service for which the Commission has received from a private entity a qualifying unsolicited proposal for competition that is consistent with the Commission's purposes and duties as provided in this Chapter.

(b) The Commission may solicit competition proposals from private entities for the purposes of making cost-comparison analyses. Any State agency may submit proposals to the Commission for cost-comparison analyses.

(c) If a service contract is awarded to a private vendor as a result of a recommendation by the Commission, cancellation of the contract requires the prior approval of both the Commission and the Division of Purchase and Contract. The Commission's executive director may act on behalf of the Commission under this subsection pursuant to rules adopted by the Commission.

cont'd

"§ 143C-8. Duties of the Office of State Budget and Management.

The Office of State Budget and Management shall determine the amount of an existing appropriation that would no longer be needed by a State agency as the result of savings realized through competition and shall report annually, by February 1, the nature and amount of the savings to the Governor and to the Joint Legislative Commission on Governmental Operations.

"§ 143C-9. Reports to the Governor and General Assembly.

The Commission shall report annually, by February 1, its findings and recommendations to the Governor and the Joint Legislative Commission on Governmental Operations and may make other interim reports it deems advisable."

(b) Funds appropriated in this act to the Department of Commerce for the Competitive Government Initiative shall be used by the Department to implement this section.

SOURCE: 1998 APPROPRIATIONS ACT

North Carolina
Department of Commerce

James B. Hunt, Jr., Governor **Rick Carlisle, Secretary**

February 26, 1999

The Honorable James B. Hunt Jr.
Governor
116 W. Jones Street
Raleigh, NC 27603-8001

The Honorable Marc Basnight
Senate President Pro Tempore
Room 2007 Legislative Building
Raleigh, NC 27601-2808

The Honorable James B. Black
Speaker of the House of Representatives
Room 2304 Legislative Building
Raleigh, NC 27601-2808

Dear Sirs:

General Statute 143C-9 requires an annual report to the Governor and the Joint Legislative Commission on Governmental Operations on the actions of the North Carolina Government Competition Commission. The Commission is not yet operational, therefore, I am pleased to make the required report on their behalf.

The Government Competition Commission was created by the General Assembly in Section15.2C of the Appropriations Act of 1998, SL 98-0212. The nine member Commission is composed of three members appointed by the Governor, three by the Senate President Pro Tempore and three by the Speaker of the House. The Commission is authorized to appoint an Executive Director and other staff as necessary within the funds appropriated for the Commission.

Former Speaker Harold Brubaker made two appointments to the Government Competition Commission in December 1998. The remaining appointments have not been made as of this date, so the Commission has not met to appoint staff or consider any proposals for competition initiatives.

Please contact Leza Aycock, Assistant Secretary for Administration, if you have questions regarding this report.

Sincerely,

Rick Carlisle

COM-26

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Tel: (919) 733-4962•Fax: (919) 733-8356
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Mission Statement

To be the catalyst for the use of competition to improve the delivery of state government services, to make state government more effective and efficient, and to reduce the costs of government to taxpayers.

Operations

- Establish a system to encourage the use of feasibility studies and innovation to determine where competition could reduce government costs without adversely affecting essential services.
- Identify any barriers to competition in state government and recommend actions to overcome those barriers.
- Devise evaluation criteria to be used in conducting performance reviews of any state program or activity that is subject to a competition recommendation.
- Determine the competition potential for a state program or activity, perform cost and benefit analyses, and conduct public and private competition analyses.
- Assess the short-term and long-term results of state government competition efforts.

Objectives and Key Performance Measures

This is a newly established commission. Objectives and measures will be available in FY 1999-2000.

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources , 1999

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
BRENT LANE	COMMERCE
BUCK LATTIMORE	NC INDUSTRIAL COMMISSION
Sheila Chavis	OSPI
Laura DeVivo	DENR
Johnny Garry	OSBM
J.W. Reel	OSBM
Shelle Alteiri	OSBM
Bonnie Boad	Commerce
Phillip Robbins	Commerce
[illegible]	Commerce
Kathryn Stawyer	Commerce
Steve Woodson	NC Farm Bureau
T C Adams	COMMERCE
Joe McClees	TDA
Crissy Porter	Bank & Associates
John MAY	NC CWA Political Council
S Markham	EGHS

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 30, 1999
Senator Bob Martin, Presiding

1. Chairman's Comments

2. Department of Commerce – Continue Budget Presentations

   Division of Community Assistance
   Jennifer Herrera, Fiscal Research
   Bill McNeil, Director, DCA

   Commerce Finance Center
   Jennifer Herrera, Fiscal Research
   Stewart Dickinson, Director, CFC

   Wanchese Seafood Industrial Park
   Mona Moon, Fiscal Research
   Rod Perry, Director, Wanchese

3. Committee Discussion

4. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, March 30, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, March 30 at 8:30 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Carpenter, Culp, Mitchell, Russell, and Tolson, were present.

Senator Martin called the meeting to order. Jennifer Herrera, Fiscal Research, continued budget presentations for the Department of Commerce. She began with the Division of Community Assistance. This is Attachment A of these minutes. Mr. John Bart, Assistant Director of the Division of Community Assistance, gave a brief overview of the DCA. He gave a recap of the Community Development Block Grant Program. He said last year that 92 grants were awarded in eight categories; totals for grant awards of $54 million. These grants were awarded to rehabilitate units, to install water and sewer lines and to relocate some 160 families to safe housing. He also spoke on the Main Street Program. This is Attachment B of these minutes. Mr. Bart's last presentation was the State Development Zones. This is Attachment C of these minutes. He said these are targeted zones in the central cities of municipalities over 5 thousands population. He said 44 development zones had applied for designation and had been designated. Senator Cochrane questioned the number of positions requested for the Main Street Program. Senator Horton requested the Main Street Program be flagged.

Jennifer Herrera continued with an overview of the Commerce Finance Center. This is Attachment D of these minutes. Mr. Stewart Dickinson, Director of the Commerce Finance Center was recognized to give a program update on the Finance Center. This is Attachment E of these minutes.

Mona Moon, Fiscal Research, presented the Wanchese Seafood Industrial Park recommended budget. This is Attachment F of these minutes. Mr. Rod Perry, Director of Wanchese Park addressed the Committee. Representative Russell had questions about the amount of money appropriated for 3 positions. He said the operation of the Park itself generates around $200,000 dollars worth of rental income per year. Mr. Perry said he

could not justify the figure for the positions. Representative Russell asked this item be flagged. Senator Martin asked where they are on the Oregon Inlet Jetty? He said they are in the process of hiring a project leader and they should be moving forward very shortly.

The Committee members discussed the divisions and questions were answered.

The meeting adjourned at 9:30 a.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Attachment A

Department of Commerce

Division of Community Assistance							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	51,333,499	60,722,658	47,402,366	47,709,707		47,709,707	
Less Receipts	(49,028,922)	(57,445,962)	(43,428,279)	(44,364,918)		(44,364,918)	
State Appropriations	*2,304,577*	*3,276,696*	*3,974,087*	*3,344,789*		*3,344,789*	
Less State 1998-99 NR			*(550,000)*	-		-	
Adjusted Appropriation			3,424,087	3,344,789	-2.3%	3,344,789	-2.3%
Positions	74.00	75.00	70.50	69.50		69.50	

POSITION NOTE: Although the budget document indicates 70.5 positions for the Division of Community Assistance, 3 positions are programmatically located in the Commerce Finance Center but funded through DCA - CDBG.

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

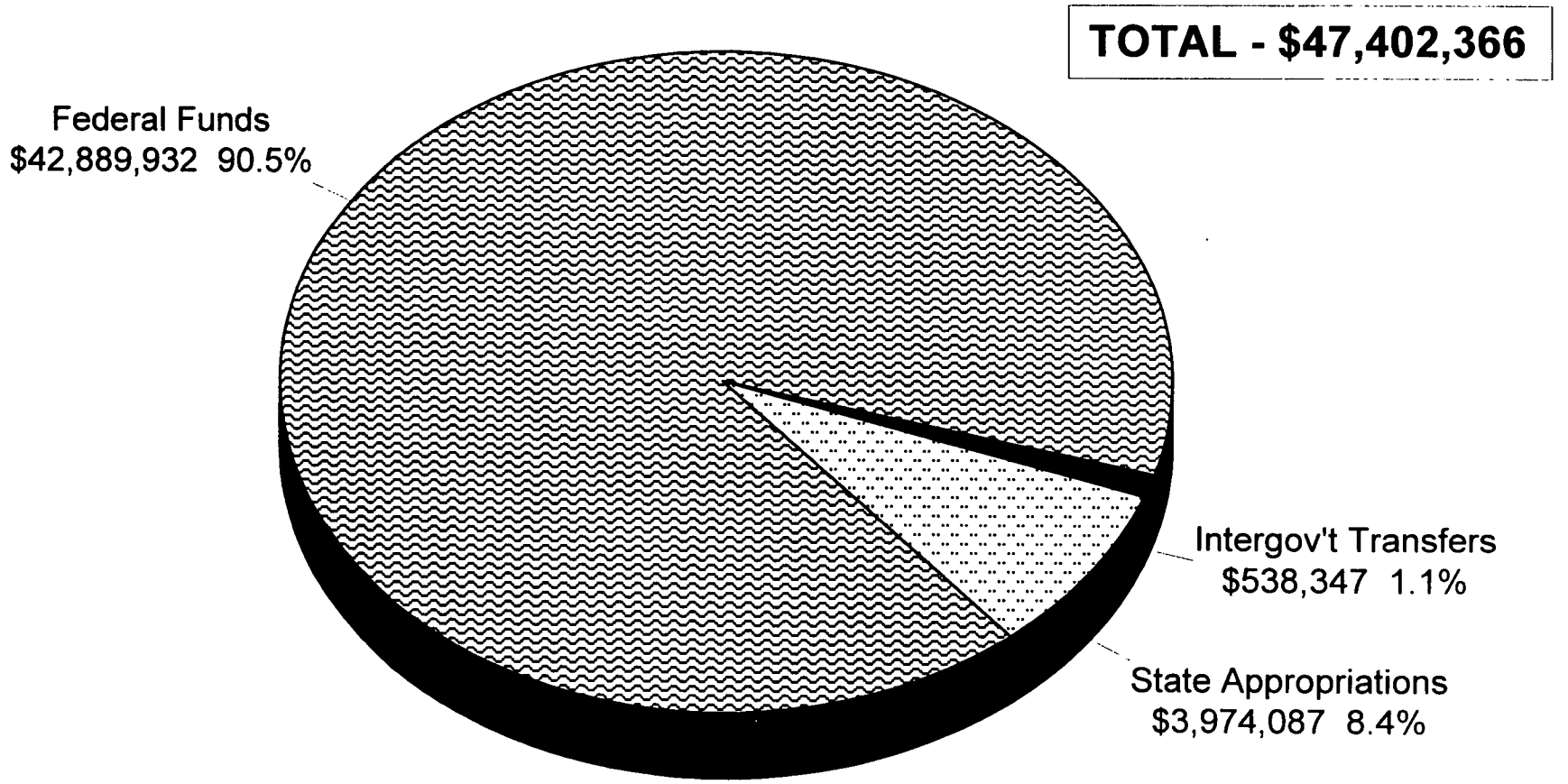
The Division of Community Assistance provides aid to North Carolina's local governments and nonprofit community organizations in the areas of community development, growth management, and economic development through the Community Development Block Grant (CDBG) program, the Main Street program, and through direct technical assistance to local governments.

Governor's Budget, Volume 5, pp 68-71

COM-28

Division of Community Assistance

FY 1998-99 (Authorized) Fund Sources

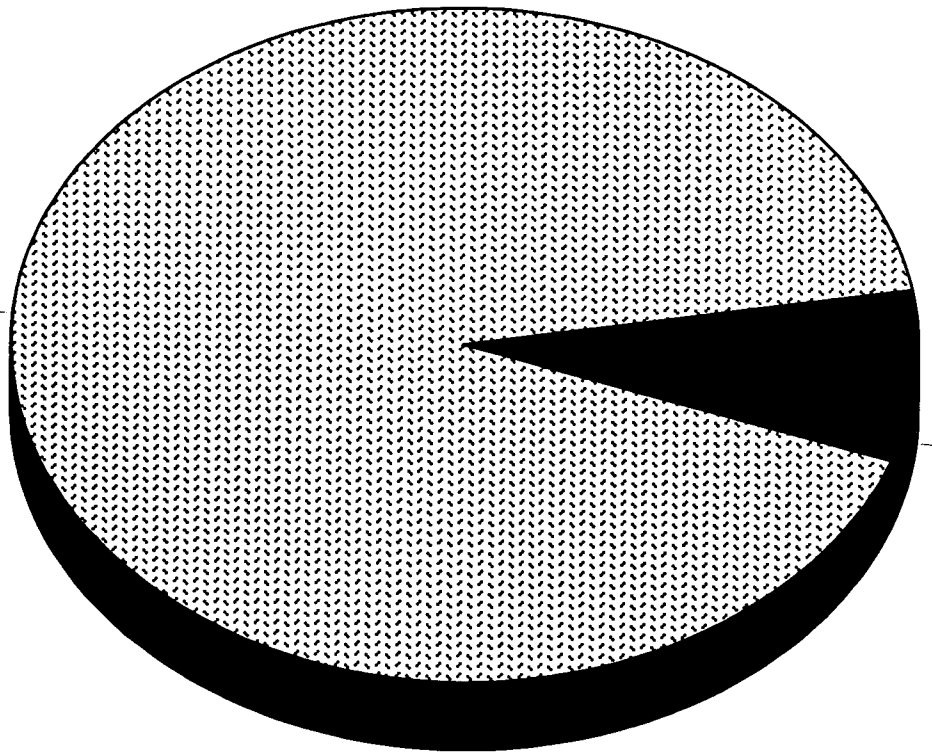


COM-29

Fiscal Research Division - March 1999

Division of Community Assistance
FY 1998-99 (Authorized) Expenditures By Category

TOTAL - $47,402,366



COM-30

Fiscal Research Division - March 1999

DIVISION OF COMMUNITY ASSISTANCE
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Shift Social Research Associate II position to federal funds.	($ 54,264) R -1.00	($ 54,264) R -1.00

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Historic Waterfront Revitalization		$400,000 NR
2. Upper Coastal Plain COG – match federal funds		$150,000 NR

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
None		

CONTINUATION BUDGET HIGHLIGHTS		
1. Decrease personal services – time-limited position	($39,250) -1.00	($39,250) -1.00
2. Increase purchased services – new 5-year rental agreement	$16,660	$16,660

COM-31

Department of Commerce
Community Assistance Division **Budget Codes: 14600**

Mission Statement

To improve the lives of the people of North Carolina by working in partnership with local communities to develop quality neighborhoods, vibrant downtowns, and sustainable economies.

Operations

Community Planning Program/Main Street

- Help local communities plan for growth and manage resources.
- Promote dowtown revitalization in designated Main Street communities.
- Train local officials, planning boards, Main Street managers, and others so they acquire the knowledge and skills needed to improve their communities' natural and built environment and economic development potential.
- Promote economic vitality and job creation in designated State Development Zones.

Community Development

- Rehabilitate substandard housing units.
- Install water and sewer lines in areas that have serious environmental and health hazards.
- Install water lines, remove hazardous materials, and purchase property to facilitate affordable housing development.
- Market economic development funding to local governments, lenders, and economic developers.
- Target projects that create jobs and support businesses that address welfare reform.
- Help local communities recover from natural disasters with state and federal resources.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Community Planning Program/Main Street				
Promote sound growth management and sustainable economic development in NC counties and municipalities through technical assistance. *PPB: 6600*				
• Number of DCA assisted communities that adopt land use plans designed to improve water quality			25	25
• Number of DCA assisted communities that adopt new or revised zoning or subdivision ordinances or capital improvement programs	50	50	50	50
Stimulate new downtown development in active Main Street communities. *PPB: 6600*				
• New downtown investment in Main Street Communities (in millions)	$1.31	$0.80	$0.80	$0.80
• Number of downtown plans and strategies developed		50	50	50
Create new jobs in downtowns of active Main Street Communities. *PPB: 6600*				
• New jobs created in Main Street communities	38.7	30	30	30
Create new jobs in State Development Zones (SDZ). *PPB: 6600*				
• Number of jobs created in State Development Zones prompted by tax credits		100	400	675

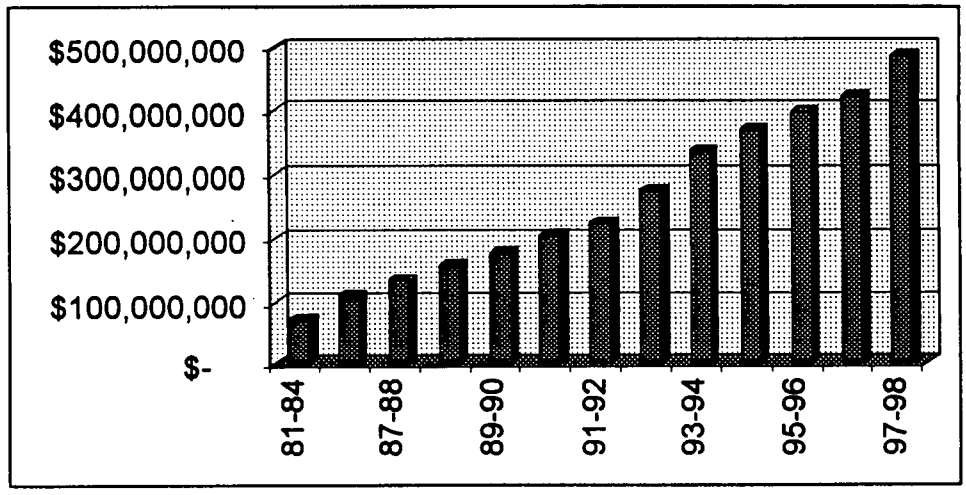
Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Community Planning Program/Main Street - Continued				
• Number of jobs created in State Development Zones prompted by tax credits that benefit zone residents		50	200	350
Community Development				
Increase the supply of standard housing. *PPB: 6600*				
• Number of additional affordable housing units provided		50	50	50
• Number of standard housing units in existing neighborhoods provided by rehabilitation	900	750	750	750
• Additional units of affordable housing provided for renters.		50	50	50
Put water and sewer lines in place in areas that have serious environmental and health hazards. *PPB: 6600*				
• Number of households provided with safe water and wastewater disposal		2,500	2,500	2,500
Increase assets of low-income persons through home ownership. *PPB: 6600*				
• Number of first-time homebuyers assisted		100	200	400
Improve the living environments for low-and-moderate-income neighborhoods. *PPB: 6600*				
• Number of localities funded for concentrated housing rehabilitation and neighborhood infrastructure improvements	21	14	15	15
Help residents of homes damaged by disasters obtain sound housing in locations that are secure from floods and other hazards. *PPB: 6600*				
• Number of households relocated to standard housing (available 1998-99)				
• Number of houses elevated safely above flood levels (available 1998-99)				
• Number of new replacement housing units built in communities following disasters (available 1998-99)				
Reduce communities' disaster-connected risks by assisting with infrastructure to necessary services and with removal of hazards. *PPB: 6600*				
• Number of persons served by assisted facilities (available 1998-99)				
• Number of sites cleared of hazardous conditions (available 1998-99)				

Attachment 13

North Carolina Main Street Program

The NC Main Street program takes an innovative approach to economic development in small towns across North Carolina. The NC Main Street program was developed by the National Trust for Historic Preservation during the 1980s. The program is designed to provide technical assistance to participating downtowns. As Main Street communities, towns have access to support services designed to help revitalize and stimulate growth in their downtown areas. Main Street's four staff provide a variety of services including technical assistance in the areas of organization, design, promotions and economic restructuring as well as guidance, training and networking.

North Carolina Main Street Cumulative Investment

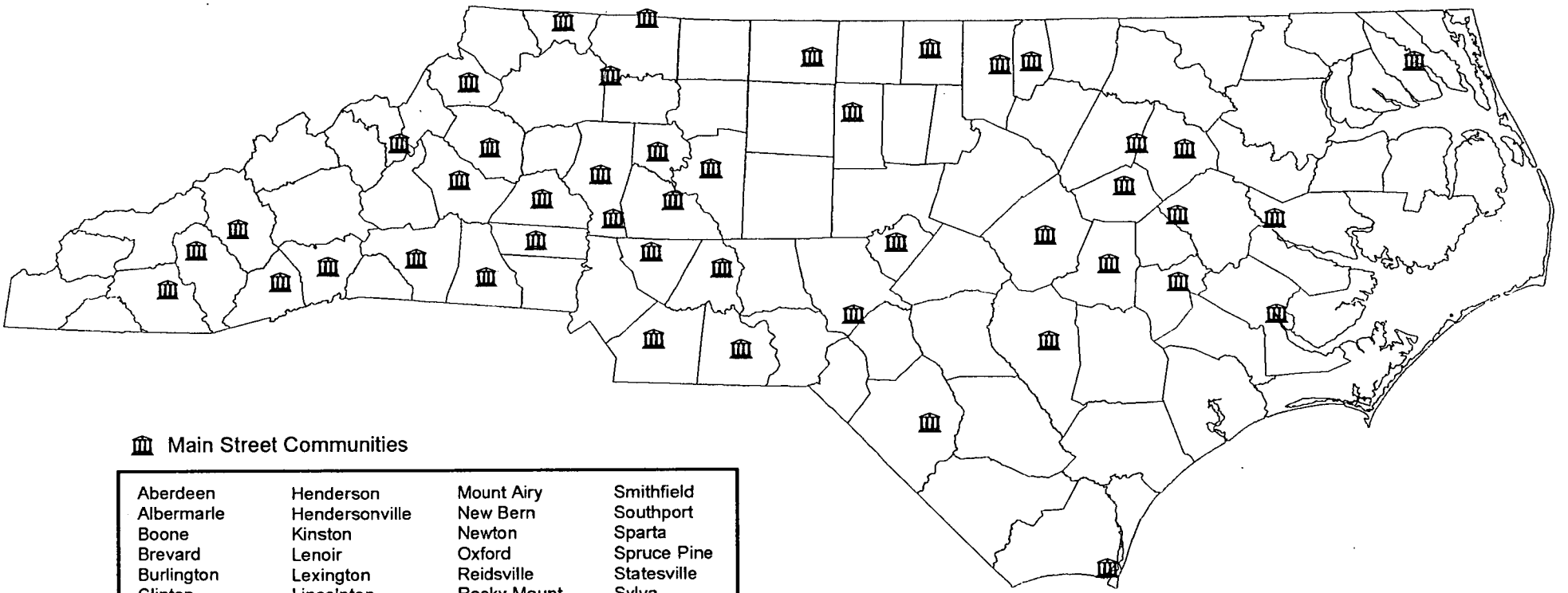


Main Street communities have had 88 facades redone, 107 building renovations, had a net gain of 461 new jobs, had a net gain of 106 new businesses and 52 business expansions. 1998 saw $8,811,114 of public funds invested and $25,669,745 of private investment for a total of $34,489,859 invested.

Other Main Street communities include: Aberdeen, Albemarle, Boone, Brevard, Burlington, Clinton, Concord, Elkin, Elizabeth City, Farmville, Franklin, Goldsboro, Henderson, Hendersonville, Kinston, Lenoir, Lexington, Lincolnton, Lumberton, Mocksville, Monroe, Mooresville, Morganton, Mt. Airy, New Bern, Newton, Oxford, Reidsville, Rocky Mount, Roxboro, Rutherfordton, Salisbury, Sanford, Shelby, Smithfield, Southport, Sparta, Spruce Pine, Statesville, Sylva, Tarboro, Wadesboro, Washington, Waynesville, and Wilson.

North Carolina Department of Commerce
Division of Community Assistance

North Carolina Main Street



Main Street Communities

Aberdeen	Henderson	Mount Airy	Smithfield
Albermarle	Hendersonville	New Bern	Southport
Boone	Kinston	Newton	Sparta
Brevard	Lenoir	Oxford	Spruce Pine
Burlington	Lexington	Reidsville	Statesville
Clinton	Lincolnton	Rocky Mount	Sylva
Concord	Lumberton	Roxboro	Tarboro
Elizabeth City	Mocksville	Rutherfordton	Wadesboro
Elkin	Monroe	Salisbury	Washington
Farmville	Mooresville	Sanford	Waynesville
Franklin	Morganton	Shelby	Wilson
Goldsboro			

North Carolina Department of Commerce
Division of Community Assistance

Attachment C

State Development Zones

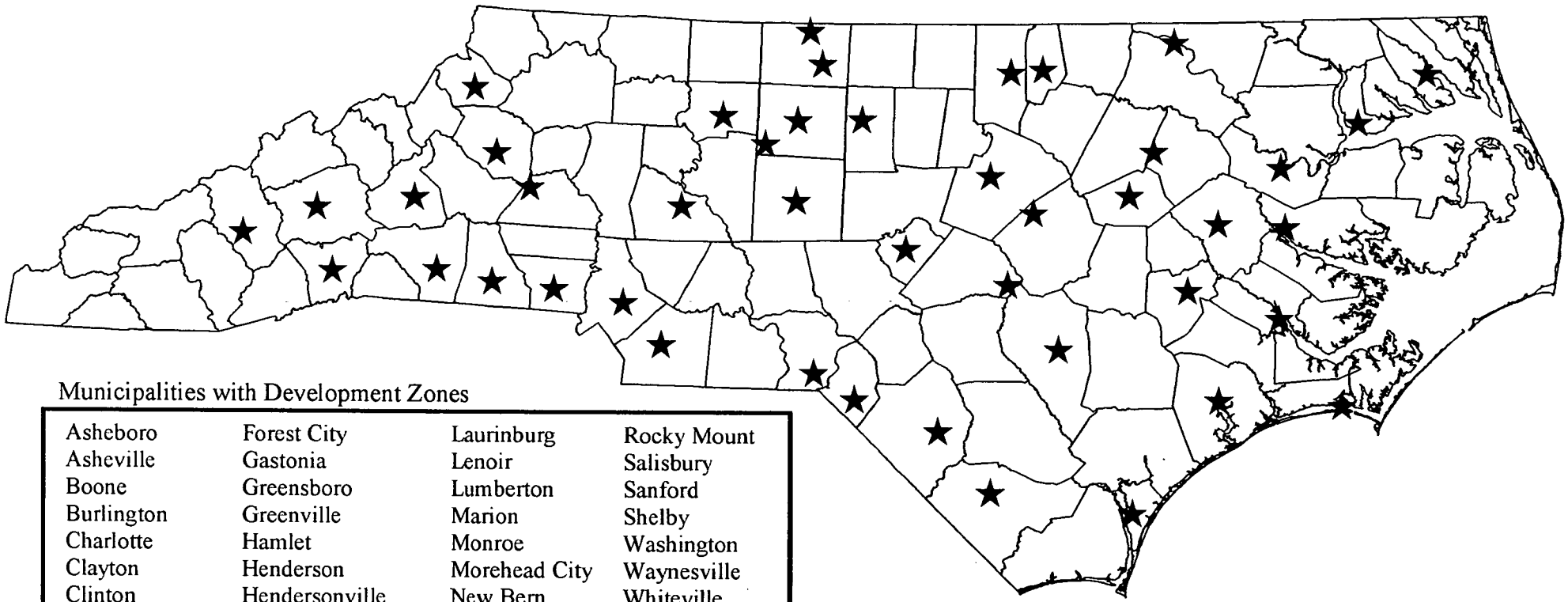
Cities throughout North Carolina contain pockets of severe, persistent distress that have not shared in the economic gains experienced by the state as a whole. To complement efforts underway in North Carolina cities to improve these areas, a state-initiated 'development zone' strategy was developed for North Carolina. Through this strategy, local governments, private businesses, as well as nonprofit organizations will have access to an expanded "toolbox" to address the chronic problems in the state's most distressed areas. Components include enhanced job-creation and investment incentives and may include priority for additional state funding to stimulate local economic activity that will benefit residents of these areas. DCA is the lead agency for the development and designation of zones.

As of March 26, the following cities or towns had been designated State Development Zones:

Asheboro
Asheville
Boone
Burlington
Charlotte
Clayton
Clinton
Dunn
Eden
Edenton
Elizabeth City
Forest City
Gastonia
Greensboro
Greenville
Hamlet
Henderson
Hendersonville
Hickory
High Point
Jacksonville
Kinston
Laurinburg
Lenoir
Lumberton
Marion
Monroe
Morehead City
New Bern
Oxford
Shelby
Raleigh
Reidsville
Rocky Mount
Roanoke Rapids
Salisbury
Sanford
Washington
Waynesville
Whiteville
Williamston
Wilmington
Wilson
Winston-Salem

North Carolina Department of Commerce
Division of Community Assistance

Status of North Carolina
State Development Zones



Municipalities with Development Zones

Asheboro	Forest City	Laurinburg	Rocky Mount
Asheville	Gastonia	Lenoir	Salisbury
Boone	Greensboro	Lumberton	Sanford
Burlington	Greenville	Marion	Shelby
Charlotte	Hamlet	Monroe	Washington
Clayton	Henderson	Morehead City	Waynesville
Clinton	Hendersonville	New Bern	Whiteville
Dunn	Hickory	Oxford	Williamston
Eden	High Point	Raleigh	Wilmington
Edenton	Jacksonville	Reidsville	Wilson
Elizabeth City	Kinston	Roanoke Rapids	Winston Salem

Legend

★ Currently Established

North Carolina Department of Commerce
Division of Community Assistance

As of 03/29/99

Attachment D

Department of Commerce

Commerce Finance Center	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized (January)	Governor's Continuation Request 1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	4,581,242	6,296,085	5,497,242	2,357,831		2,357,831	
Less Receipts	(313,775)	(1,102,031)	(1,636,500)	-		-	
State Appropriations	*4,267,467*	*5,194,054*	*3,860,742*	*2,357,831*		*2,357,831*	
Less State 1998-99 NR			*(1,500,000)*				
Adjusted Appropriation			2,360,742	2,357,831	-0.1%	2,357,831	-0.1%
Positions	6.00	6.00	6.00	6.00		6.00	

POSITION NOTE: Although the budget document indicates 6 positions for the Commerce Finance Center, the actual positions total 10. 3 positions are funded though the Division of Community Assistance and 1 position through Business and Industry.

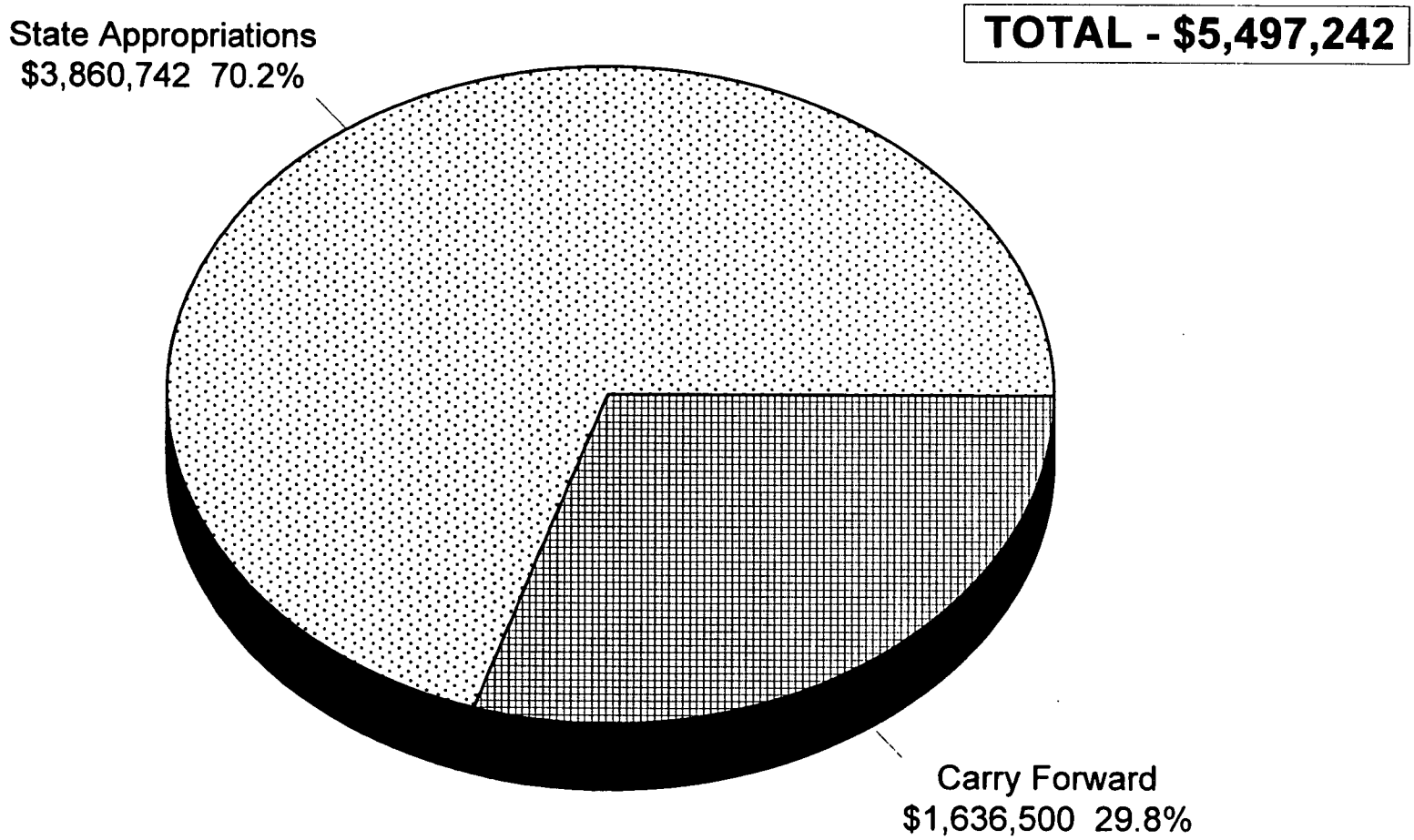
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

ACTIVITIES

The Commerce Finance Center assists both private enterprise and local governments through the following activities: (1) Infrastructure financing by administering the Industrial Development Fund and a share of the department's Community Development Block Grant Funds; (2) Qualifying certain private enterprises for the states business tax credits authorized under the William S. Lee Act; and (3) Administering the Industrial Revenue Bond program.

Governor's Budget, Volume 5, pp. 76-78

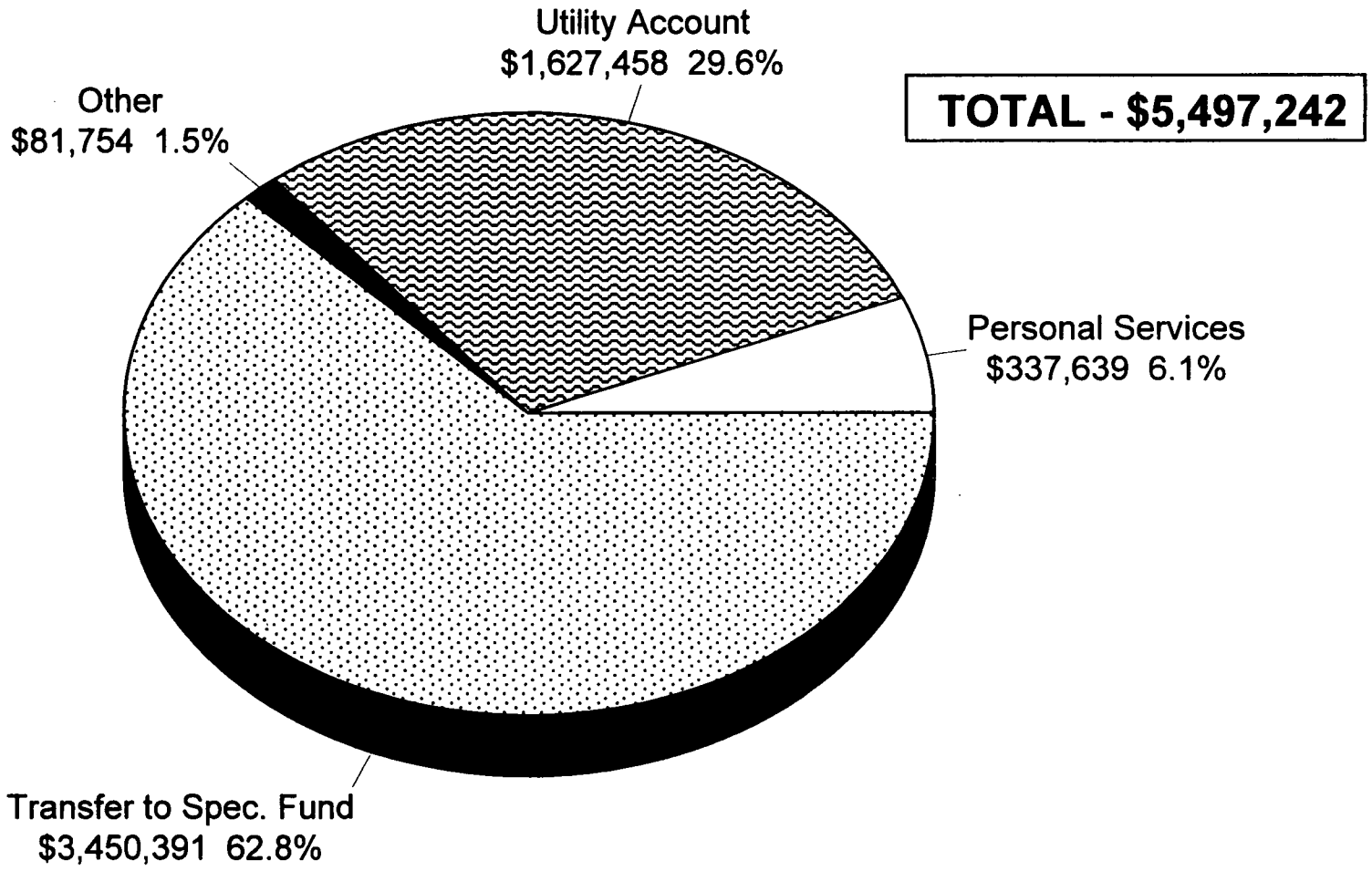
Commerce Finance Center
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - March 1999

Commerce Finance Center

FY 1998-99 (Authorized) Expenditures By Category



TOTAL - $5,497,242

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Fiscal Research Division - March 1999

COMMERCE FINANCE CENTER
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
None		

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	1997-98	1998-99
1. Increase Industrial Development Fund	$1,000,000 NR	
2. Fund the Utility Account within the Industrial Development Fund	$2,000,000 NR	$1,500,000 NR
3. Increase operating support	$ 50,000 R 20,000 NR	$ 50,000 R

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
None		

Department of Commerce
Commerce Finance Center **Budget Codes: 14600 / 24600**

Mission Statement

To improve the well-being and quality of life for all North Carolinians by administering financial assistance and incentive programs, offering technical assistance related to economic development to local governments and private businesses, and encouraging and assisting business expansion and relocation in the state.

Operations

- Assist existing and relocating manufacturers with the financing of land, buildings, and equipment through the use of Industrial Revenue Bonds (IRB) to create good-paying jobs in North Carolina.
- Promote tax credit based incentives to new and expanding industries through the William S. Lee Act.
- Provide funding to municipalities to assist manufacturers with building renovation, machinery and equipment acquisition, and infrastructure through the NC Industrial Development Fund (IDF).
- Administer funding to municipalities and related businesses through the Community Development Block Grant (CDBG) program that will result in permanent, full-time jobs, at least 60 percent of which will be occupied by persons with prior low-and-moderate family income status.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Provide competitive financial alternatives for new and expanding businesses in the state. *PPB: 6100*				
• Private leverage ratio of the revolving loan fund	7.6 : 1	8.0 : 1	8.5 : 1	9.0 : 1
• Number of inquiries for information regarding financing alternatives for new industries	3,600	3,625	3,650	3,650
Increase the number of individuals, organizations, and corporations that apply for the core programs administered by the Commerce Finance Center (IRB, IDF, CDBG and the William S. Lee tax credit). *PPB: 6100*				
• Number of companies (projects) assisted in Department of Commerce Industrial Revenue Bonds (IRB) Program	408	410	410	410
• Number of projects funded in Department of Commerce Community Development Block Grant (CDBG) Program	30	30	35	35
• Number of companies (projects) assisted in Department of Commerce Industrial Development Fund (IDF) program	48	42	42	42
Increase and improve coordination and partnerships with organizations that promote sustainable economic development in North Carolina. *PPB: 6100*				
• Number of applications for CDBG and IRBs reviewed by DENR for environmental soundness	78	72	77	77

Attachment E

COMMERCE FINANCE CENTER
PROGRAM UPDATE
MARCH 29, 1999

INDUSTRIAL DEVELOPMENT FUND

The Industrial Development Fund (IDF) receives $1.95 million in the recurring budget. For the year ended December 31, 1998, there are eleven projects currently being worked on. These involve 600 jobs and $2.5 million investment. The Utility Fund which is a sub-account of the IDF received $1.5 million (non-recurring budget) in the current fiscal year and 4 projects are in process with a total of $1 million in investment. (See schedule "A" attached.) Since the fund's inception in 1988, the Commerce Finance Center has approved $30+ million in projects (including Utility Account) for infrastructure and for building renovation & equipment loans - 18,000 new jobs created. Loan funds are disbursed by local North Carolina banks that share equally with local governments in the lending arrangements. IDF funds now apply to all the industries eligible for the William S. Lee tax credits. Clean Water Bonds proceeds ($20 million) approved by the legislature in 1998 and by General Referendum in November 1998, will apply only to manufacturing, warehousing and wholesale trade.

Tier I, Tier II and Tier III counties, currently totaling 54, are eligible for regular IDF funding; Tier I and Tier II counties (28 counties) are eligible for Utility Account funds. The Tier designations for 1999 were made in December by the North Carolina Secretary of Commerce. The Commerce Finance Center is preparing application, administrative rules, and procedures to implement the provision of the Clean Water Bonds Act of 1998 which allows $20 million for water and sewer infrastructure for economic development. As of March 15, five projects in this category have been received.

INDUSTRIAL REVENUE BONDS

During the 1998-year the Commerce Finance Center approved 36 Industrial Revenue Bond projects, which will create 1,818 new jobs and retain existing jobs. Of the 36 approvals, 13 were new manufacturing facilities and 23 were expansions of existing manufacturing facilities. The total amount of bonds approved was $167,725,000 but the amount of bonds that actually closed during 1998 and utilized the 1998 Allocation Volume Capacity was $126,830,000. (See schedule "B" attached.)

COMMUNITY DEVELOPMENT BLOCK GRANTS - ED Category

The following is the quarterly report for Commerce Finance Center CDBG activities for the 1998 program year to date.

The Small Cities Community Development Block Grant (CDBG) economic development category was allocated approximately **$7.8 million (HUD)** federal dollars for loans and grants in the 1998 program year. This category is administered at the State level by the

Commerce Finance Center (CFC) of the NC Department of Commerce. As the year closed, a record **$14.1 million** had been awarded (see chart). The capacity to award more than the allocated funds resulted from three recurring factors during the year. These are: 1) de-obligated funds from prior year projects, 2) payments from earlier loan projects that are credited to the State's CDBG-ED revolving loan fund, and 3) federal funds from the Appalachian Regional Commission (ARC) that are awarded by that agency as supplemental grants for economic development eligible projects in western NC. (ARC funds are allocated to the State via HUD to be administered with related CDBG funds.) The previous high in grant funds awarded was a total of $10.9 million in 1994.

CDBG Economic Development Category Summary, 1996-98

Program Year	CDBG $ Awarded	Jobs Proposed	Total Investment
1998	$14.1 million	2,026	$101.8 million
1997	$ 9.0 million	1,745	$105.7 million
1996	$ 9.6 million	864	$ 57.8 million

Source: NC Department of Commerce, Commerce Finance Center (12/31/98)

The policy of varying CDBG dollars per job allowed for projects, based on the NC Enterprise Tiers designated under the NC William S. Lee Quality Jobs and Business Expansion Act, worked well during 1998. The amounts ranged from a maximum of $15,000/job in Tier I locations to a low of $8,000/job in Tier V locations, for manufacturing and other business types eligible for tax credits under the William Lee Act. The intent of the policy was designed to attract new and expanding businesses to the more economically distressed areas of the State (NC Tiers I, II and III). At the end of 1998, 47% of the proposed jobs are in Tiers I, II and III, and 53% of the total jobs are proposed for Tier IV and V locations.

Project applications now under review total **$810,000**, and pre-application meetings have been held with county and municipal applicants on projects amounting to an additional **$8 million**. The 1999 CDBG-ED funds are anticipated to be approximately **$8.7 million** and will be available for project awards by the end of March. Applications are received as generated, and are reviewed for funding on a first-come, first-served basis as long as funds are available during each program year.

In addition to developing and new projects, CFC focused during 1998 on updating its grant and loan tracking systems and on closeout of older grants. There are currently 87 open grants, including the 37 awarded in 1998. State goals for the program are to successfully complete and close all CDBG-ED projects within a maximum of three years from the date of award. (See schedule "C" attached.)

BUSINESS ENERGY LOAN FUND

The Business Energy Loan Fund has loaned more than $4 million at very low interest rates to finance energy conservation projects. More funds are available to continue this.

Basic eligibility factors: applies to for-profit firms and projects between $100,000 and $500,000; must demonstrate energy savings to pay off the loan in seven years or less; and is collateralized by a bank letter of credit.

WILLIAM S. LEE QUALITY JOBS AND EXPANSION ACT

This comprehensive tax credit act is in its fourth program year. The Commerce Finance Center has recently started receiving 1998 applications and is still receiving 1997 and 1996 applications as taxpayers amend their returns. The new $75 fee has accompanied all applications filed after January 1, 1999.

The Development Zones created in the 1998 Economic Opportunity Act are being designated by Commerce's Division of Community Assistance. There are over 40 zones at this time and designations are good for four years. The tax credit enhancements are effective for all tax years beginning on or after January 1, 1999.

The following table summarizes data from approved applications received as of February 25, 1999. Machinery and equipment investment amounts reflect actual costs, rather than the amount eligible for credit. The numbers for Research & Development and Worker Training reflect the number of applications for those credits, rather than the actual credit amount claimed.

Program Year	No. of Apps.	Jobs Created	M&E Invested	R&D	Worker Training	Central Admin. Office
1996	862	15,424	$1,876,036,248	270	*N/A*	*N/A*
1997	812	19,891	$2,509,277,314	251	85	$76,069,818
1998	89	2,065	$187,295,071	27	24	$5,755,051

Starting in program year 1998, Commerce Finance will track the dollar amount of credits taken in the previous year.

Attachment F

DEPARTMENT OF COMMERCE

Wanchese Seafood Industrial Park							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized February	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	381,534	393,467	650,888	568,469		568,469	
Less Receipts	(257,932)	(282,883)	(169,367)	(108,349)		(108,349)	
State Appropriations	*123,602*	*110,584*	*481,521*	*460,120*		*460,120*	
Less 1998-99 NR			*(11,000)*				
Adjusted Appropriations			*470,521*	*460,120*	-2.2%	*460,120*	-2.2%
Positions	3.00	3.00	5.00	5.00		5.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriations.

ACTIVITIES

The Wanchese Seafood Industrial Park is designed to be a commercial seafood and marine industrial facility that supports the state's commercial fishing and seafood processing industries.

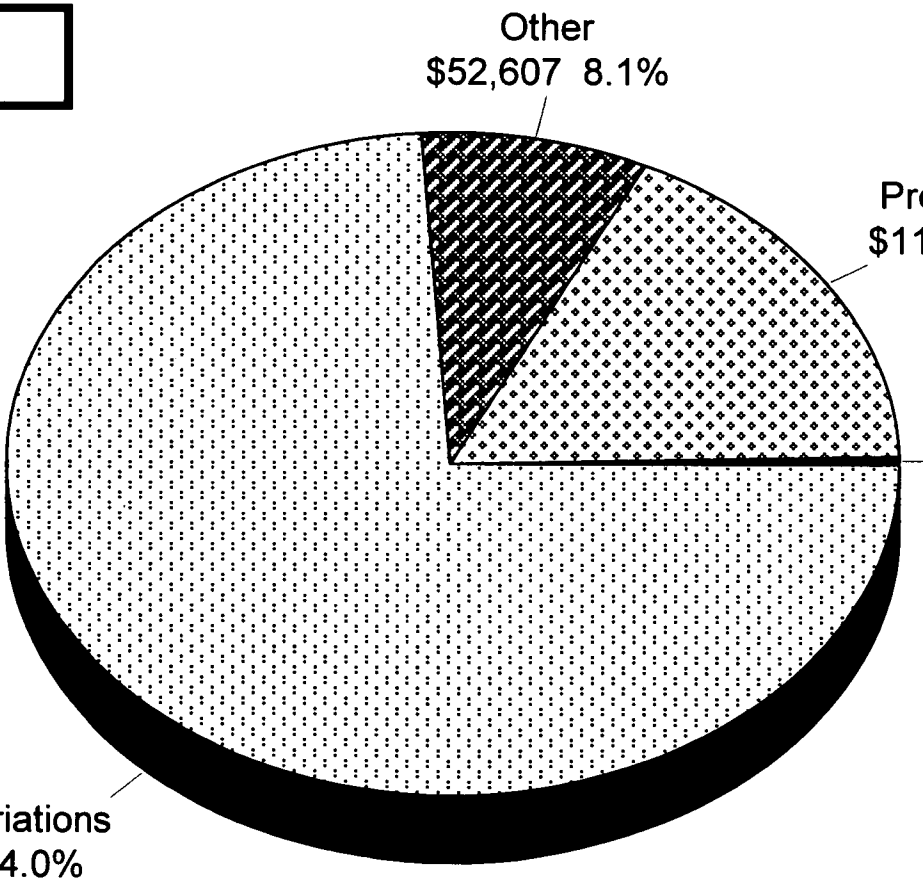
Governor's Budget, Volume 5, pp. 55, 57 and 59 to 60.

Wanchese Seafood Industrial Park

Sources of Funding

FY 1998-99 Authorized

Total $650,888



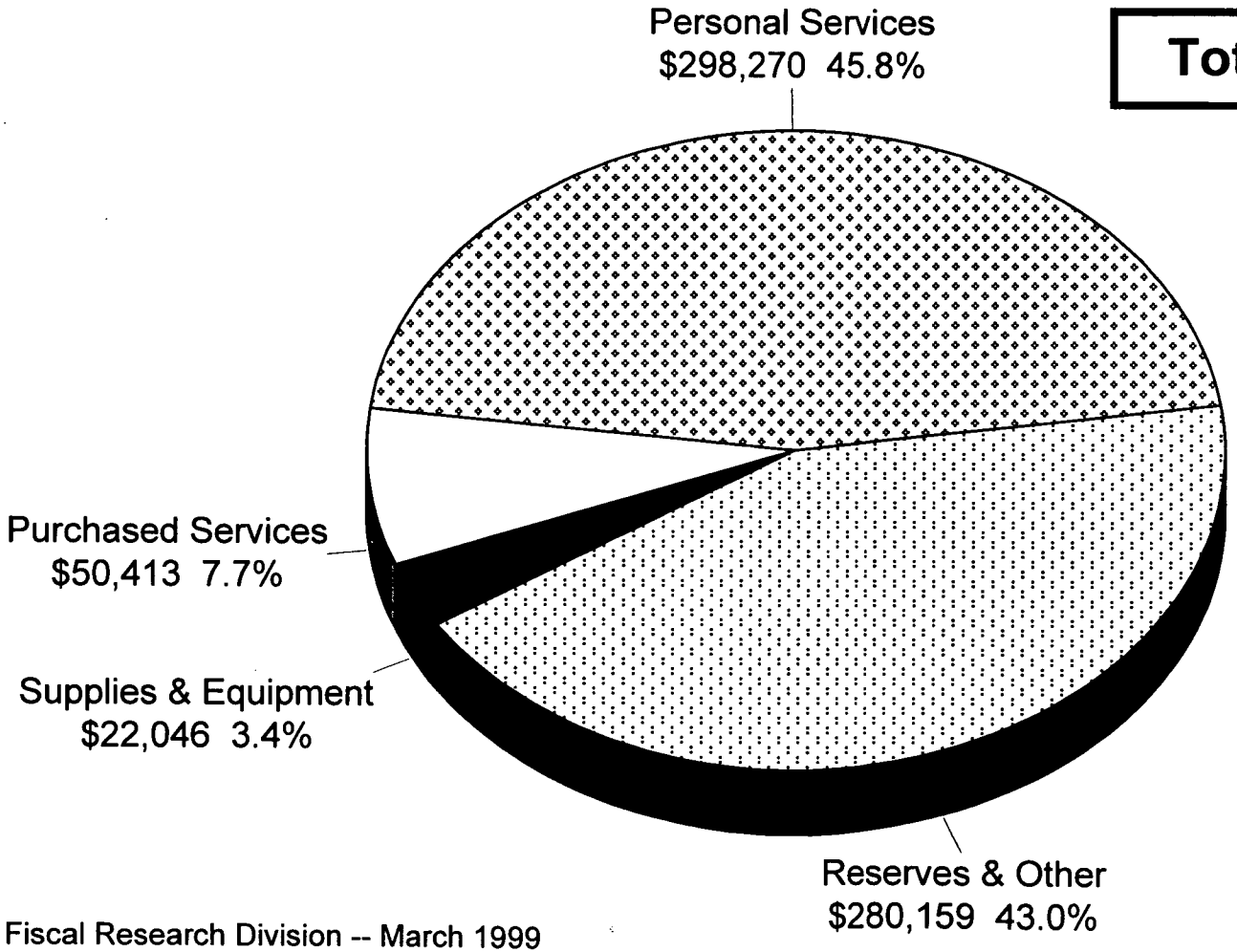
Fiscal Research Division -- March 1999

Wanchese Seafood Industrial Park

Expenditures by Category

FY 1998-99 Authorized

Total $650,888



Fiscal Research Division -- March 1999

WANCHESE SEAFOOD INDUSTRIAL PARK
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98	FY1998-99
1. Restore Governor's Base Budget Reduction	$122,594 R	$122,594 R
2. Oregon Inlet Project – Staff and Operating Support		$339,000 R $11,000 NR 2.00
3 Capital funds for construction of new meeting and office space and renovation of existing meeting and office facilities.		$250,000 NR

PROPOSED RECOMMENDATIONS FOR THE UPCOMING 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	FY 1999-2000	FY 2000-01
None		

CONTINUATION BUDGET CHANGES

None

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ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

1. Oregon Inlet Project

In 1998, the General Assembly designated the Wanchese Seafood Industrial Park as the lead state agency on the Oregon Inlet Stabilization Project and appropriated $350,000 to provide staff and operating support for this purpose. The General Assembly also expanded the authority and powers of eminent domain for the NC Seafood Industrial Park Authority with respect to navigation stabilization structures pursuant to US Public Law 91-611.

The committee may wish to have the department provide a status report on the agency's efforts with respect to the Oregon Inlet Project.

2. Expenditure of Funds for Operations, Maintenance, Repair and Capital Improvements per Special Provision

In his 1995 and 1997 biennial budgets, the Governor recommended reducing the General Fund appropriation for the Wanchese Seafood Industrial Park due an expectation that receipts would be sufficient to cover operating costs. In both sessions, the General Assembly restored the state appropriation and included a special provision authorizing the use of the General Fund appropriation for operations, maintenance, repairs and capital improvements, in addition to any other funds that might be available. The Governor is currently recommending the General Assembly continue this language and allow the expenditure of both state appropriations and receipts for these purposes.

The committee may wish to have the department explain how these extra funds were used over the past two bienniums and how they anticipate using the appropriations in the upcoming biennium.

Mission Statement

To improve the economic well-being and quality of life for all North Carolinians by assisting new and expanding companies that are creating jobs and investing in our state.

Operations

Wanchese Seafood Industrial Park

- Develop and maintain an industrial park to house seafood and marine-related business.

Wanchese Seafood Industrial Park

Jobs will be created by the development, operation, and expansion of the industrial park. *PPB: 6100*				
• Number of new jobs created as a result of industrial park	62	30	30	30
• Number of expansions of existing businesses in Seafood Park	1	1	1	1
• Amount of new private investment (in thousands) in Seafood Park	$649	$500	$500	$500
• New leases signed in the park	6	5	5	5

VISITOR REGISTRATION SHEET

NER Committee Meeting 3/30/99

e of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Mike Watson	N.C. Recreation & Park Society
Greer Beaty	N.C. Division of Community Assistance
SUSAN COLE	Commerce
Carl Rupert	CCNC
Buck Lattimore	NC Industrial Commission
Johnny Gray	OSBM
J.W. Reel	OSBM
[illegible]	OSBM
Jenny McGuire	Commerce - ITS
Rodney Perry	Commerce - Wanchese Seafood Ind. Park
Kathy Sawyer	Commerce
Laura DeVivo	DENR
John Bennett	Commerce - DCA
Phillip Wilson	Commerce
Lyda Grynock	Commerce
Gary Byrd	Commerce
[illegible]	TDA
Joe McClaes	TDA
Stewart Dickinson	DOC - Finance Center
Sheila W. Chin	OSPL
BRENT LANE	COMMERCE

VISITOR REGISTRATION SHEET

NER Committee Meeting 3/30/99

e of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
TC Adams	Commerce Dept.
Steve Woodson	NC Farm Bureau
D. Cope	NC DOL
Brenda Dougherty	Sprint
John Bowdish	Zeb Alley P.A.
Jim Speed	Bone & Associates
Linda Gunn	REDC
Maurice Weaver	NCDA&CS
[illegible]	NPC
John Cyrus	N.C. State Grange

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

March 30, 1999

The Joint House Appropriations / Subcommittee on Natural and Economic Resources met on Tuesday, March 30, 1999 in Room 423 of the Legislative Office Building at 1:15 P.M. Senator Bob Martin chaired the meeting. Four Senate Committee Members were present. The following House Members were present: Representatives Fox, Owens, Warren, Culp, Mitchell, Russell, and Tolson. Mona Moon, Jennifer Hoffmann, and Jennifer Herrera, Fiscal Staff members were in attendance. . A Visitor Registration list is attached and made part of these minutes.

The Chairman called the meeting to order. He told the Committee they would be continuing with the Department of Commerce's budget presentations.

- Jennifer Hoffmann explained the International Trade Division portion of the Governor's proposed budget *(Attachment 1)*. Guido Gabbrielli, Director, International Trade was guest speaker.

- Mona Moon explained the Business and Industry Division portion of the Governor's proposed budget *(Attachment 2)*. Doug Byrd, Business and Industry Division was guest speaker (*Attachments 3 and 4*).

- Mona Moon explained the Regional Commission portion of the Governor's proposed budget (*(Attachment 5)*. Leza Aycock, Assistant Secretary for Administration was guest speaker.

There was discussion by the Committee members with the Division personnel.

There being no further business, the Chair adjourned the meeting.

Respectfully submitted,

Robert L. Martin
Senator Robert L. Martin
Chairman

Judith M. Veorse
Judith M. Veorse
Legislative Assistant

VISITOR REGISTRATION SHEET

NER 1:15 PM 3/30/99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. Buck Lattimore	NC Industrial Commission
2. Johnny Gray	OSBM
3. [illegible]	OSBM
4. JW R[illegible]	OSBM
5. Sheila W. [illegible]	OSM
6. PG	NCFB
7. A.B. Swindell	BFI
8. Laura DeVivo	DENR
9. Denny McGuire	Commerce - ITS
10. Ed Regan	N.C. Assoc. of Co. Comm
11. Doug Byrd	Commerce
12. [illegible]	Commerce
13. [illegible] Wilson	"
14. Guido Gabbrielli	"
15. [illegible]	COMMERCE
16. Kathy Sawyer	Commerce
17.	
18.	
19.	
20.	
21.	

Department of Commerce

International Trade Division							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January 1999)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	3,073,323	3,101,299	3,332,328	3,216,517		3,236,599	
Less Receipts	(674,453)	(107,419)	(161,729)	(74,363)		(74,363)	
State Appropriations	*2,398,870*	*2,993,880*	*3,170,599*	*3,142,154*	-0.9%	*3,162,236*	-0.3%
Positions	14.00	14.00	14.00	14.00		14.00	

* Governor's Continuation Budget does not reflect the 1998-99 salary increases.

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

ACTIVITIES

The purpose of the International Trade Division is foster the growth of exports for North Carolina manufactures and service companies, particularly small and medium size firms. To foster the growth of export trade activity, the Division maintains trade offices in seven foreign countries, participates in trade shows around the world and administers the Export Outreach program.

Governor's Budget, Volume 5, pp 61-62

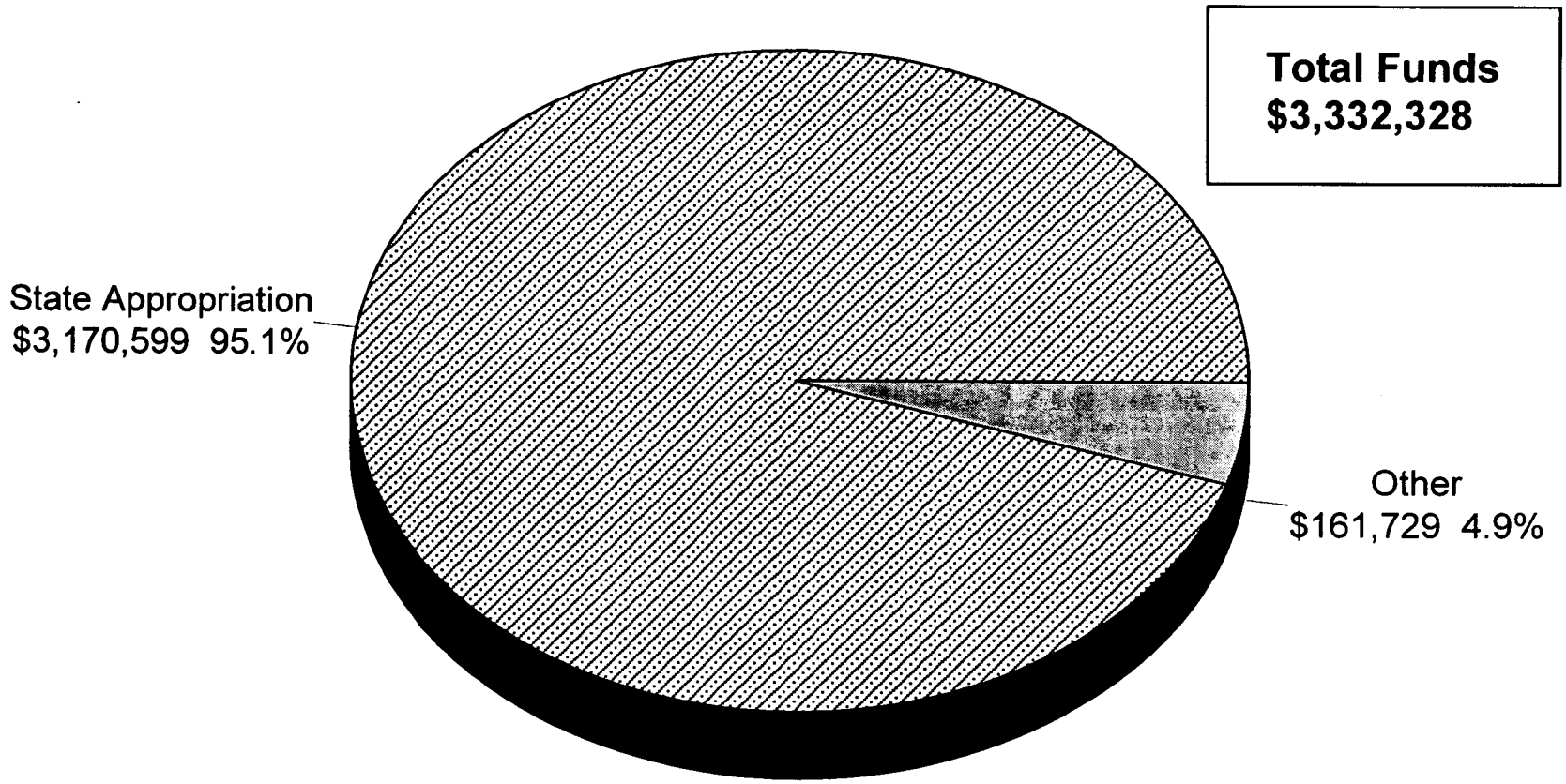
Attachment 1

COM-45

International Trade Division

FY 1998-99 (Authorized) Total Budget

By Funding Source



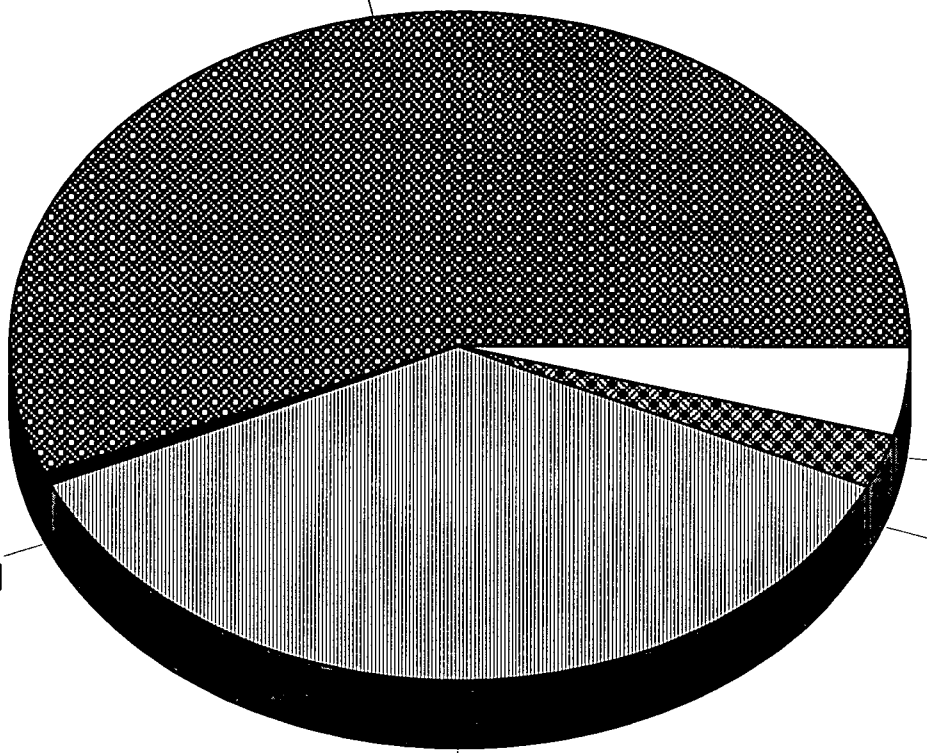
Fiscal Research Division - March 1999

COM-46

International Trade Division

FY 1998-99 (Authorized)
Expenditures By Category

Total Budget
$3,332,328



Fiscal Research Division - March 1999

INTERNATIONAL TRADE DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Eliminate the salary and fringe for the following two positions: Director of International Marketing and Secretary III.	($77,862) R (2.00)	($77,862) R (2.00)

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98	FY 1998-99
1. Increase funds for trade shows and missions.	$200,000 R	$200,000 R
2. Funds to contract with representatives to expand the division's foreign offices into four new and emerging markets in and around South Africa, the U.K, South America and the Middle East.	$300,000 R	$300,000 R
3. Increase the number of trade specialists.	$180,736 R $ 12,000 NR 2.00	$196,044 R 2.00

COM-48

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS -- None

MAJOR CONTINUATION BUDGET INCREASES	1999-2000	2000-2001
1. Increase line-item for contract employees.	$18,000	$36,655

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

In 1997, the General Assembly appropriated $300,000 in recurring funds to expand the division's foreign offices into four new and emerging markets in and around South Africa, the United Kingdom, South America and the Middle East. To date, the division has offices in only two of these four locations: London and Dubai. Additionally, in 1998, the division reopened the Canadian Office, which was closed by the General Assembly during the 1995 Session.

The committee may wish to have the division discuss why they did not retain trade representatives and open offices in South Africa and South America as originally planned, and discuss why they reopened the Canadian office after closing it at the direction of the General Assembly. The committee may also be interested in a general discussion of how foreign locations are chosen, how those offices are managed and how the division measures the success of these offices in representing North Carolina's companies in the foreign markets in which they are located.

Mission Statement

To improve the economic well-being and quality of life for all North Carolinians by enabling North Carolina businesses to understand the implications of global competition and therefore, adapt so as to achieve enhanced productivity, increased export trade activity, and subsequent growth of high-quality jobs.

Operations

- Administer the Export Outreach program (and other special programs) to educate businesses.
- Attend and participate in trade shows around the world.
- Provide financial information to help clients find alternative financing methods.
- Operate and support the department's foreign offices in London, Hong Kong, Tokyo, Mexico City, Toronto, and Dubai.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase the number of NC firms that begin exporting. *PPB: 6320*				
• Number of new firms exporting	120	140	165	190
• Rate of growth in NC exports	4%	6%	9%	12%
• Number of new jobs created and/or maintained related to exports (based on formula by USDOC, i.e., 14,000 new jobs per $1 billion increase in exports)	254,800	270,088	294,396	329,724
Increase actual export sales from client firms at a rate greater than the rate of increase for all export sales from Southeast region firms. *PPB: 6320*				
• Ratio of the annual rate of change in exports of manufactured commodities from NC to the annual rate of change in the Southeast region	13.1:12.9	13.0:12.5	13.2:12.7	14.5:13.2

DEPARTMENT OF COMMERCE

Business & Industry Division

	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized February	Governor's Continuation Request 1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	9,899,216	9,368,324	13,753,633	6,586,052		6,586,052	
Less Receipts	(2,861,362)	(2,303,673)	(3,176,567)	-		-	
State Appropriations	*7,037,854*	*7,064,651*	*10,577,066*	*6,586,052*		*6,586,052*	
Less 1998-99 NR			*(3,900,000)*				
Adjusted Appropriation			*6,677,066*	*6,586,052*	-1.4%	*6,586,052*	-1.4%
Positions	79.00	76.00	76.00	75.00		75.00	

Position Note: Although the budget document indicates 76 positions for the Business and Industry Division, 21 positions are programmatically located elsewhere in the department as follows: 6 positions in the Research and Policy Program, 1 position in the Commerce Finance Center, 2 positions in the Center for Entrepreneurship and Technology, and 12 positions in Administration, including 8 in Management Information Systems, 2 in Public Information, and a Deputy Secretary and Administrative Assistant.

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriations.

PROGRAMS AND ACTIVITIES

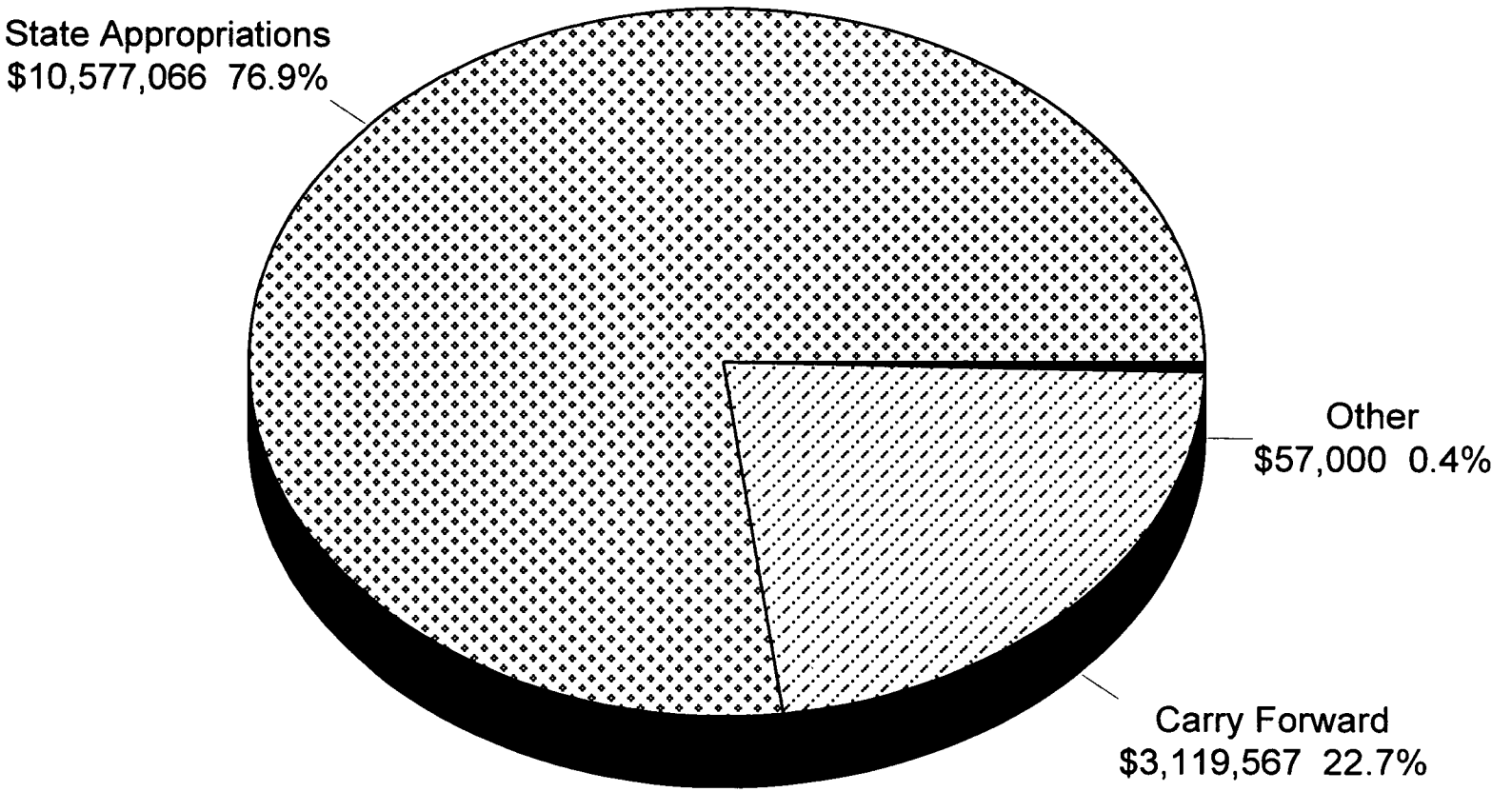
- Industrial recruitment efforts aimed at relocating new industries to the state
- Assisting existing industries with expanding capital investment and job creation
- Recruiting foreign-based firms to the state through offices in Dusseldorf, Hong Kong, and Tokyo
- Marketing and promotion of the Global TransPark Complex
- Operation of nine regional offices

Governor's Budget, Volume 5, pp. 55 to 59.

Business and Industry

Sources of Funding

FY 1998-99 Authorized

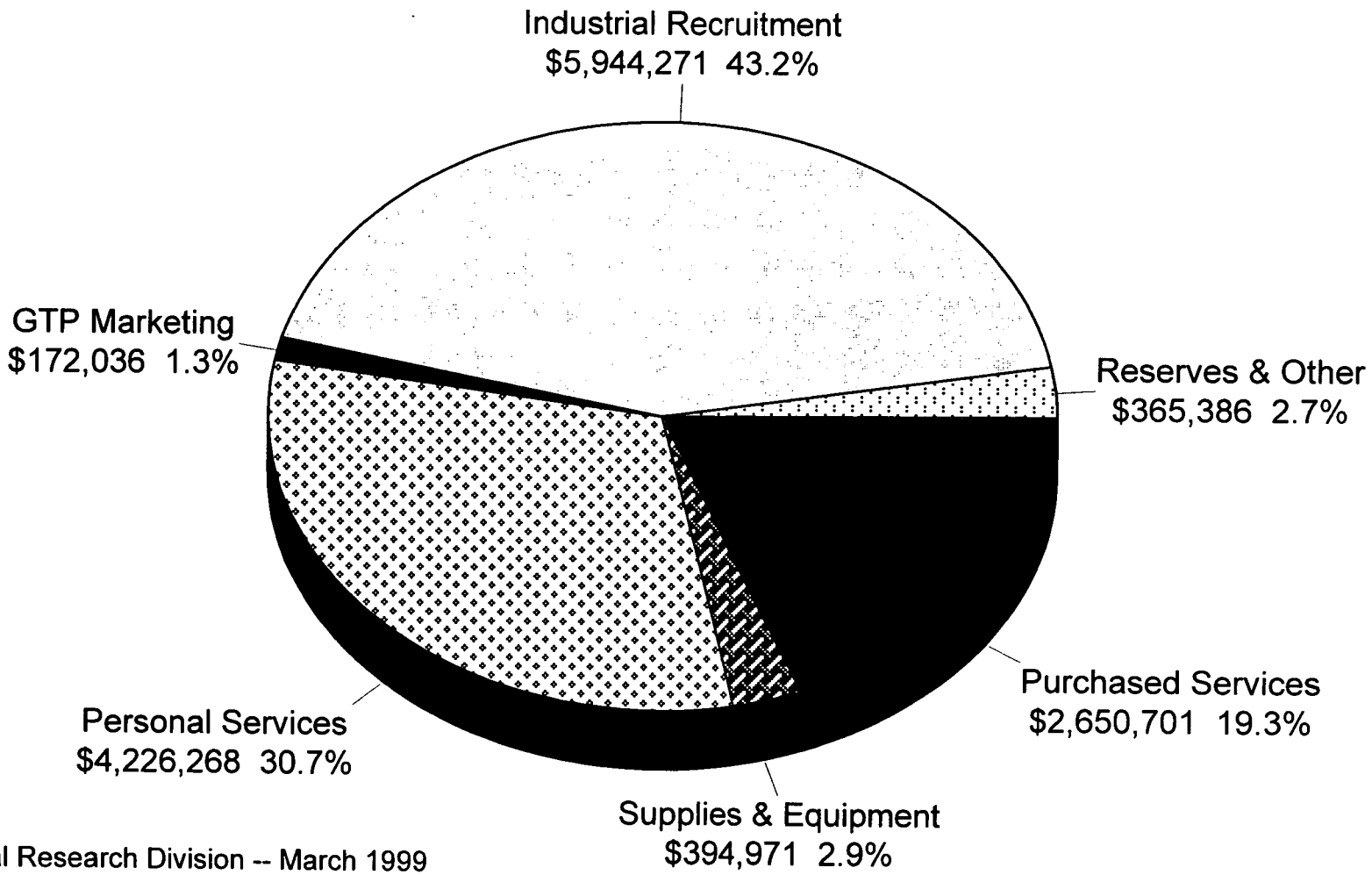


Fiscal Research Division -- March 1999

Business and Industry

Expenditures by Category

FY 1998-99 Authorized



Fiscal Research Division -- March 1999

BUSINESS & INDUSTRY DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98		FY 1998-99	
1. Reduce Support for Global TransPark Marketing	($150,000)	R	($150,000)	R
2. Reduce Support for Data Processing & Subscriptions	($29,000)	R	($29,000)	R
3. Eliminate Industrial Development Manager Position	($76,023)	R	($76,023)	R
	-1.00		-1.00	
4. Eliminate Social Research Assistant II Position	($32,235)	R	($32,235)	R
	-1.00		-1.00	

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98		FY 1998-99	
1. Industrial Recruitment Competitive Fund	$1,000,000	NR	$3,000,000	NR
2. Regional Office Support	$22,100	R	$26,000	R
	$5,900	NR		
	1.00		1.00	
3. Marketing Missions and Trade Shows	$80,000	R	$100,000	R
			$500,000	NR

SELECTED EXPANSION (CONTINUED)	FY 1997-98		FY 1998-99	
4. Enhance EDIN System	$50,000	NR		
5. New and Emerging Industry Planning	$300,000	R	$300,000	R
6. Operating Support for the North Carolina Progress Board			$400,000	NR

PROPOSED RECOMMENDATIONS FOR THE UPCOMING 1999-2001 BIENNIUM

RECOMMENDED REDUCTIONS	FY 1999-2000		FY 2000-2001	
1. Eliminate Vacant Position	($27,646)	R	($27,646)	R
Processing Assistant IV	-1.00		-1.00	

Mission Statement

To improve the economic well-being and quality of life for all North Carolinians by assisting new and expanding companies that are creating jobs and investing in our state.

Operations

Business and Industry Development

- Work with public and private development organizations to provide direct assistance to new and existing/expanding companies.
- Assist clients with site selection.
- Market and assist clients through the nine regional offices.
- Recruit foreign-owned firms to North Carolina through the Dusseldorf, Hong Kong, and Tokyo offices.
- Promote the Global TransPark as a unique intermodal transportation, manufacturing, and distribution complex.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Business and Industry Development				
Help to ensure that expanding manufacturing companies that locate somewhere in the South Atlantic states will locate in North Carolina. *PPB: 6100*				
• Percentage of expanding manufacturing companies locating in South Atlantic states that choose NC	37%	38%	38%	38%
Help to ensure that new manufacturing companies that locate somewhere in the South Atlantic states will locate in North Carolina. *PPB: 6100*				
• Percentage of new manufacturing companies locating in South Atlantic states that choose NC	25%	27%	28%	29%
Help to ensure that assigned recruitment projects that locate or expand somewhere in the U.S. will locate or expand in North Carolina. *PPB: 6100*				
• Of the assigned recruitment projects that actually located or expanded somewhere in the US, the percent that located or expanded in NC	35%	35%	38%	38%
Help to ensure that jobs created through state assisted location and expansion of business and industry will be in targeted industries and/or targeted regions. *PPB: 6100*				
• Percent of jobs created through business locations or expansions that are in Tier 1 counties	7.50%	7.75%	7.85%	7.85%
• Percent of jobs created through business locations or expansions that are in Tier 2 counties	8.50%	8.50%	8.75%	8.75%
• Percent of jobs created through business locations or expansions that are in Tier 3 counties	23.50%	24.50%	25.00%	25.00%
• Percent of investment made through business locations or expansions that are in Tier 1 counties	18.25%	3.00%	3.00%	3.00%
• Percent of investment made through business locations or expansions that are in Tier 2 counties	8.50%	8.75%	9.00%	9.00%
• Percent of investment made through business locations or expansions that are in Tier 3 counties	14.50%	15.50%	15.50%	16.00%

Department of Commerce
Business and Industry Development **Budget Codes: 14600**

Mission Statement

To improve the economic well-being and quality of life for all North Carolinians by assisting new and expanding companies that are creating jobs and investing in our state.

Operations

Business and Industry Development

- Work with public and private development organizations to provide direct assistance to new and existing/expanding companies.
- Assist clients with site selection.
- Market and assist clients through the nine regional offices.
- Recruit foreign-owned firms to North Carolina through the Dusseldorf, Hong Kong, and Tokyo offices.
- Promote the Global TransPark as a unique intermodal transportation, manufacturing, and distribution complex.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Business and Industry Development				
Help to ensure that expanding manufacturing companies that locate somewhere in the South Atlantic states will locate in North Carolina. *PPB: 6100*				
• Percentage of expanding manufacturing companies locating in South Atlantic states that choose NC	37%	38%	38%	38%
Help to ensure that new manufacturing companies that locate somewhere in the South Atlantic states will locate in North Carolina. *PPB: 6100*				
• Percentage of new manufacturing companies locating in South Atlantic states that choose NC	25%	27%	28%	29%
Help to ensure that assigned recruitment projects that locate or expand somewhere in the U.S. will locate or expand in North Carolina. *PPB: 6100*				
• Of the assigned recruitment projects that actually located or expanded somewhere in the US, the percent that located or expanded in NC	35%	35%	38%	38%
Help to ensure that jobs created through state assisted location and expansion of business and industry will be in targeted industries and/or targeted regions. *PPB: 6100*				
• Percent of jobs created through business locations or expansions that are in Tier 1 counties	7.50%	7.75%	7.85%	7.85%
• Percent of jobs created through business locations or expansions that are in Tier 2 counties	8.50%	8.50%	8.75%	8.75%
• Percent of jobs created through business locations or expansions that are in Tier 3 counties	23.50%	24.50%	25.00%	25.00%
• Percent of investment made through business locations or expansions that are in Tier 1 counties	18.25%	3.00%	3.00%	3.00%
• Percent of investment made through business locations or expansions that are in Tier 2 counties	8.50%	8.75%	9.00%	9.00%
• Percent of investment made through business locations or expansions that are in Tier 3 counties	14.50%	15.50%	15.50%	16.00%

SELECTED EXPANSION (CONTINUED)	FY 1997-98		FY 1998-99	
4. Enhance EDIN System	$50,000	NR		
5. New and Emerging Industry Planning	$300,000	R	$300,000	R
6. Operating Support for the North Carolina Progress Board			$400,000	NR

PROPOSED RECOMMENDATIONS FOR THE UPCOMING 1999-2001 BIENNIUM

RECOMMENDED REDUCTIONS	FY 1999-2000		FY 2000-2001	
1. Eliminate Vacant Position Processing Assistant IV	($27,646) -1.00	R	($27,646) -1.00	R

BUSINESS & INDUSTRY DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

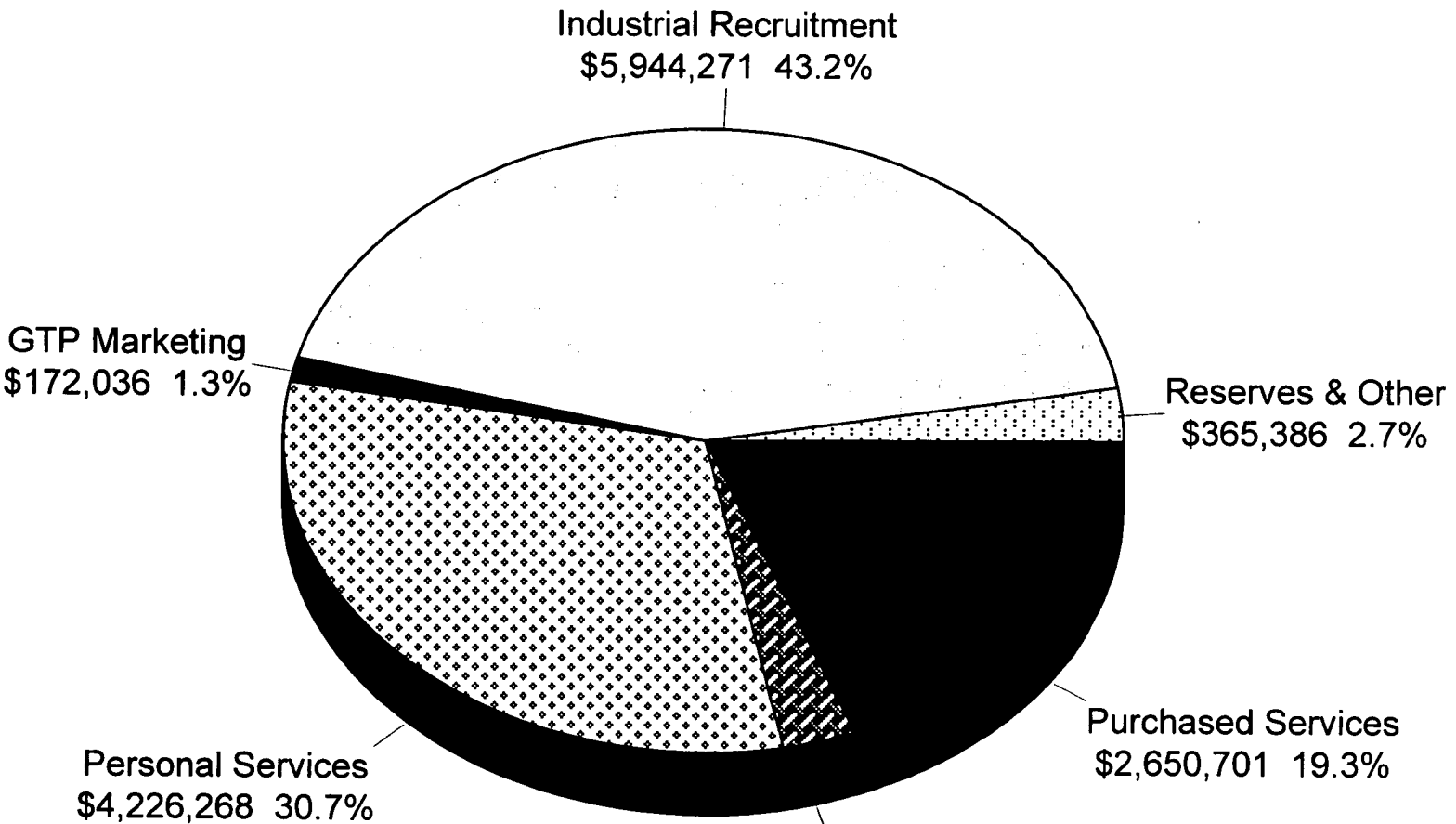
SELECTED REDUCTIONS	FY 1997-98		FY 1998-99	
1. Reduce Support for Global TransPark Marketing	($150,000)	R	($150,000)	R
2. Reduce Support for Data Processing & Subscriptions	($29,000)	R	($29,000)	R
3. Eliminate Industrial Development Manager Position	($76,023)	R	($76,023)	R
	-1.00		-1.00	
4. Eliminate Social Research Assistant II Position	($32,235)	R	($32,235)	R
	-1.00		-1.00	

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98		FY 1998-99	
1. Industrial Recruitment Competitive Fund	$1,000,000	NR	$3,000,000	NR
2. Regional Office Support	$22,100	R	$26,000	R
	$5,900	NR		
	1.00		1.00	
3. Marketing Missions and Trade Shows	$80,000	R	$100,000	R
			$500,000	NR

Business and Industry

Expenditures by Category

FY 1998-99 Authorized

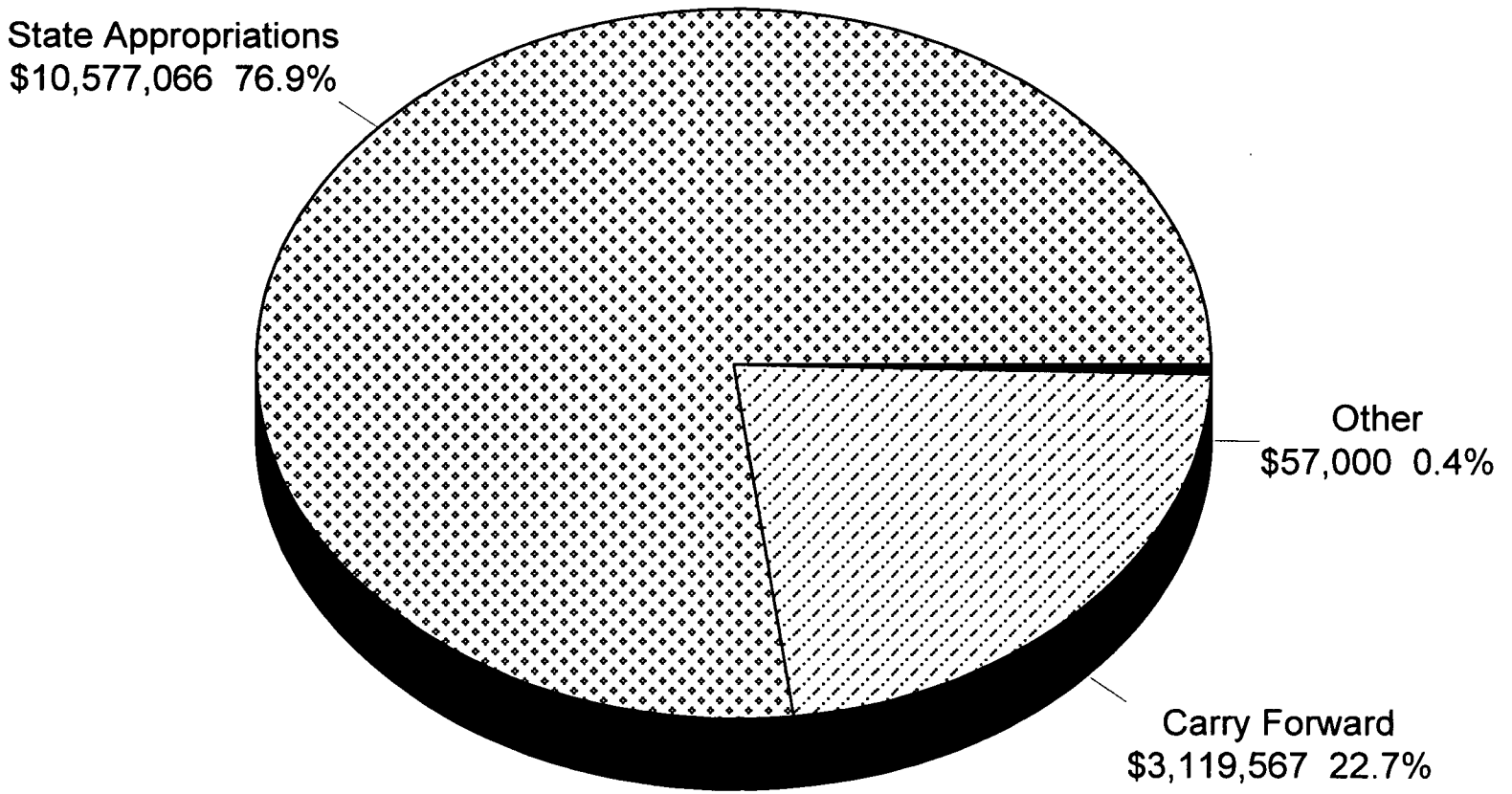


Fiscal Research Division -- March 1999

Business and Industry

Sources of Funding

FY 1998-99 Authorized



Fiscal Research Division -- March 1999

DEPARTMENT OF COMMERCE

Business & Industry Division							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized February	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	9,899,216	9,368,324	13,753,633	6,586,052		6,586,052	
Less Receipts	(2,861,362)	(2,303,673)	(3,176,567)	-		-	
State Appropriations	*7,037,854*	*7,064,651*	*10,577,066*	*6,586,052*		*6,586,052*	
Less 1998-99 NR			*(3,900,000)*				
Adjusted Appropriation			*6,677,066*	*6,586,052*	-1.4%	*6,586,052*	-1.4%
Positions	79.00	76.00	76.00	75.00		75.00	

Position Note: Although the budget document indicates 76 positions for the Business and Industry Division, 21 positions are programmatically located elsewhere in the department as follows: 6 positions in the Research and Policy Program, 1 position in the Commerce Finance Center, 2 positions in the Center for Entrepreneurship and Technology, and 12 positions in Administration, including 8 in Management Information Systems, 2 in Public Information, and a Deputy Secretary and Administrative Assistant.

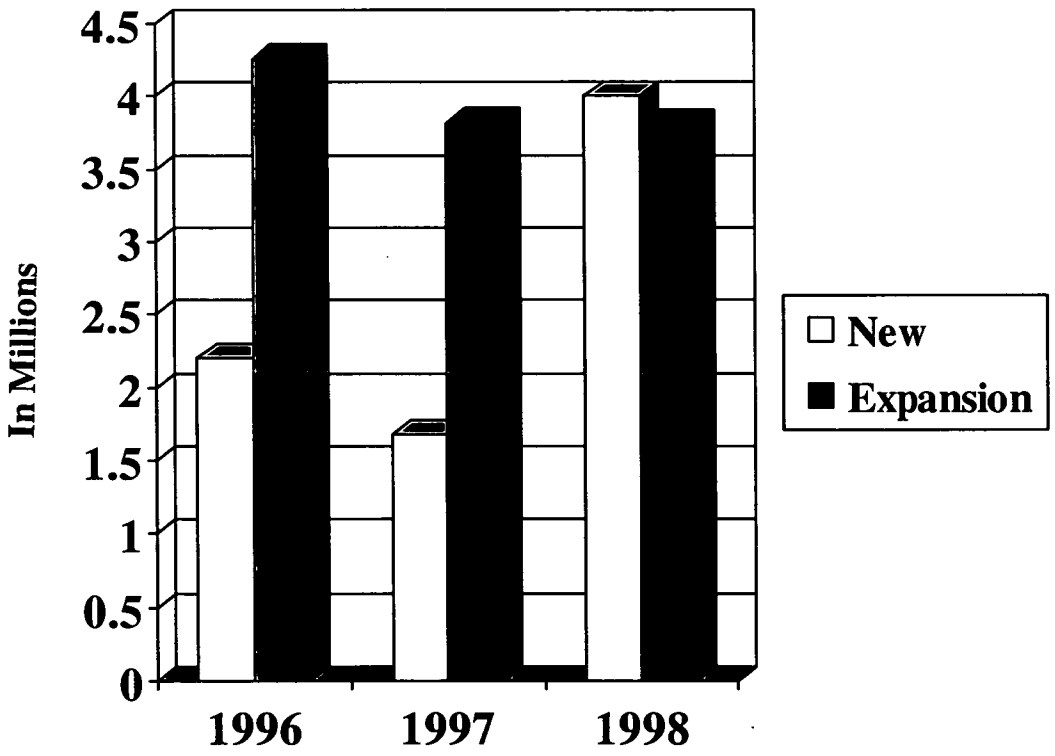
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriations.

PROGRAMS AND ACTIVITIES

- Industrial recruitment efforts aimed at relocating new industries to the state
- Assisting existing industries with expanding capital investment and job creation
- Recruiting foreign-based firms to the state through offices in Dusseldorf, Hong Kong, and Tokyo
- Marketing and promotion of the Global TransPark Complex
- Operation of nine regional offices

Governor's Budget, Volume 5, pp. 55 to 59.

North Carolina New & Expansion Investment 1996, 1997 & 1998



- 1996
  - New - $2,208,575,957
  - Expansion - $4,260,298,483
- 1997
  - New - $1,683,321,304
  - Expansion - $3,815,270,625
- 1998
  - New - $4,012,282,969
  - Expansion - $3,805,811,584

Attachment 4

DEPARTMENT OF COMMERCE

Regional Economic Development Commissions							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized February	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
State Appropriations	*4,680,000*	*4,275,000*	*4,500,000*	*4,275,000*		*4,275,000*	
Less 1998-99 NR			*(225,000)*				
Adjusted Appropriations			**4,275,000**	**4,275,000**	**0.0%**	**4,275,000**	**0.0%**

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriations.

ACTIVITIES

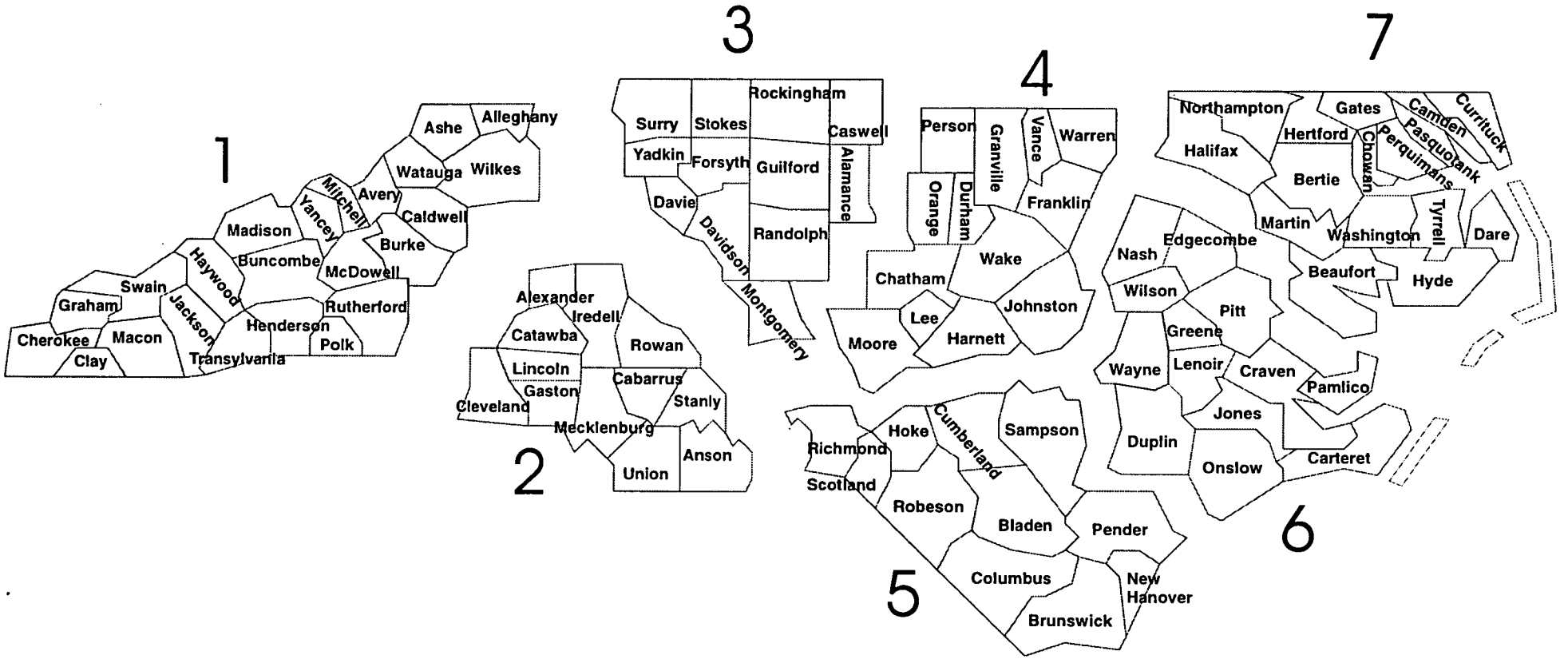
The 1994 Session of the General Assembly directed the Department of Commerce to develop a "program for promoting the expansion of economic development efforts such that all counties in the State participate in and benefit from organized regional economic development activities [and to] encourage county participation in public/private partnerships for economic development through membership in regional economic development commissions."[1]

Governor's Budget, Volume 5, pp. 55, 56 to 57, and 60

[1] Chapter 769 of the 1993 Session Laws, Section 28.7

North Carolina Partnership for Economic Development

NC Department of Commerce
301 N. Wilmington Street, Post Office Box 29571
Raleigh, North Carolina 27626-0571
Ph: 919-715-3782 Fax: 919-733-8356



1 **AdvantageWest**

2 **Carolinas Partnership**

3 **Piedmont Triad Partnership**

4 **Research Triangle Regional Partnership**

5 **North Carolina's Southeast**

6 **Global TransPark Region**

7 **Northeastern Economic Commission**

COM-58

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS
Funding History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	Current FY 1998-99	*Total*
Carolina's Partnership	-	552,222	445,377	414,767	400,810	384,587	***2,197,763***
Global TransPark	-	-	359,242	391,884	345,924	351,555	***1,448,605***
Northeast	600,000	1,250,000	1,036,921	1,093,954	964,767	1,021,755	***5,967,397***
Piedmont Triad	-	554,344	437,514	431,581	404,415	393,607	***2,221,461***
Research Triangle	-	573,435	443,450	435,537	393,298	392,405	***2,238,125***
Southeastern	600,000	1,250,000	713,805	673,583	589,797	813,457	***4,640,642***
Western (Advantage West)	600,000	1,669,999	1,243,691	1,238,694	1,175,989	1,142,634	***7,071,007***
Total	***1,800,000***	***5,850,000***	***4,680,000***	***4,680,000***	***4,275,000***	***4,500,000***	***25,785,000***

note: The allocation for the Southeastern Commission for the 1998-99 fiscal year includes a $225,000 special appropriation in addition to the commission's share under the funding formula.

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED EXPANSION	FY 1995-96	FY 1996-97
1. Reduce Support for the Regional Commissions	($405,000) R	($405,000) R
2. Funds for the Southeastern Regional Economic Development Commission		$225,000 NR

PROPOSED RECOMMENDATIONS FOR THE UPCOMING 1999-2001 BIENNIUM

None.

Mission Statement

To improve the economic well-being and quality of life for all North Carolinians by assisting new and expanding companies that are creating jobs and investing in our state.

Operations

Regional Commissions

- Market, advertise, and promote regions to encourage economic development.
- Assist communities in preparing for development.

Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Regional Commissions				
Increase the amount of investment in new and expanded industries in the Carolinas Partnership region. PPB: 6100				
• Investment in expanded and newly locating facilities in the Carolinas Partnership region (millions)	$700	$750	$800	$800
• Number of jobs created in the Carolinas Partnership region	5,000	5,500	6,000	6,000
Increase the amount of investment in new and expanded industries in the Global TransPark region. PPB: 6100				
• Investment in expanded and newly locating facilities in the Global TransPark region (millions)	$260	$300	$320	$320
• Number of jobs created in the Global TransPark region	3,000	3,200	3,400	3,400
Increase the amount of investment in new and expanded industries in the Northeastern region. PPB: 6100				
• Investment in expanded and newly locating facilities in the Northeastern Region (millions)	$450	$230	$250	$250
• Number of jobs created in the Northeastern region	1,000	500	550	550
Increase the amount of investment in new and expanded industries in the Piedmont Triad region. PPB: 6100				
• Investment in expanded and newly locating facilities in the Piedmont Triad Partnership region (millions)	$400	$500	$550	$550
• Number of jobs created in the Piedmont Triad region	3,200	3,400	3,800	3,800
Increase the amount of investment in new and expanded industries in the Research Triangle region. PPB: 6100				
• Investment in expanded and newly locating facilities in the Research Triangle Regional Partnership region (millions)	$550	$600	$650	$650
• Number of jobs created in the Research Triangle region	3,500	3,700	3,900	3,900
Increase the amount of investment in new and expanded industries in the Southeastern region. PPB: 6100				
• Investment in expanded and newly locating facilities in the Southeastern Region (millions)	$130	$250	$275	$275
• Number of jobs created in the Southeastern region	800	900	1,000	1,000
Increase the amount of investment in new and expanded industries in the Western region. PPB: 6100				
• Investment in expanded and newly locating facilities in the Western Region (millions)	$220	$300	$310	$310
• Number of jobs created in the Western region	2,400	2,600	2,700	2,700

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 31, 1999
Representative Bill Owens, Presiding

1. Chairman's Comments

2. Department of Commerce – Continue Budget Presentations

   SIPS/Information Technology Services
   Jennifer Herrera, Fiscal Research
   Rick Webb, Assistant Secretary for Information Technology

   Industrial Commission
   Jennifer Hoffmann, Fiscal Research
   Buck Lattimore, Administrator

   Tourism, Film and Sports Development
   Jennifer Hoffmann, Fiscal Research
   Gordon Clapp, Division Director

   Energy Division
   Jennifer Hoffmann, Fiscal Research
   T.C. Adams, Division Director

3. Committee Discussion

4. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, March 31, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, March 31 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Carpenter, Culp, Mitchell, Russell, and Tolson, were present.

Senator Martin called the meeting to order. Jennifer Herrera, Fiscal Research, continued with the explanation of the budget for the SIPS/Information technology services. This is Attachment A of these minutes. The mission of SIPS/Information Technology Services is to reduce the unit cost of computing and telecommunications, raise the level of technology available to all agencies, improve information sharing among agencies, and to improve the information technology infrastructure for state government. Mr. Rick Webb, Assistant Secretary for Information Technology was recognized to address the Committee. His remarks are Attachment B of these minutes.

Jennifer Hoffmann, Fiscal Research, continued with the budget explanation for the Industrial Commission. This is Attachment C of these minutes. Mr. Buck Lattimore, Administrator, addressed the Committee. His presentation is Attachment D of these minutes.

Jennifer Hoffmann, Fiscal Research, continued with the budget presentation of the Division of Tourism, Film and Sports Development. This is Attachment E of these minutes. Mr. Gordon Clapp, Division Director, gave a brief overview of this Division. His remarks are Attachment F of these minutes. Mr. Clapp gave the highlights of the past year. Senator Horton asked about the historic value of the Newbold White House. Mr. Clapp said it was the oldest house in North Carolina and part of a rich heritage in North Carolina. Senator Horton asked about the number of employees at the Newbold House and how many visitors they had per year. Mr. Clapp said he did not know, but would get the information. Senator Horton asked that this item be flagged.

Senator Cochrane asked for the number of visitors each year to the Hope Plantation. She said there was no point in having a state employee at a facility that nobody visits; therefore, that is why she would like the number

Representative Russell asked what is the state policy for the state paying for a non-profit site. Mr. Clapp said he would get this information.

Representative Fox asked if there was any effort to make the Welcome Centers self-sustaining. Mr. Clapp said he did not see how it could be done and done well. Mr. Clapp said there were over 9 million visitors last year at the state Welcome Centers.

The Committee members discussed the divisions and questions were answered.

The meeting adjourned at 10:00 a.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Attachment A

Department of Commerce

SIPS/Information Technology Services						
		Current Fiscal Year	Governor's Continuation Request			
	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	182,019,420	280,955,089	187,337,723		187,337,723	
Less Receipts	(171,375,712)	(197,807,337)	(187,337,723)		(187,337,723)	
Cash Balance +/-	40,361,776	(77,004,592)	-		-	
State Appropriations	*51,005,484*	*6,143,160*	-		-	
Less State 1998-99 NR		*(6,143,160)*	-		-	
Adjusted Appropriation		-	-	*0%*	-	*0%*
Positions	368.00	423.00	423.00		423.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

ACTIVITIES

The mission of SIPS/Information Technology Services is to reduce the unit cost of computing and telecommunications, raise the level of technology available to all agencies, improve information sharing among agencies, and to improve the information technology infrastructure for state government.

Governor's Budget, Volume 5, pp. 91-99

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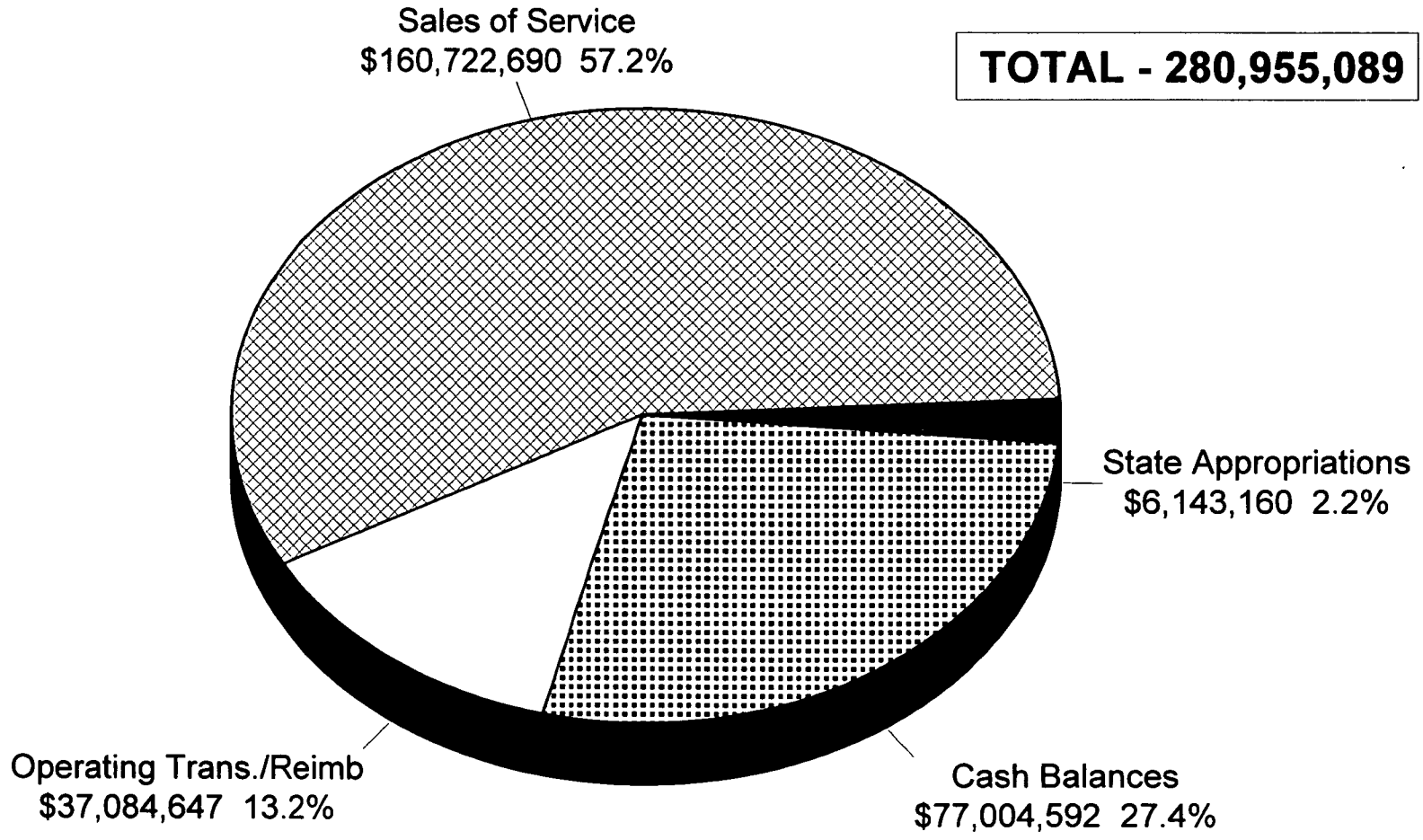
SIPS/Information Technology Services
FY 1998-99 (Authorized) Fund Sources

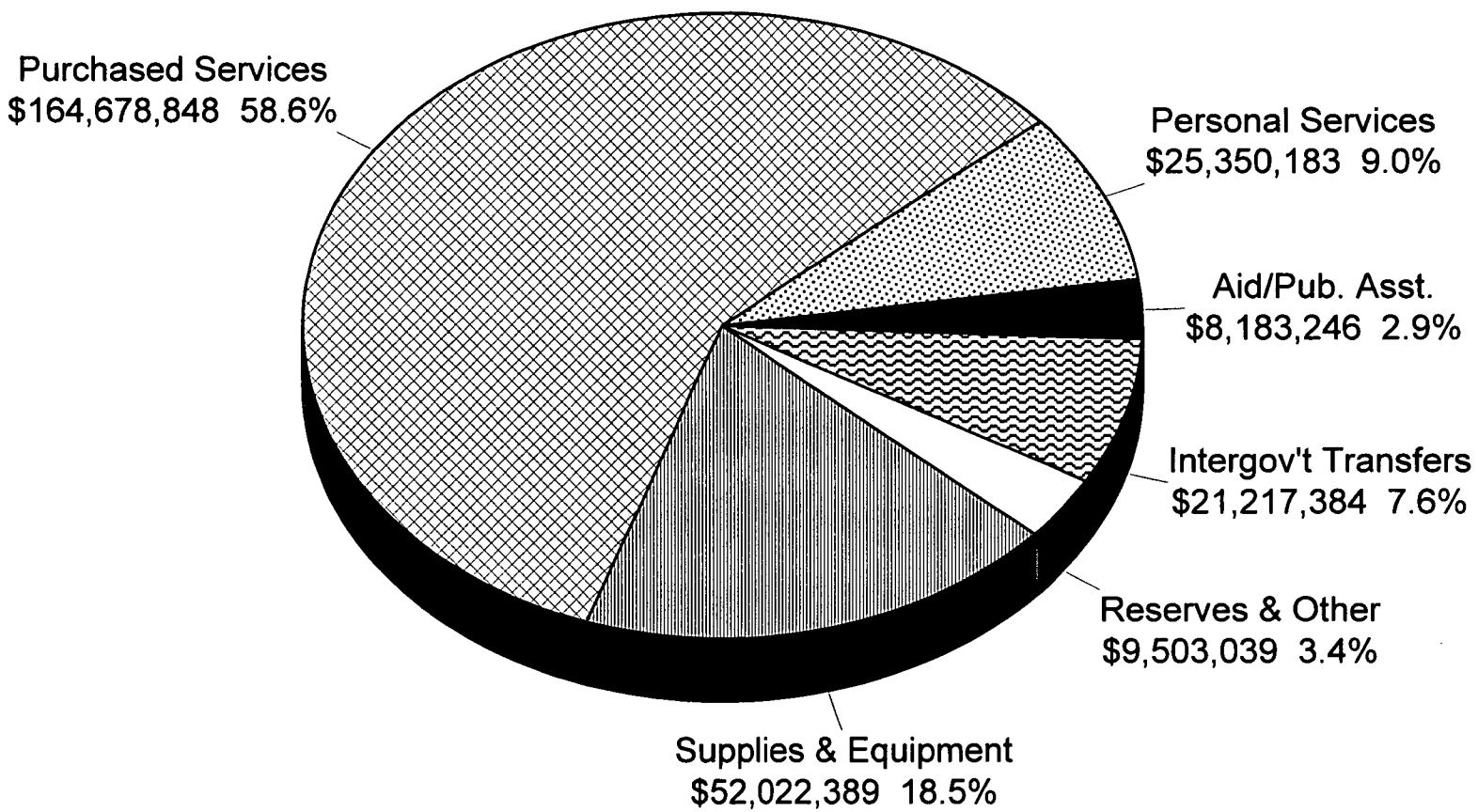


Fiscal Research Division - March 1999

SIPS/Informtion Technology Services

FY 1998-99 (Authorized) Expenditures By Category

TOTAL - 280,955,089



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Fiscal Research Division - March 1999

SIPS/INFORMATION TECHNOLOGY SERVICES
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Shift General Fund positions to receipt support. (1) Application Analyst Program Specialist II (1) Office Assistant IV (2) Computer Consultant IV		($ 271,530) R -4.00

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	1997-98	1998-99
1. Continue and Expand NC Information Highway		$6,143,160 NR

NOTE – Chapter 9 of the 1998 Session Laws (Senate Bill 1193) appropriated $20,506,367 to the Year 2000 Reserve Fund to cover costs of the Y2K conversion in General Fund agencies. The legislation also authorized the transfer of $6,840,630 from the Highway Fund to the Year 2000 Reserve Fund to partially fund Y2K remediation efforts in the Department of Transportation, and the transfer of $14 million of receipts from SIPS to the Year 2000 Reserve Fund for Y2K related efforts.

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
None		

ITEMS FOR COMMITTEE DISCUSSION

In August of 1998, the Department of Commerce entered into a Memorandum of Understanding with the Office of the State Auditor (OSA) to conduct a performance audit of the Year 2000 Project office, to oversee an independent validation and verification (IV&V) of critical state applications, and present a statewide report of the results. The Auditor's Office issued the performance audit on March 18 – a copy of the accompanying press release is attached. Generally, the OSA "found that the office is... following and promoting effective management policies, that agency personnel have appropriately monitored funding and its uses, and that North Carolina's efforts compare quite favorably to methods used in other states and the federal government."

The State Auditor did raise several issues:

- ❖ The inability to accurately document the level of state agency compliance; specifically OSA could not determine the actual amount spent throughout state government for Y2K projects.
- ❖ The potential noncompliance risks associated with interfaces among state government systems, federal government, local governments, and private enterprise.
- ❖ The potential impact of non-information technology ("non-IT") assets that may become inoperable after December 31,1999.

The committee may wish to have the department:

- ❖ Comment on the State Auditor's findings with respect to the accuracy of the level of state agency compliance.
- ❖ Comment on the efforts underway to inventory state agencies for non-IT assets (the "Year 2000 Facilities Readiness Program").
- ❖ Address the Auditor's recommendation for Y2K immunity legislation for the state, should Y2K induced failures occur.

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STATE OF NORTH CAROLINA
Office of the State Auditor

RALPH CAMPBELL, JR.
STATE AUDITOR

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PRESS RELEASE

For Immediate Release: March 18, 1999

For additional information contact: Ralph Campbell, Jr., State Auditor
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STATE AUDITOR RALPH CAMPBELL RELEASES REPORT ON N. C. STATEWIDE YEAR 2000 PROJECT OFFICE

With the year 2000 only 288 days away, the State of North Carolina like virtually all public agencies and private companies, is conscientiously trying to determine what problems it might have from this anomaly of automation, the Y2K problem. The Y2K (or Year 2000) problem refers to deficiencies in computer system programming that cause programs to mistake references to the year 2000. Since many programs were created using only a two-digit year reference, the computers recognize the date "00" as 1900 rather than 2000. While each State agency is ultimately responsible for correcting its computer systems, the Year 2000 Project Office within the Information Technology Services Division of the Department of Commerce, provides project management services to all State agencies. The Y2K Project Office was created in 1997 to facilitate, support, and monitor the progress of State agency efforts. Since that time, the Project Office, under the direction of its Steering Committee, has developed conversion schedules by prioritizing systems statewide, and helped defined the conversion approach. It has also reported the status of statewide funding and its use, provided communication between agencies and vendors, and updated the evolving cost estimate for conversions. As of June 1998, the Y2K Project Office had estimated conversion costs statewide to be $124 million.

"Given the critical nature of the potential impacts of Y2K on the delivery of essential public services by the State of North Carolina, monitoring our progress in resolving these issues is of utmost importance," declared State Auditor Ralph Campbell. "In a demonstration of interagency cooperation, the Department of Commerce requested the Office of the State Auditor to conduct a performance audit of the ongoing efforts of the Year 2000 Project Office.

"Overall, we feel that the Y2K Project Office has designed and pursued a reasonable framework for identifying critical applications and potential problems and has established a support network for agencies to utilize in attempting to resolve their individual problems," said Auditor Campbell. "Our review found that the office is generally following and promoting effective management policies, that agency personnel have appropriately monitored funding and its uses, and that North Carolina's efforts compare quite favorably to methods used in other states and the federal government. However, it was disconcerting to note that we were unable to accurately document the level of State agency compliance

OVER

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and that, because of decisions made relative to collecting data, we could not determine the actual amount spent throughout State government for Year 2000 projects.

"Our major concern is that no absolute assurances can be provided that some systems will not fail as a result of Year 2000 problems," Auditor Campbell noted. "The Year 2000 problem is unique, and the effect cannot be determined until the new century actually arrives. While simulations and tests can be performed, the actual date change cannot truly be replicated in advance. The only certain thing about the Year 2000 problem is its uncertainty. More importantly, the interfaces between State government systems and those of the Federal government, local governments, and private enterprises pose a substantial risk. While the Project Office has attempted to identify and contact all interface entities, the State has no control over the conversion efforts of those parties.

"The need to concentrate efforts on non-information technology (non-IT) assets during 1999 was another finding in the audit," continued Auditor Campbell. "Many items such as elevators, building security systems, traffic signals, and telephone systems may also become inoperable because they contain embedded chips with the same faulty programming. The Project Office was not directed to include these assets in its impact assessments, inventories, or cost estimates. While efforts are underway for the Department of Administration to inventory buildings, these procedures were not projected to be complete until June 1999. Inventories of other assets have not been arranged, agencies have not requested funding for conversion of non-IT assets, nor are funds currently available from the Statewide Year 2000 Special Fund. These issues could result in non-IT assets not being converted in time to prevent problems.

"Since there are no guarantees that some systems will not fail, contingency planning in the face of potential failures should take precedence over other activities," State Auditor Campbell noted. "At the same time, agency efforts to address the Y2K problems should not be diluted by the development of new or drastically modified automated systems within State government. The General Assembly should strongly consider placing a moratorium on all major new technology initiatives until after January 1, 2000. This would ensure that precious resources are directed to meeting the highest need."

State Auditor Campbell concluded by saying, "Through the introspection caused by the Y2K problem, the State of North Carolina has been given a golden opportunity to fully catalog and understand the wide range of automation projects in which it has invested over the years. It has also given agency leaders and decision-makers an opportunity to understand their business processes better than ever before. In this may rest the biggest positive benefit of the entire expensive and time-consuming process. We believe that the Y2K Project Office has worked diligently to inform State agencies and the public of the magnitude of the Year 2000 problem and the efforts required to remedy the situation. The Year 2000 Steering Committee and the Project Office should be commended for their efforts in promoting effective project management and conversion standards."

Copies of this performance audit report, including the response from the Secretary of Commerce, are available by contacting the Office of the State Auditor at the address above or by electronic mail (**reports@aud.osa.state.nc.us**). The full report is also available on the OSA Internet home page, **http://www.osa.state.nc.us**.

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COM-84-M00

North Carolina
Department of Administration

James B. Hunt, Jr., Governor

Katie G. Dorsett, Secretary

March 17, 1999

MEMORANDUM

TO: Information Resource Management Commission
Year 2000 Steering Committee

FROM: Katie G. Dorsett

SUBJECT: March Status Report for Year 2000 Facilities Readiness Program
Department of Administration

This is an update of the Year 2000 Facilities Readiness Program for the Department of Administration, in cooperation with the Department of Commerce, since the last report dated February 17. Listed below are activities performed to date since that report, and the planned activities for this program. These activities are in accordance with the memorandum of understanding executed in 1998 between these two departments.

Recent Activities

- The State Construction Office has received remaining inventory data from state agencies and institutions for building systems in the buildings considered to be most critical to those agencies and institutions. To date, inventory has been received and entered into the database for approximately 1,200 buildings. This includes the 475 buildings initially identified to be inventoried statewide. This data was collected by state forces at each of the sites represented.

- The engineering consultant selected to study this data has contacted manufacturers of critical systems to determine the Year 2000 compliance status of those systems. Reports on compliance have now been received from approximately 175 of the hundreds of manufacturers represented by the systems submitted on the inventory forms.

- A database on the Year 2000 compliance status of systems included in the inventory has been developed, which lists systems by manufacturer and model number, the compliance status of each item, recommended repairs for non-compliant systems, and the estimated cost of each repair or upgrade. At the time of this report, approximately half of the 175 manufacturer's status information has been entered into the database. Once this data has been entered, the total number of non-compliant systems within this group will be known.

- As previously reported, the great majority of systems inventoried are compliant, including those with no date sensitive function. Many of the systems found to be non-compliant are indicated in the database as "partially compliant", which includes systems that function properly on January 1, 2000, but will not recognize leap day of 2000. Others reportedly will not function properly during a power interruption on January 1, 2000, or on leap day. In many cases, simply resetting the date on those systems on those days will correct the problem. Others that are partially compliant can be made compliant with simple software upgrades or patches at little or no cost.

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- The main problem area among the noncompliant systems appears to be with the controls for energy management systems, which will require the most costly repairs to be made compliant. Those repairs, usually involving software upgrades, and some hardware replacement, typically cost between $2,000 and $5,000 to correct for a single system. Other noncompliant systems, including some access, security, and fire alarm systems, will require relatively minor fixes, such as software upgrades at little or no cost. Many systems once thought to be a problem are now reported to be Year 2000 compliant, either because they have no date function, or they only have day-of-the-week programming. These include elevators and emergency generators. However, even those systems can be affected if they are interconnected with a noncompliant fire alarm system that has not been properly upgraded.

- Even though a system has been determined to be Year 2000 compliant, if that system is critical for the mission of an agency or department, it is recommended to test the system with specific dates to ensure continuous operation into and through the Year 2000. Some equipment has been proven to not function properly on certain programmed dates, even though it was stated by the manufacturer to be compliant.

- Even with all of the efforts made to ensure continuous operation of the state's facilities into and through the Year 2000, it has been recommended that each agency and institution look closely at all critical operations, and develop a contingency plan for those operations in the event that conditions beyond their control interrupt or interfere with normal functions. This practice is recommended in order to reduce risks to their organization, and to its employees.

- The Department of Administration is continuing its participation in the RTP Year 2000 User Group Meetings, as well as other user groups in state government to discuss specific strategies and problems encountered with items related to the Year 2000. Also, presentations have been attended on best practices and contingency plans related to Year 2000 compliance of building systems and facilities, and on dealing with embedded chip systems which are noncompliant.

Planned Activities for Next Month and Beyond

- Additional research will continue on the inventory data entered into the database at the State Construction Office, to determine specific costs to repair or upgrade systems within the state that have been determined to be noncompliant. Specific vendors will be contacted, and additional meetings scheduled if necessary, to discuss the actual corrective measures needed for various systems that may be affected throughout the state.

- A preliminary report on the compliance status of systems inventoried will be prepared for each agency and institution by March 26, 1999. As more information becomes available on specific systems, recommendations for repair and testing, and estimated costs, it will be posted on a web site to assist those agencies that may be affected. A final report will be issued by the end of June, 1999, in which all noncompliant systems inventoried will be identified and described, along with estimated consequences due to failure related to a year 2000 problem, and recommendations with cost estimates for remediation and/or testing.

- A letter to owners of leased property occupied by state agencies is in final draft form, and will soon be sent out, along with a questionnaire, to inform those property owners of the importance and responsibility of determining which systems in their buildings may be noncompliant.

We will continue to update the progress of these efforts as these steps develop. If you have any questions, please contact Carlton Myrick in my office, or contact Speros Fleggas or Dan Murray in the State Construction Office.

Mission Statement

To provide technological leadership and infrastructure in support of the economic, social, and intellectual development of the citizens of North Carolina.

Operations

Administrative Services

- Provide technological leadership for the State's Central Information Technology Services.
- Facilitate all transactions including the procurement process, recording of fixed assets, contract, accounting, cash management, budgeting, facilities, and charge back functions for the organization.
- Provide recruitment, salary administration, classification, benefits administration, training, skills assessment and performance management services for the division.

Telecommunications Services

- Research the array of emerging telecommunications technologies to determine the application, interoperability, and cost implications.
- Design, implement, and manage the infrastructure to support the telephonics, data backbone, NC Information Highway, and other emerging technologies.
- Provide business and technical consultation to agencies relative to the appropriate application of the array of telecommunications services that make up the North Carolina Integrated Information Network (NCIN).

Computing Services

- Establish computing standards for integration of diverse technologies and migration to open platform systems.
- Provide consultation services and manage requests for mainframe and microcomputer services.

Statewide Year 2000 Project Management Office

- Provide program administration, public relations, vendor management, and document management for the state's consolidated Year 2000 remediation efforts.
- Provide a central point for coordination of common cross agency activities, direct agency consulting, and compliant systems management related to diagnosis and remediation efforts.
- Manage the Statewide Year 2000 Quality Management Initiative.

N.C. Information Highway

- Research new service offerings and interoperability issues, particularly in the areas of H.310, H.320, and H.323 video encoding.
- Implement transition technologies for sites that need to evolve from the existing DV45 video system.
- Manage the effective operation of video conferencing functions such as scheduling and gateways.

Information Resource Management

- Continue development and implementation of a Quality Assurance and Project Management program.
- Continue the development and implementation of a statewide Information Technology Training project.
- Continue development and implementation of the Application Portfolio Management System and other strategic planning initiatives for assisting agencies in the development of their Information Technology initiatives.
- Provide support for the Information Resource Management Commission.

Business Technology Services

- Ensure that all ITS employees are aware of the importance of providing good customer service.
- Identify, develop, and document customer service flows and processes.
- Establish information collection tools and procedures for determining customer needs and satisfaction levels.
- Establish repeatable and achievable measures of quality of customer service.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Telecommunications Services				
Design, implement, and manage the infrastructure to support telephone, data backbone, and web technologies. *PPB: 0640*				
• Number of State Telecommunication Services (STS) invoices, STS contracts, and OCS menu of services	93,422	95,300	97,250	97,250
Computing Services				
Consult with clients (state agencies) and manage requests. *PPB: 0640*				
• Number of systems maintained	145	154	154	154
Develop and deliver high quality, cost effective Managed Platform Services and standardized desktop management support. *PPB: 0640*				
• Percent of on-line availability by application for all computerized state applications	99.50%	99.85%	99.95%	99.95%
• Response time by application for all production systems (seconds)		1 - 5	1 - 5	1 - 5
Statewide Year 2000 Project Management Office				
Use cost-effective approaches to correct the date calculations and storage formats in the state's computer systems. *PPB: 0640*				
• Percent of systems tested and brought into compliance with Year 2000 requirements	50%	95%	100%	100%

Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
N.C. Information Highway				
Help associated sites evolve to current technologies in order to provide effective operation of all North Carolina Information Highway (NCIH) functions. *PPB: 0640*				
• Service performance levels and telecommunication rates reached as measured by the NCIH site lists, STS invoices, and OSC menu of services	98.5%	99.5%	99.5%	99.5%
Information Resource Management				
Maintain a statewide technical architecture. *PPB: 0640*				
• Percent of the technical architecture prepared for publication	85%	90%	95%	95%
Business Technology Services				
Provide centralized customer support of ITS services to clients. *PPB: 0640*				
• Percent of Abandoned Calls (service requests not being responded to in a timely and appropriate manner)	22%	25%	10% - 12%	Below 10%

Attachment B

Department of Commerce
Information Technology Services Division

ITS provides technology services--computing, telecommunications, planning and web development--for state and local governments. ITS operates like a business--each year we prepare a business plan based on service requirements of state agencies and other customers. Overhead costs of operation are charged to revenue producing sections. Rates for services are based on costs of providing the services, and we do cost comparisons with other similar central service centers, both public and private, to be sure that our rates stay competitive. The Information Resource Management Commission approves rates.

State agencies "buy" services from ITS--ITS gets no direct appropriated dollars except for pass through grants for the North Carolina Information Highway.

Leadership and oversight for technology in North Carolina rests with the Information Resource Management Commission. Chaired by the Lt. Governor, it establishes policies and monitors major projects. Staff support for the Commission is provided by ITS. Agencies are also important to the delivery of technical services in support of program objectives. While ITS provides the infrastructure of hardware, software and telecommunications, they are responsible for the day to day operations of departmental projects and applications.

Current services provided by ITS include:

- Support of multiple computing platforms -- mainframe and distributed
- Comprehensive telecommunications services--voice, data, video, NCIIN
- Application and Web-based Development services
- Implementation of Statewide Technology Initiatives
- Support of the IRMC -- E-Commerce, Security and Privacy Work Groups
- Management of the Year 2000 Project Office
- Staffing of the Y2K Steering Committee
- Management of the state government home page
- Operation of a statewide e-mail services-- the central message store

Future directions for services include:

- Implementation of a Portfolio Management approach to applications systems to manage these investments from a statewide perspective.
- Focus on infrastructure leveraged management and development using outsourcing as needed.
- Implementation of significant e-commerce recommendations and strategies using a statewide approach.

- Support and facilitation of management of personal computers to the desktop.
- Provision of continuous review and improvement of security and disaster preparedness.

As mentioned above, ITS is a receipt based organization. The fiscal information is maintained in an Internal Service Fund. Revenues in this fund are the result of services provided to departments and other customers for the various services by ITS. Rates for these services are established annually and are approved by the IRMC. Currently and for the past two years, the rates for computing services have been maintained at the FY97 rate as directed by legislation. Federal regulation and guidelines govern this internal service activity, which dictates that over any three-year period it must adjust rates to breakeven.

ITS also manages a General Fund appropriation to support the North Carolina Information Highway grants and funding for technology updates provided in the 1998-99 budget.

Funding to support statewide year 2000 remediation is tracked in a separate Special Revenue Fund. The fund is used to account for financial activity related to all projects funded from this statewide source. ITS has contributed $22.5M to this funding effort over the past three years and $3M to computer usage charges for testing through a 75% rate reduction for testing usage.

Attachment C

Department of Commerce

Industrial Commission	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized (January)	Governor's Continuation Request 1999-2000 Recommended*	%Δ	2000-01 Recommended*	%Δ
Expenditures	9,721,195	9,148,610	8,839,364	7,970,059		7,970,059	
Less Receipts	(2,965,967)	(3,012,145)	(2,301,002)	(1,675,840)		(1,675,840)	
State Appropriations	*6,755,228*	*6,136,465*	*6,538,362*	*6,294,219*		*6,294,219*	
Less State 1998-99 NR			(100,000)				
Adjusted Appropriation			*6,438,362*	*6,294,219*	-2.2%	*6,294,219*	-2.2%
Positions	140.00	135.00	134.00	134.00		134.00	

* Governor's Continuation Budget does not reflect the 1998-99 salary increases.

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriations.

ACTIVITIES

The Industrial Commission provides for the administration and adjudication of non-contested and contested workers' compensation claims. The state's Workers' Compensation Act is the law that provides policy guidance to the Commission on the awarding/denial of worker benefit claims. The Commission also administers and adjudicates tort claims against the state as well as a variety of other public safety related death benefit acts.

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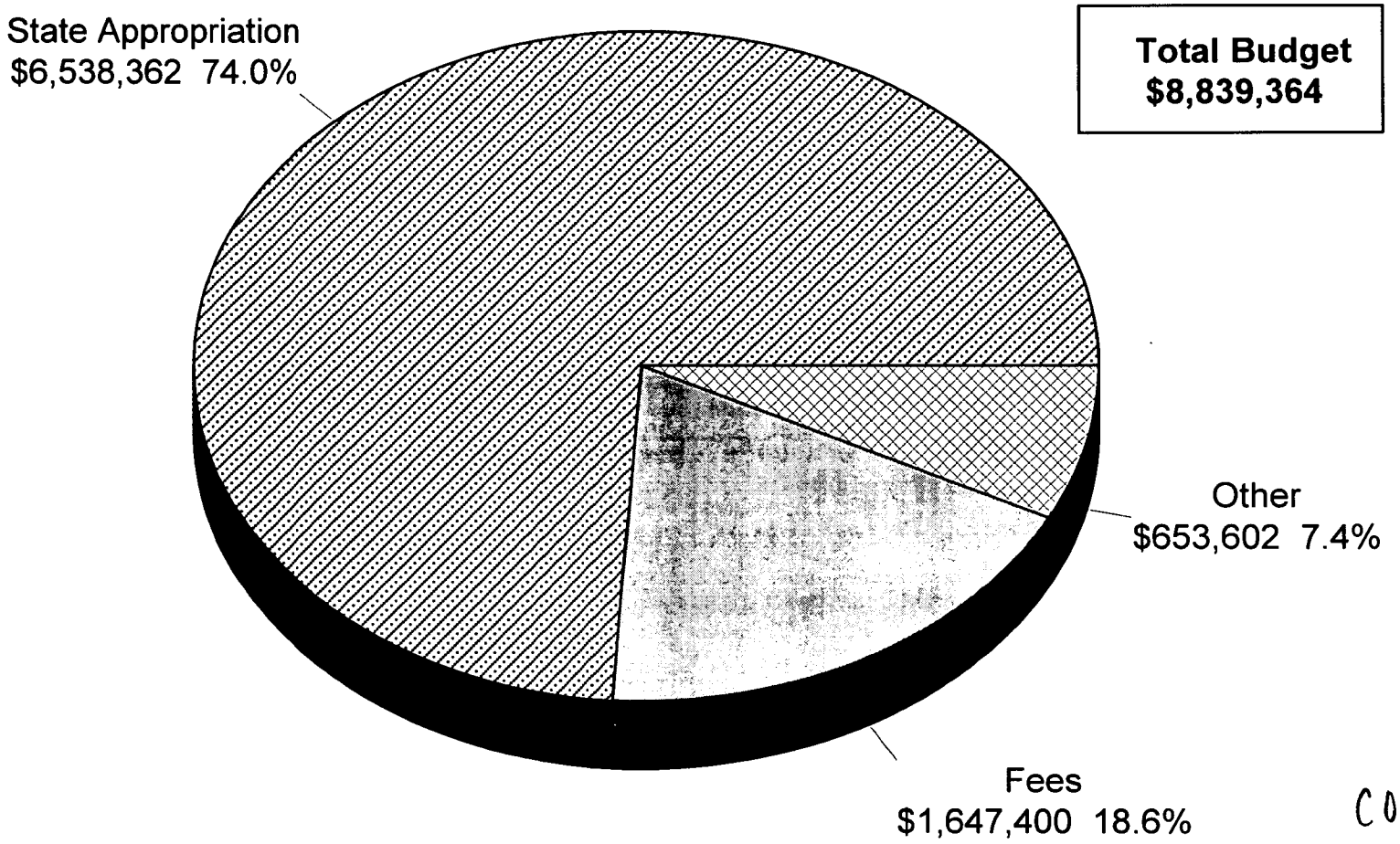
Governor's Budget, Volume 5, pp. 79-80

Industrial Commission
FY 1998-99 (Authorized) Total Budget
By Funding Source

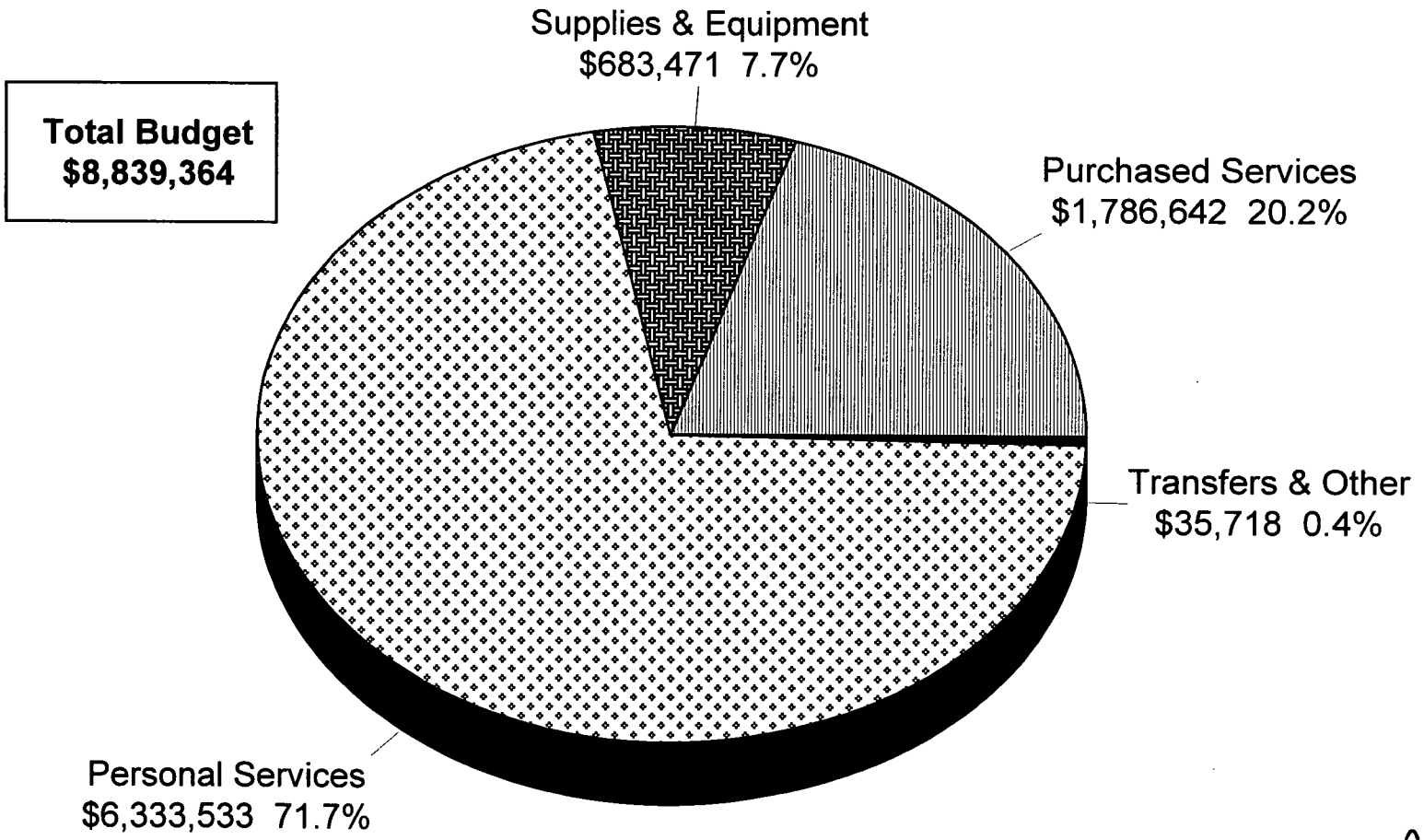


Fiscal Research Division - March 1999

Industrial Commission

FY 1998-99 (Authorized) Total Budget

Expenditures By Category



Fiscal Research Division - March 1999

INDUSTRIAL COMMISSION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Increase the budgeted amount of the Commission's Hearing Cost Receipts.	($202,000) R	($202,000) R
2. Abolish Processing Assistant IV position and reduce various operating support line-items.		($93,322) R -1.00
3. Reduce the salary and fringe for the following eight positions: one Processing Unit Supervisor V, two Processing Assistant IV, one Processing Unit Supervisor IV, one Processing Assistant II, one Claims Examiner V, one Applications Programmer I, and one Statistical Assistant III.	($227,300) R -8.00	($227,300) R -8.00

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98	FY 1998-99
1. Increase the salary of the Chairman of the Industrial Commission and the salaries of the six Commissioners.	$113,730 R	$113,730 R
2. Provide funds for temporary positions to assist with the Commission's backlog of claims, hearings, and appeals.	$100,000 NR	
3. Provide funds for temporary positions to manage increased workload for mediation settlements and processing legal orders for contested cases.		$100,000 NR
4. Provide funds for operating and maintenance costs, staff support to maintain hardware and software, and to develop system applications.	$638,571 R 17,500 NR 3.00	$638,571 R 3.00

GOVERNOR'S RECOMMENDED REDUCTIONS -- None

CONTINUATION BUDGET ITEMS -- None

Department of Commerce
Industrial Commission **Budget Codes: 14600**

Mission Statement

To provide swift and accurate disposition of workers' compensation and tort claims.

Operations

- Initiate mediation or hold hearings and render decisions on contested cases under the Workers' Compensation Act.
- Process lost-time claims under the Workers' Compensation Act in which there is no request for a hearing.
- Monitor and approve all charges made by providers of health care related to Workers' Compensation.
- Provide and encourage employees to complete accident prevention courses.
- Track statistics regarding statewide on-the-job injuries.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Reduce the number of pending contested workers' compensation cases and thereby reduce the time required to settle contested cases. *PPB #6930*				
• Workers' Compensation hearings pending	1,236	1,200	1,200	1,200
• Mediation conference settlement rate	72.5%	72.0%	72.0%	72.0%
• Percentage of claims resolved without a hearing	94.9%	88.0%	88.0%	88.0%
• Average number of days for Workers' Compensation contested case hearing process	164	155	150	145

Attachment D

North Carolina Industrial Commission

James B. Hunt Jr., Governor

J. Howard Bunn Jr., Chairman

Commissioners

Bernadine S. Ballance	**Dianne C. Sellers**
Thomas J. Bolch	**Christopher Scott**
Laura K. Mavretic	**Renee C. Riggsbee**

Buck Lattimore, Administrator

North Carolina Industrial Commission

The North Carolina Industrial Commission administers

- ***The Workers' Compensation Act***
- ***The Tort Claims Act***
- ***The Childhood Vaccine-Related Injury Act***
- ***The Law Enforcement Officers', Firemen's, Rescue Squad Workers', and Civil Air Patrol Members' Death Benefit Act***
- ***The Act to Compensate Individuals Erroneously Convicted of Felonies***

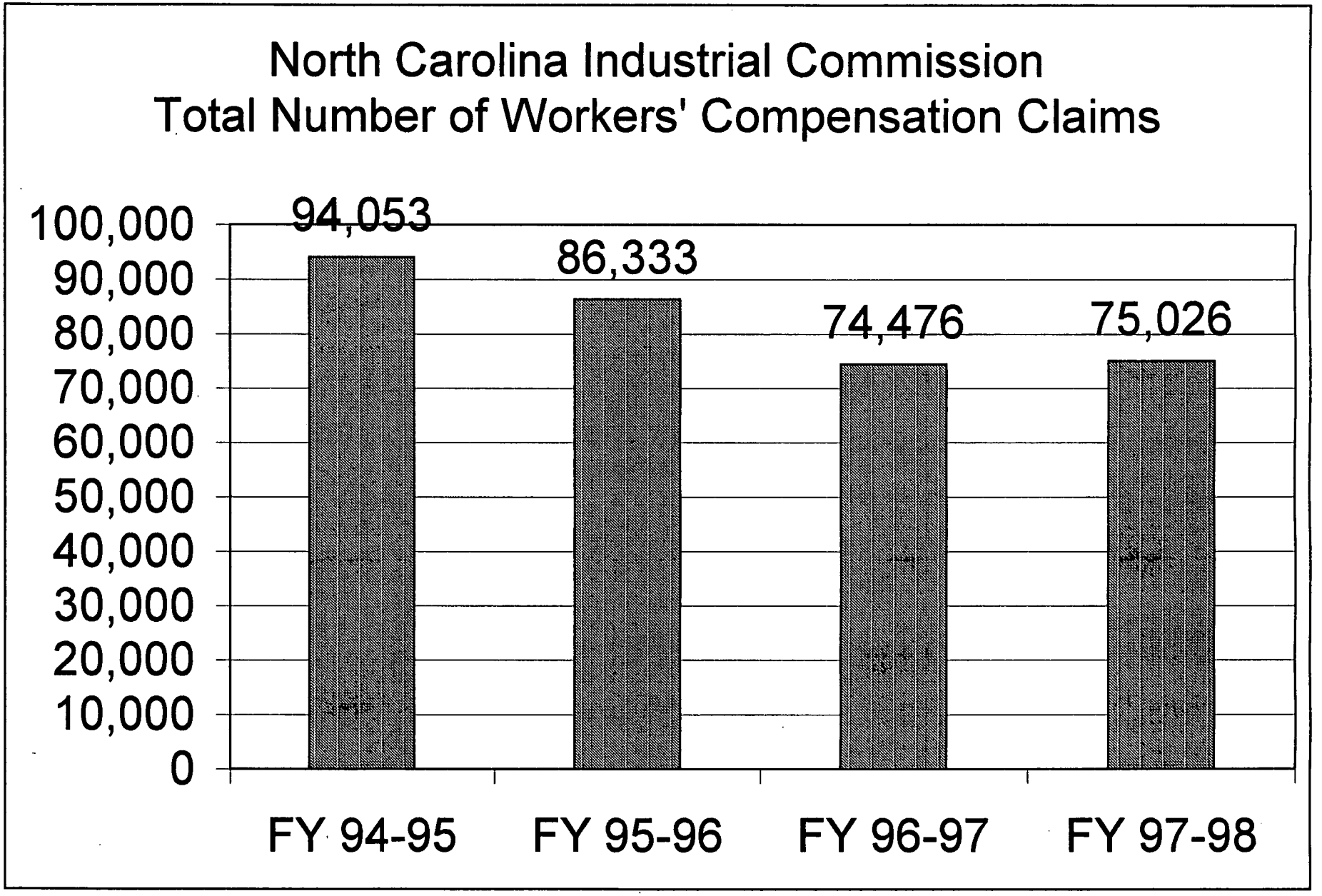
North Carolina Industrial Commission

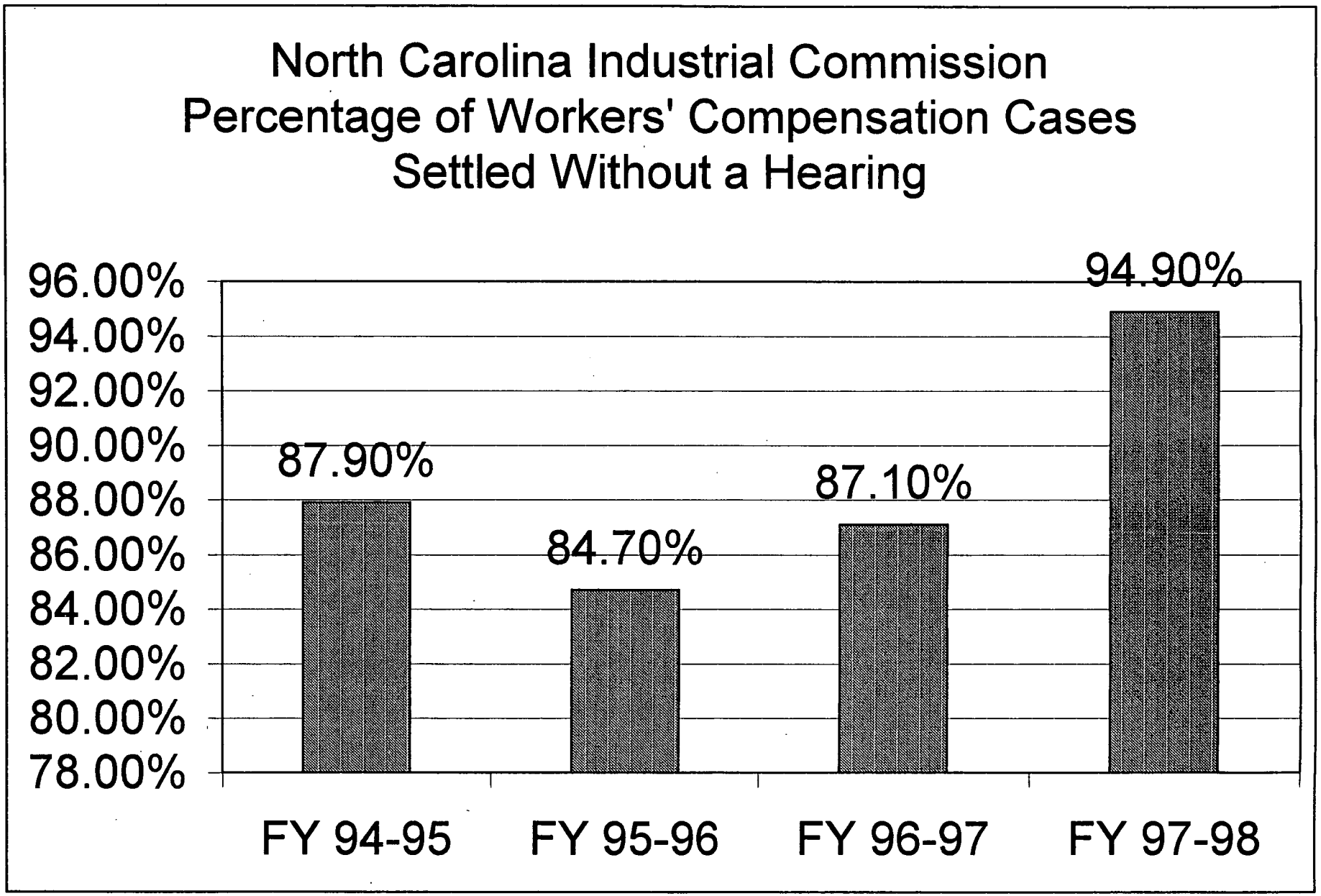
	FY 97-98
Total Number of Workers' Compensation Claims	75,026
Total Number of Tort Claims	660
Total Number of Childhood Vaccine-Related Injury Claims	0
Total Number of Death Benefit Act Claims	6
Total Number of Erroneously Convicted Claims	3

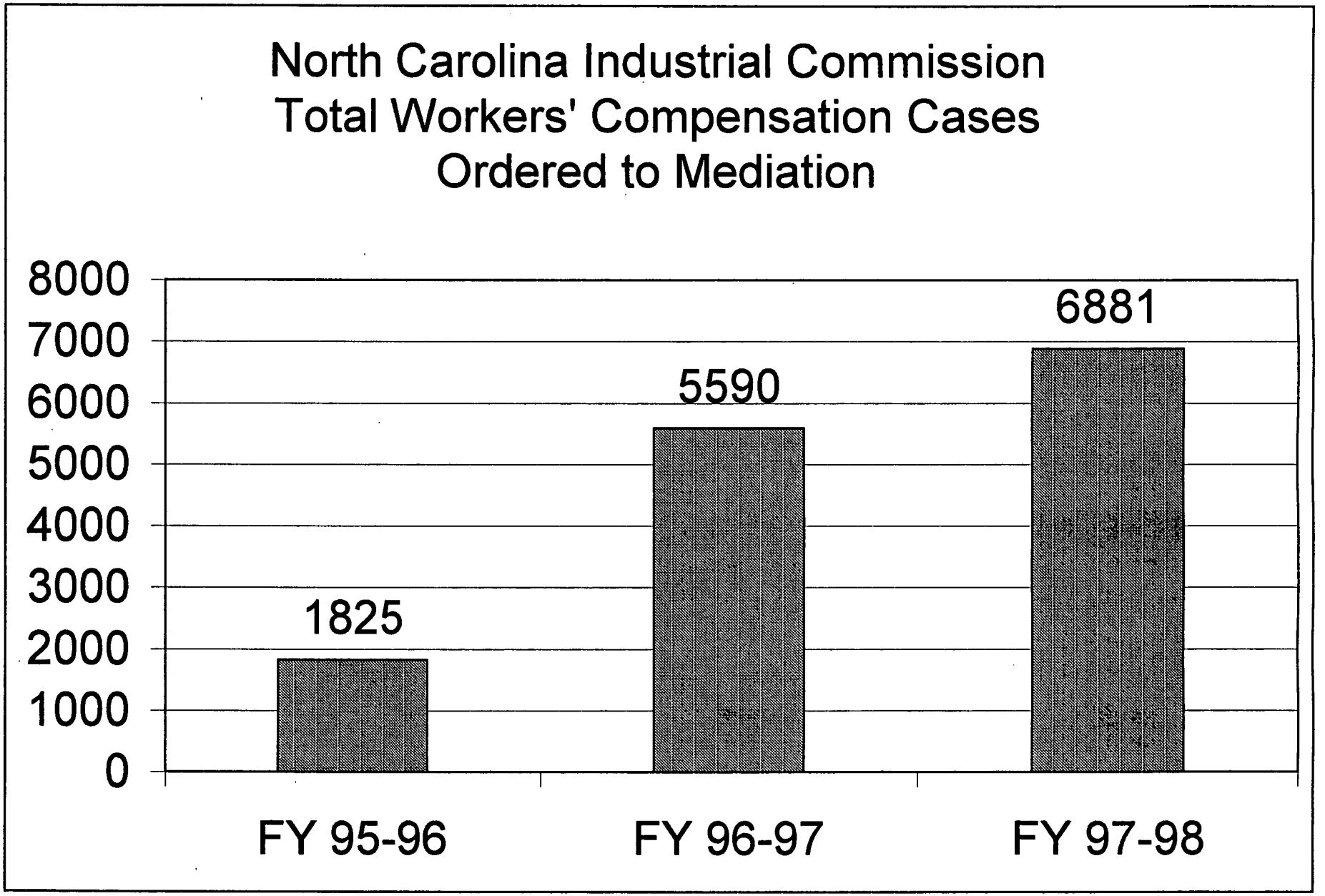
North Carolina Industrial Commission

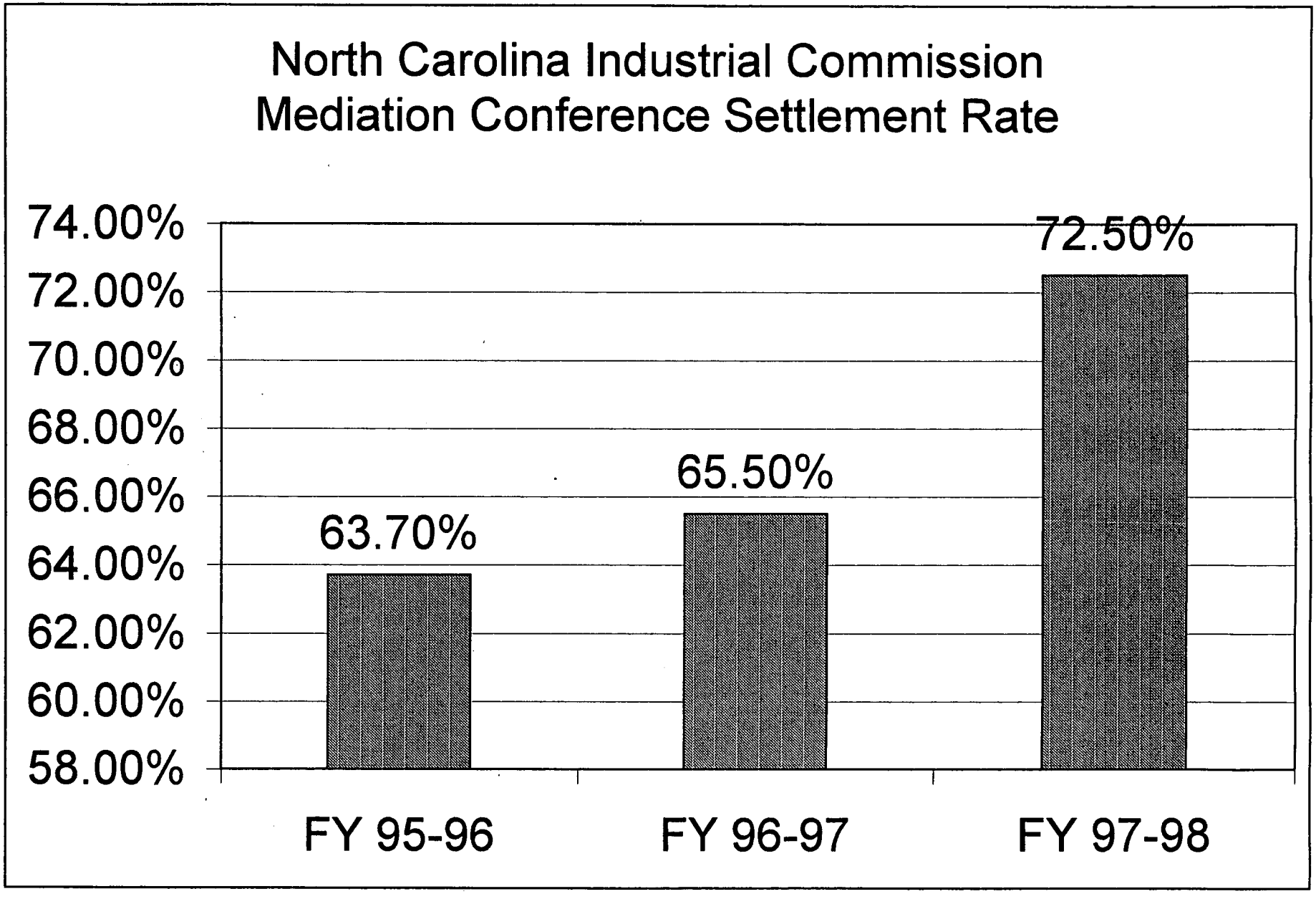
Workers' Compensation : a Billion Dollar Business in North Carolina

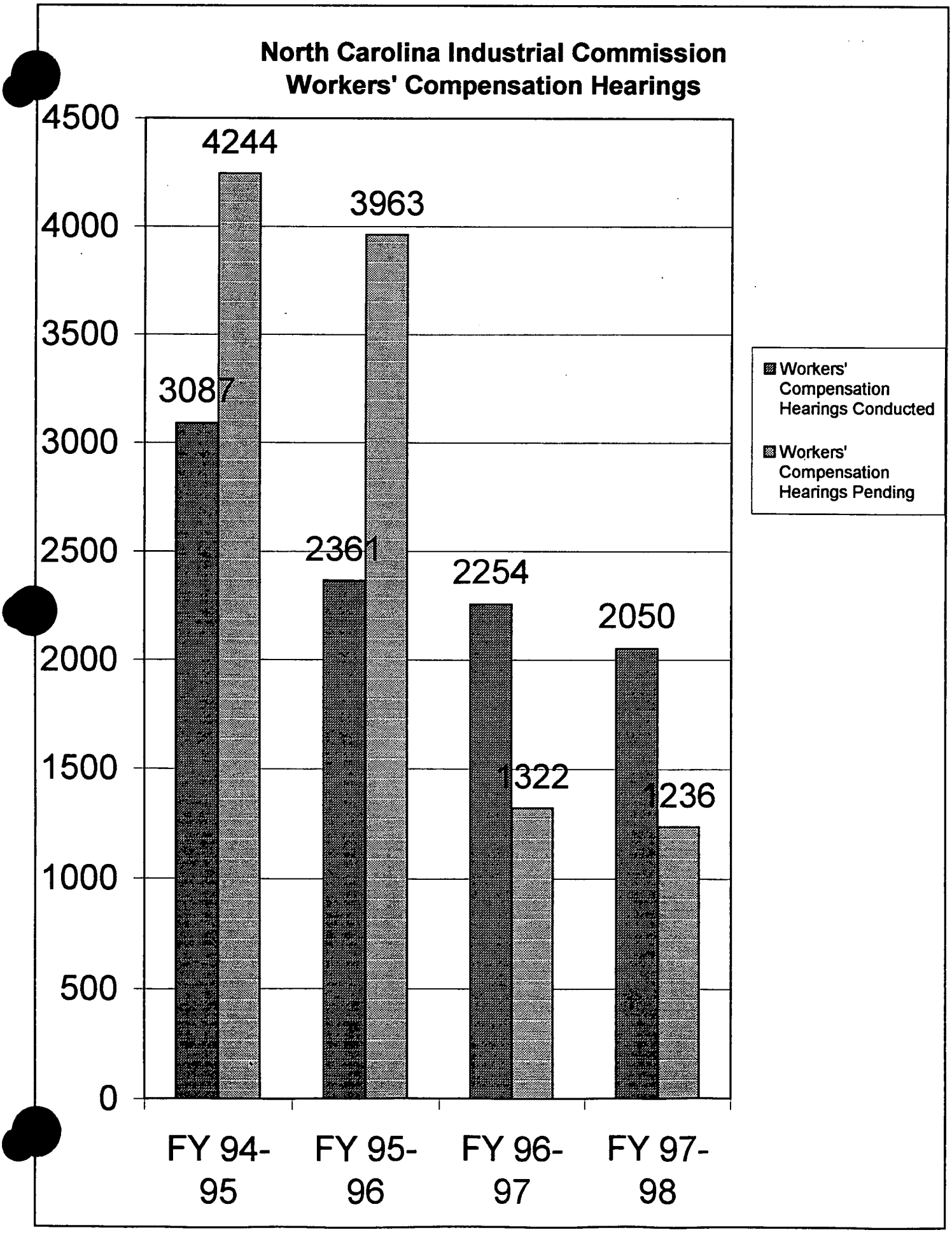
	FY 97-98
Total Compensation Paid	$208,282,213
Total Medical Paid	$134,918,776
Workers' Compensation Premiums	$603,517,595
Premium Tax on Workers' Comp Insurance Premiums	$15,087,940
Taxes on Self Insured Coverage	$8,336,455
Other costs	????
	$970,142,979


North Carolina Industrial Commission
Total Number of Workers' Compensation Claims
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
94,053
86,333
74,476
75,026
FY 94-95
FY 95-96
FY 96-97
FY 97-98


North Carolina Industrial Commission
Percentage of Workers' Compensation Cases
Settled Without a Hearing
96.00%
94.00%
92.00%
90.00%
88.00%
86.00%
84.00%
82.00%
80.00%
78.00%
87.90%
84.70%
87.10%
94.90%
FY 94-95
FY 95-96
FY 96-97
FY 97-98


North Carolina Industrial Commission
Total Workers' Compensation Cases
Ordered to Mediation
8000
7000
6000
5000
4000
3000
2000
1000
0
1825
5590
6881
FY 95-96
FY 96-97
FY 97-98


North Carolina Industrial Commission
Mediation Conference Settlement Rate
74.00%
72.00%
70.00%
68.00%
66.00%
64.00%
62.00%
60.00%
58.00%
63.70%
65.50%
72.50%
FY 95-96
FY 96-97
FY 97-98

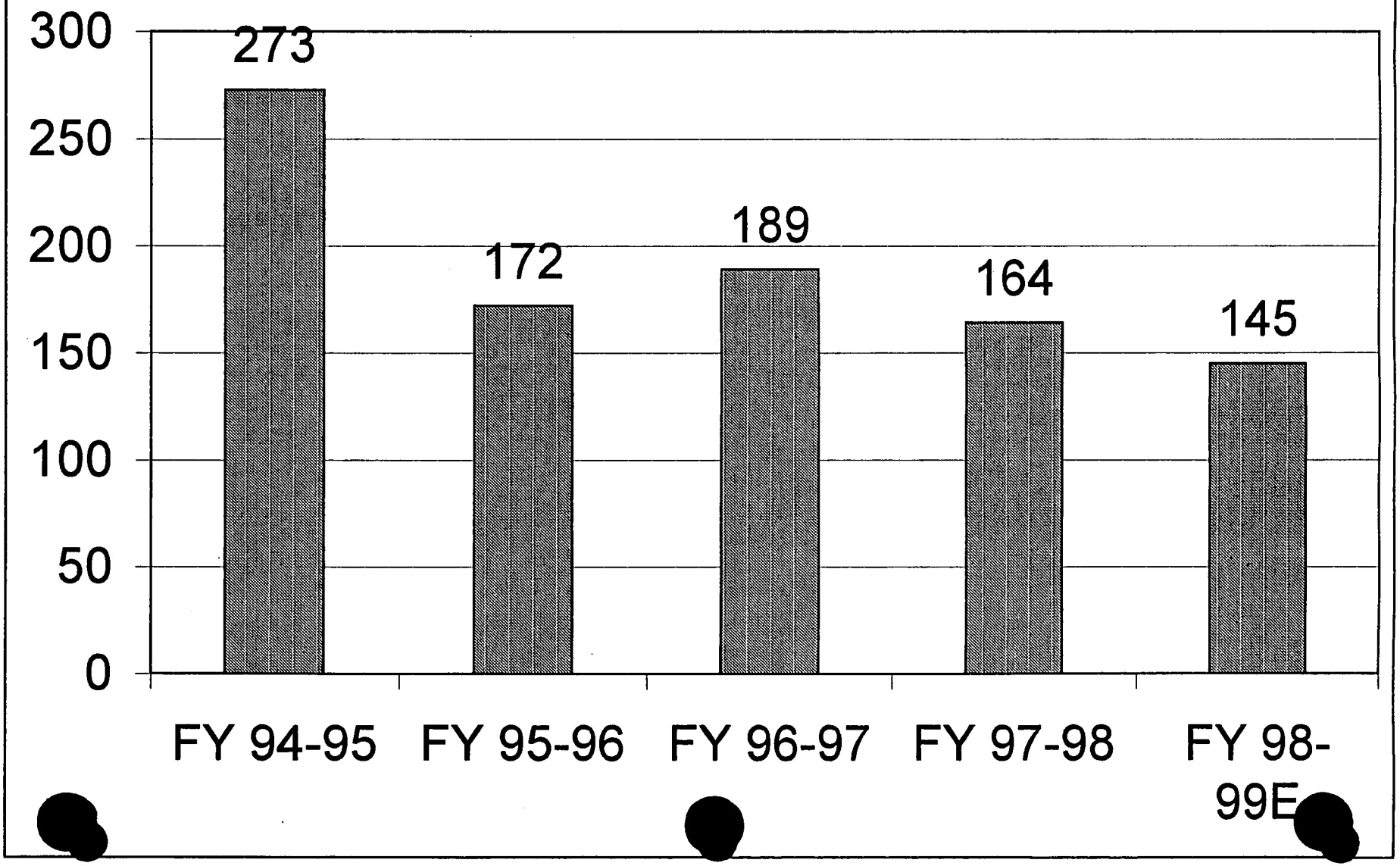

North Carolina Industrial Commission
Workers' Compensation Hearings
4500
4000
3500
3000
2500
2000
1500
1000
500
0
4244
3963
3087
2361
2254
2050
1322
1236
FY 94-95
FY 95-96
FY 96-97
FY 97-98
Workers' Compensation Hearings Conducted
Workers' Compensation Hearings Pending

NORTH CAROLINA INDUSTRIAL COMMISSION
OFFICE OF THE EXECUTIVE SECRETARY

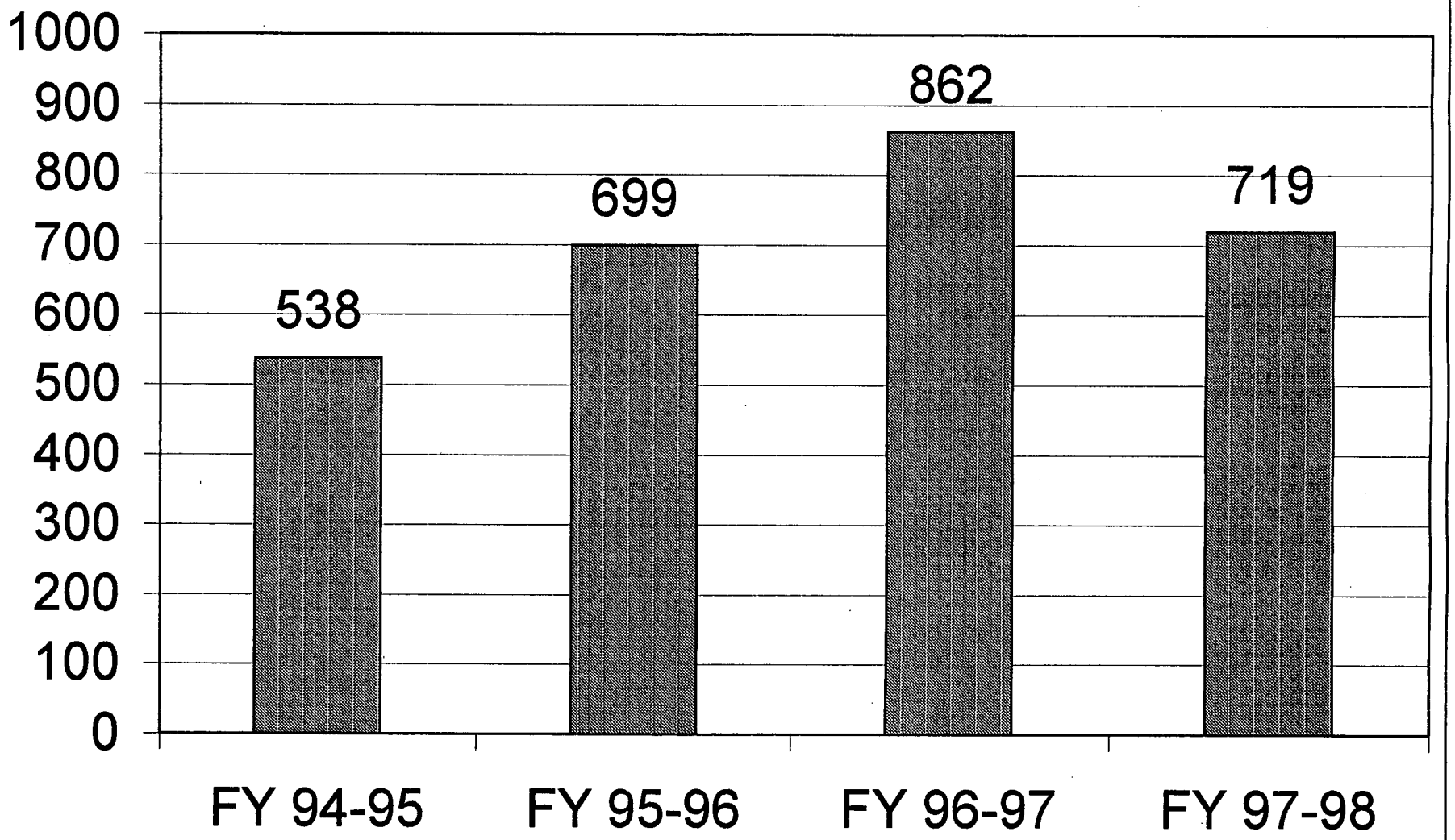
Average Monthly	Average Annually	
206.5	2478	Form 24 Applications for Termination or Suspension of Compensation
143.8	1725.6	Motions on Medical Issues
694	8328	Compromise Settlement Agreements • **Turn around time on the Compromise Settlement Agreements is 1.14 days per CSA. This statistic was reached by looking back at the # of days per CSA for 3 Special Deputy Commissioners for the past 2 months.** • **This # does not include the special circumstance walk through approvals done on a daily basis. This # also does not include the CSAs which require extensive review due to fairness concerns (between 1-4% each month).**
382	4584	Orders regarding Discovery, Reinstatement of Compensation, Penalties, Dismissals, Expert Witness Fees, Guardian Ad Litem Applications, and Compliance with the Workers' Compensation Act and Rules
115	1380	Third Party Distributions
175	2100	Attorney Withdrawal Orders

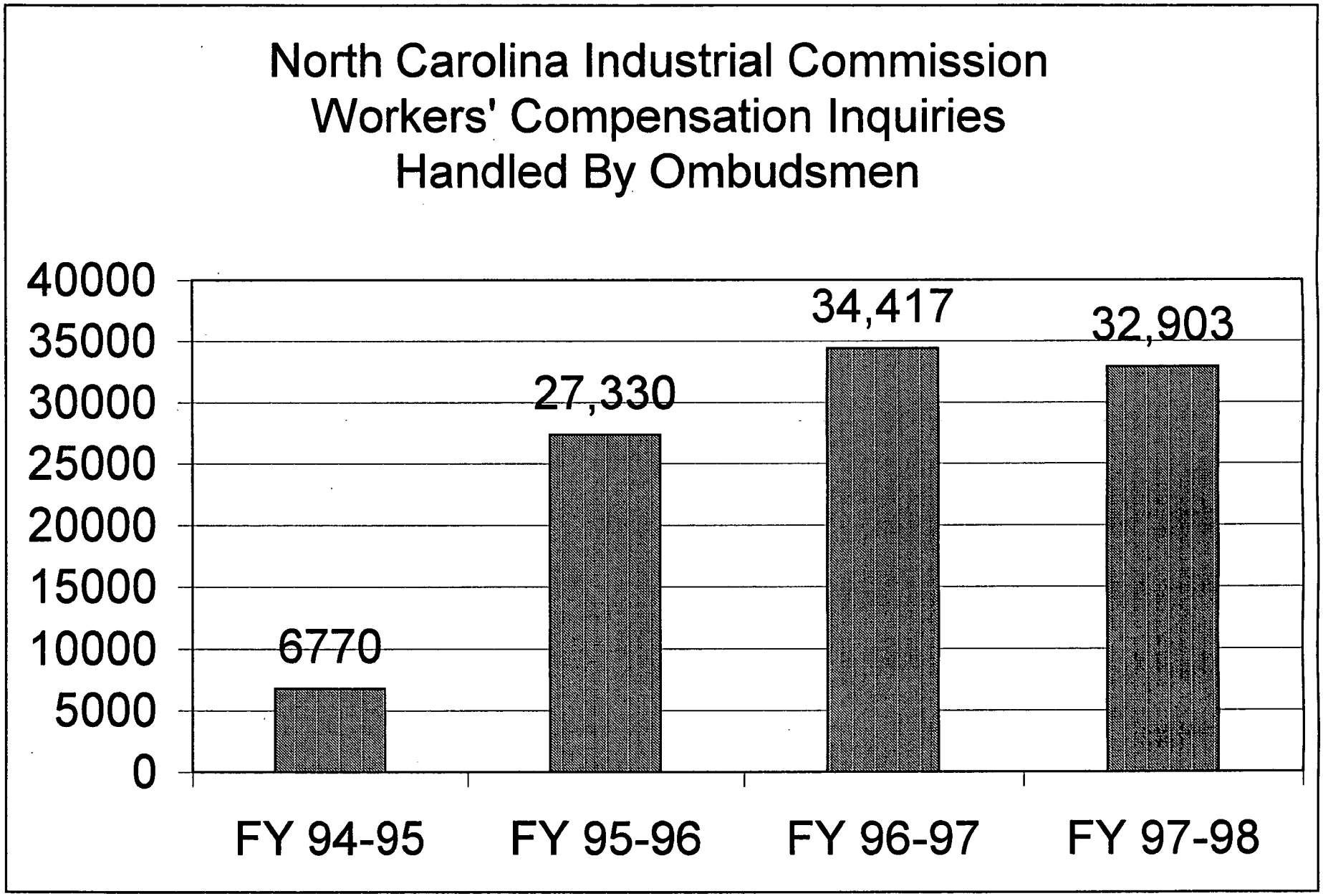
- Approximately one-half of the Form 24 Applications require an informal telephonic hearing prior to an Administrative Decision and Order while the remaining ones require document review and an Administrative Decision and Order. Medical motions and motions on discovery issues, penalties, dismissals, reinstatement, and other compliance issues require review and a conference call if necessary, and then an administrative order. Compromise Settlement Agreements require review for fairness and then an order.
- The informal hearings, conference calls, and resulting administrative orders are handled by the Executive Secretary, permanent Special Deputy Commissioners, and temporary Special Deputy Commissioners. Clerical typing support for the Special Deputy Commissioners is provided by temporary employees.

North Carolina Industrial Commission
Average Number of Days for
Contested Case Hearing Process

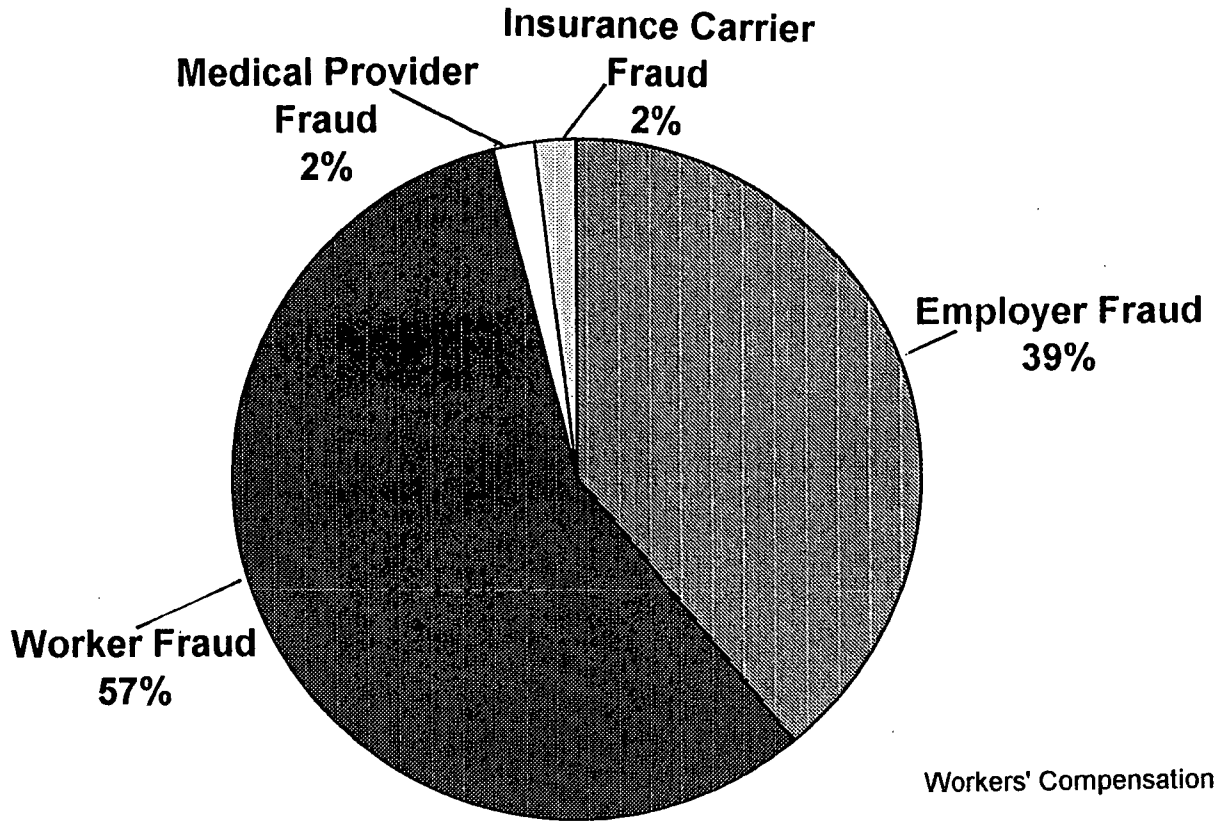


North Carolina Industrial Commission
Number of Contested Cases
Appealed to the Full Commission




North Carolina Industrial Commission
Workers' Compensation Inquiries
Handled By Ombudsmen
40000
35000
30000
25000
20000
15000
10000
5000
0
6770
27,330
34,417
32,903
FY 94-95
FY 95-96
FY 96-97
FY 97-98

North Carolina
Industrial Commission



Workers' Compensation Fraud Investigations

July 1997-December 1998

Total Fraud Cases Received	581
Total Cases Investigated & "Closed"	329
Total "Open" Cases	252
Percentage of Cases Presented for Prosecution	14%

Fraud Investigations

North Carolina Industrial Commission

Workers' Compensation Help Line
1-800-688-8349 (Toll Free)
or 919-733-0345

Workers' Compensation Fraud Hot Line
1-888-891-4895 (Toll Free)
or 919-715-7651

Visit Our Web Site
http://www.comp.state.nc.us/

Attachment E

Department of Commerce

Tourism, Film and Sports Development Division

	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized (January 1999)	Governor's Continuation Request 1999-2000 Recommended*	%Δ	2000-01 Recommended*	%Δ
Expenditures	8,991,115	12,014,925	12,755,271	9,057,387		9,057,387	
Less Receipts	(724,564)	(663,242)	(1,056,939)	(393,519)		(393,519)	
State Appropriations	*8,266,551*	*11,351,683*	*11,698,332*	*8,663,868*		*8,663,868*	
Less State 1998-99 NR			*(2,965,000)*				
Adjusted Appropriations			*8,733,332*	*8,663,868*	-0.8%	*8,663,868*	-0.8%
Positions	67.00	72.00	73.00	73.00		73.00	

* Governor's Continuation Budget does not reflect the 1998-99 salary increases.

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

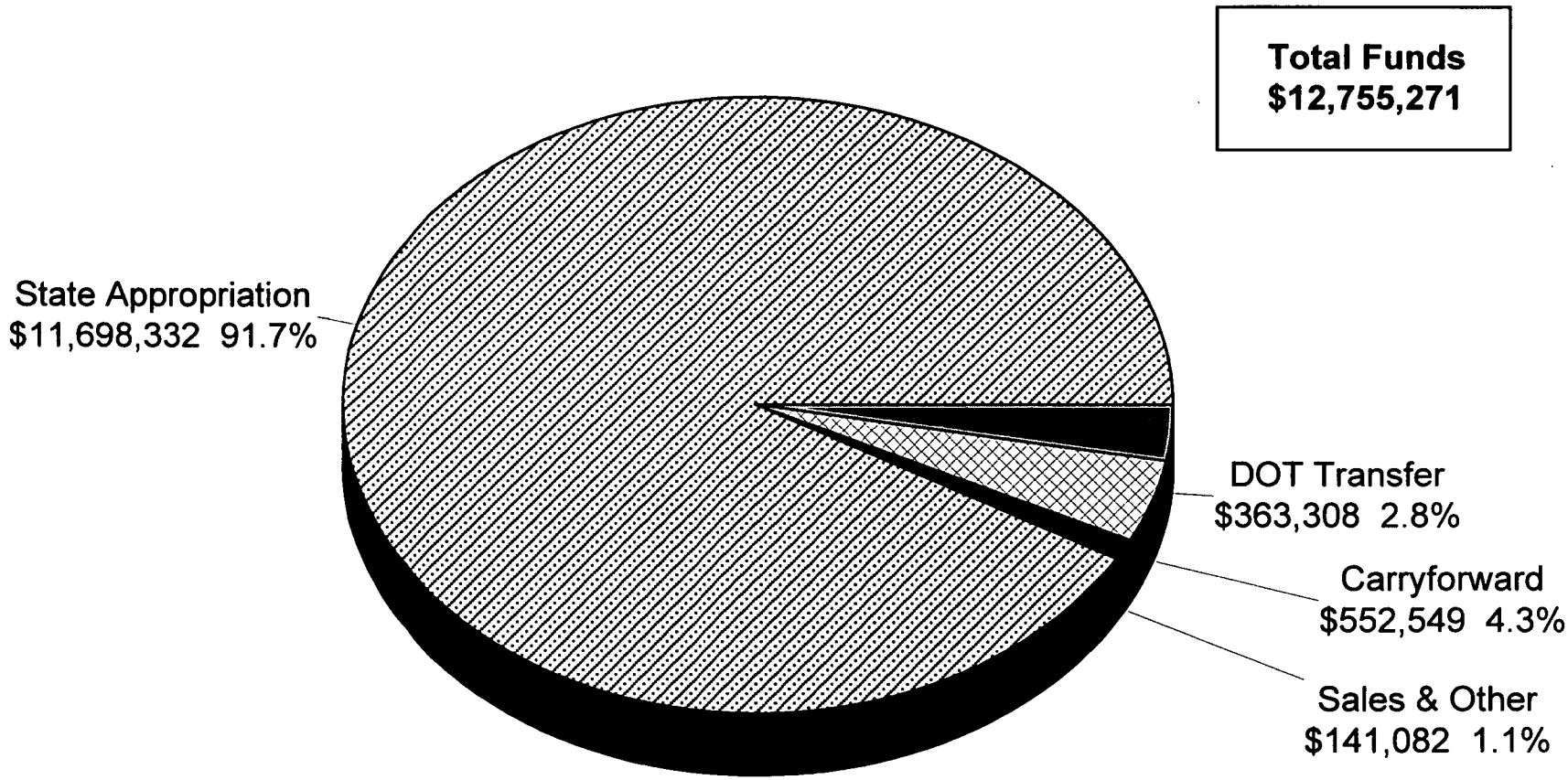
DIVISION ACTIVITIES

- **Tourism Development** promotes North Carolina as travel destination through domestic and international marketing efforts and produces informational material to help potential visitors plan their stay.
- **Welcome Centers**, located at all interstate entries to North Carolina, provide visitors with literature, maps, information and assistance to encourage them to spend additional time and travel dollars in the state.
- **The North Carolina Film Office** recruits major Hollywood studio productions, television commercial shoots and theatrical and television films to the state and provides assistance with motion picture and television production activity.
- **Sports Development** markets North Carolina to promoters and organizers as a destination for sporting events.

Governor's Budget, Volume 5, pp. 63 - 67

COM-E

Tourism, Film & Sports Development
FY 1998-99 (Authorized) Total Budget
By Funding Source



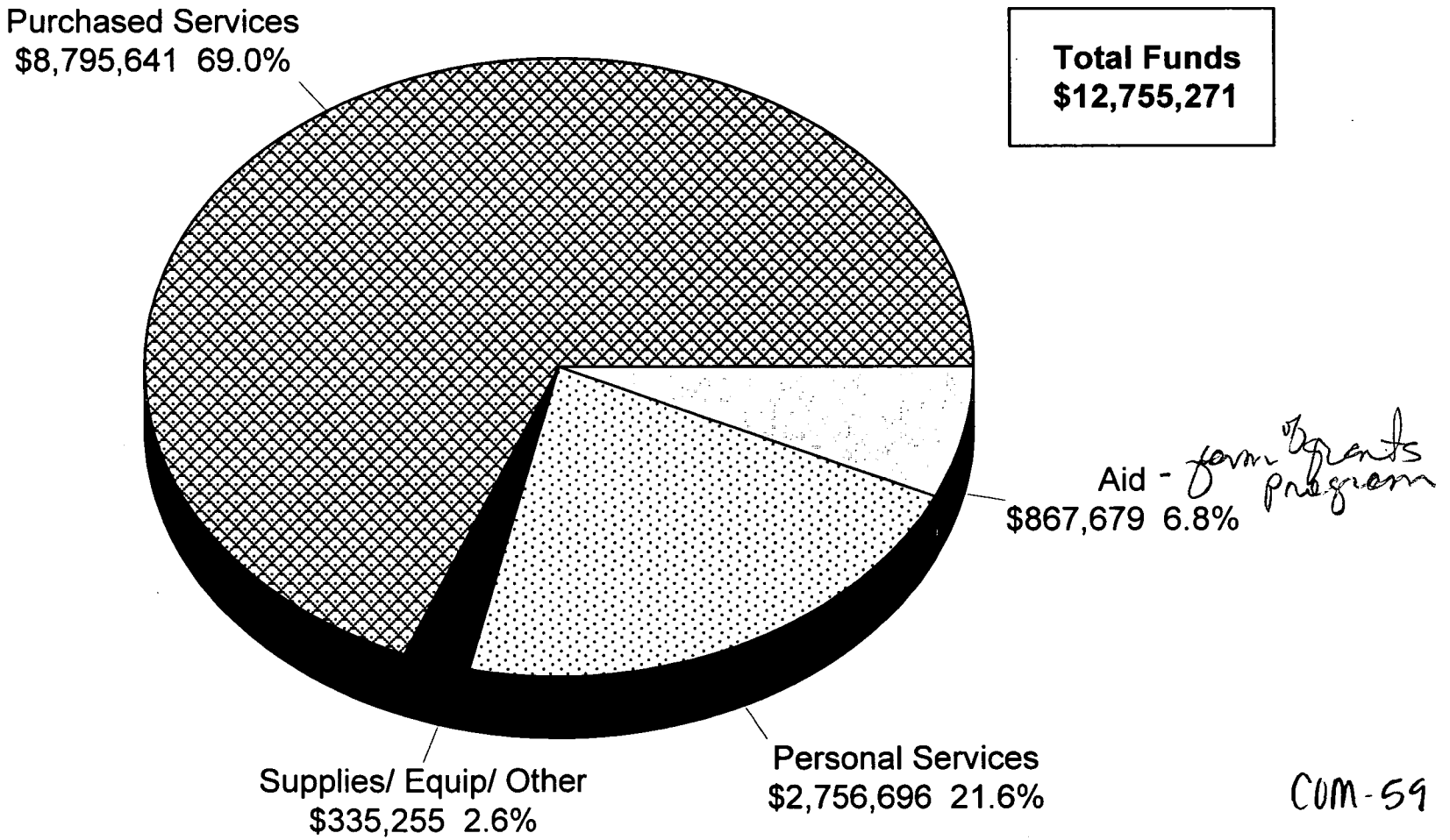
COM-58

Fiscal Research Division - March 1999

Tourism, Film & Sports Development

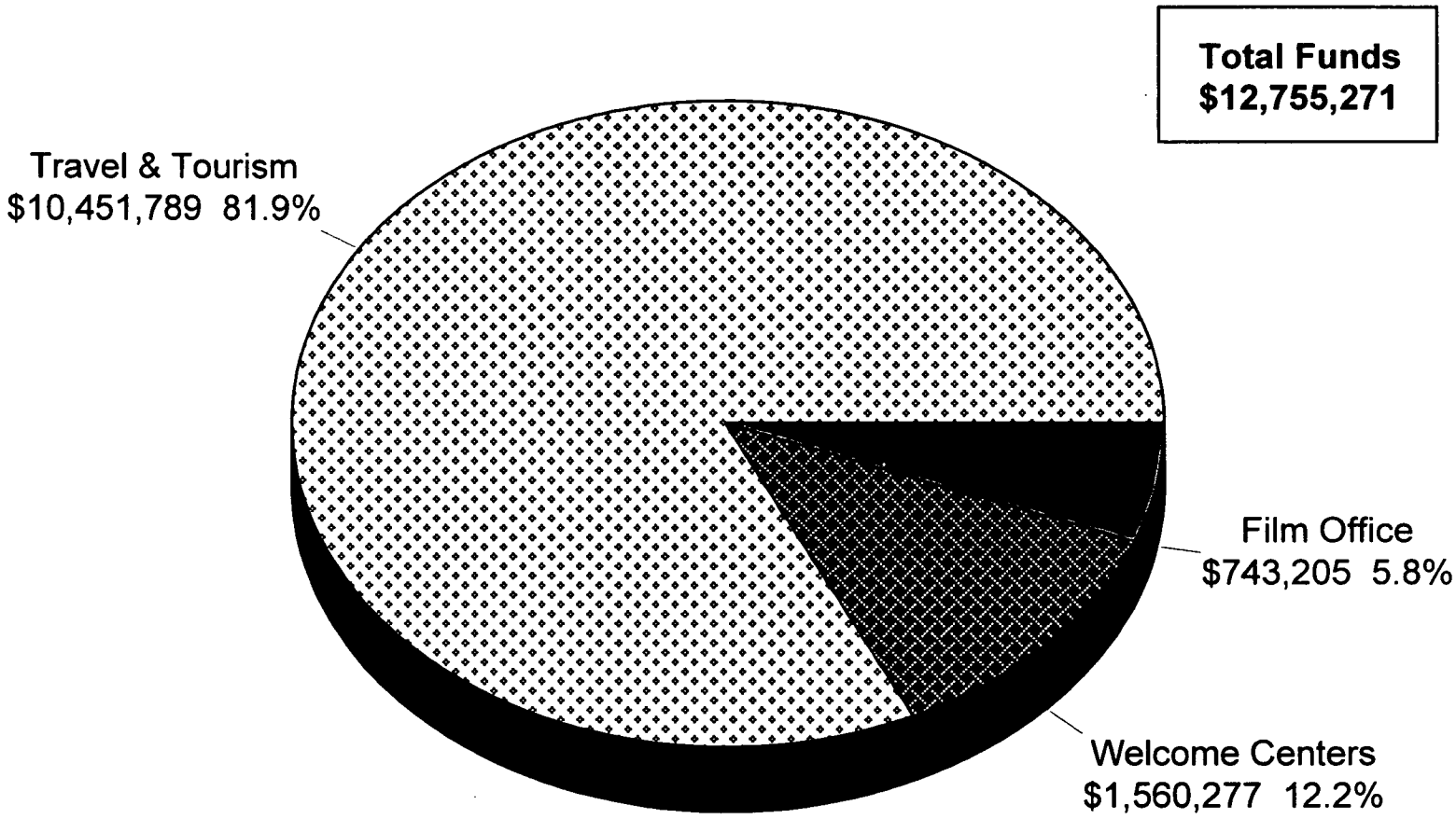
FY 1998-99 (Authorized) Total Budget

Expenditures By Category



Fiscal Research Division - March 1999

Tourism, Film & Sports Development
FY 1998-99 (Authorized) Total Budget
By Activity



COM-60

Fiscal Research Division - March 1999

TOURISM, FILM AND SPORTS DEVELOPMENT DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Eliminate salary and fringe for one Processing Assistant III position.	($ 24,065) R -1.00	($24,065) R -1.00
2. Increase the amount of budgeted receipts and reduce the General Fund appropriation by an equal amount.	($ 12,000) R	($12,000) R
3. Reduce printing budget to reflect the privatization of NC Travel Guide.		($100,000) R
4. Reduce budget for board and non-employee transportation.	($ 25,000) R	($25,000) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98	FY 1998-99
1. Funds to operate small scenic attractions of historic value to the state.	$ 300,000 R 6.00	$ 300,000 R 6.00
2. Funds to expand promotional advertising in domestic markets.	1,000,000 NR	
3. Funds to expand promotional advertising in international markets.	1,000,000 NR	
4. Funds for the tourism hotline operated at Women's Prison.	250,000 NR	
5. Funds to support the Rural Tourism Development Grants Program.	300,000 NR	300,000 NR

COM-61

Fiscal Research Division -- March 1999

CURRENT BIENNIUM (1997-99) CONTINUED

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98	FY 1998-99
6. Funds to hire a Director of Sales and Marketing and funds for the state's for the state's four film commissions.		$64,803 R $165,000 NR 1.00
7. Funds to expand advertising in domestic and international markets. Funds to promote the state as a travel destination during the US Open. Funds to support a tourist information kiosk in western NC.		2,500,000 NR

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Reduce the line-item for printing, binding and duplication.	($85,000) R	($85,000) R
2. Reduce receipts from sales of publications.	($85,000) R	($85,000) R

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

COM-62

Department of Commerce
Tourism, Film and Sports Development Division **Budget Codes: 14600**

Mission Statement

Work in cooperation with strategic partners to strengthen the state's tourism, film, and sports industries.

Operations

Tourism

- Promote North Carolina as a travel destination through domestic and international marketing efforts -- including paid media placements, cooperative advertising, and public relations.
- Develop, produce, and distribute informational materials which help potential visitors plan their visits to North Carolina.
- Manage and operate the eight Welcome Centers located at the primary interstate entrances to our state.
- Strengthen the North Carolina travel industry's marketing efforts through increased communication, educational opportunites, participation in industry activities, and cooperative marketing activities.

Sports Development

- Market North Carolina to promoters and organizers as a destination for sporting events.

Film

- Foster and promote film production in North Carolina.
- Identify local people and facilities in the film industry, providing information on locations.
- Guide clients to the appropriate people and resources.
- Support the four primary regional film commissions located in Winston-Salem, Charlotte, Wilmington, and Asheville.

Objectives and Key Performance Measures	**1997-98 Actual**	**1998-99 Authorized**	**1999-00 Target**	**2000-01 Target**
Tourism				
Increase North Carolina's market share of the Southeast tourism dollars spent each year. *PPB: 6520*				
• NC's percentage of the Southeast Region's travel and tourism market share	12.44%	12.56%	12.69%	12.82%
• Expenditures by travelers and tourists (in billions)	$10.10	$10.50	$10.92	$11.36
• Travel-generated state tax revenue (in millions)	$5.10	$5.30	$5.50	$5.70
• Welcome Centers visitation (in millions)	8.26	8.76	9.00	8.75
Increase the number of foreign travelers visiting the state each year. *PPB: 6520*				
• Annual percent change in the number of foreign visitors to North Carolina (calendar year)	46%	20%	30%	20%
Increase the reach of the state's advertisimg campaign. *PPB: 6520*				
• The number of inquiries received (reader service, phone inquiries, website hits)	321,000	337,050	353,903	371,598
• Advertising expenditures (in millions)	$5.28	$5.40	$5.50	$5.50

Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Sports Development				
Increase and maintain the number of sporting events held in North Carolina. *PPB: 6520*				
• Number of professional and amateur sporting events held in NC	611	922	924	925
Direct revenue and jobs created by sporting events in North Carolina will increase. *PPB: 6520*				
• Amount of direct revenue resulting from sporting events (in millions)	$98.65	$180.35	$356.15	$200.00
Film				
Increase the number of major productions (commercials, documentaries, feature films, educational films, etc.) being shot in North Carolina at or above the average annual rate of increase in the South Atlantic Region. *PPB: 6520*				
• Annual percent change in number of major productions in NC	0%	5%	5%	5%
• Number of feature films shot in NC	44	47	50	53
Increase the direct revenues spent by feature films, TV projects, and commercials shoots in North Carolina by 20 percent over the next two years. *PPB: 6520*				
• Annual percent change in direct revenue spent by the film industry in NC	5%	5%	5%	5%
• Amount of direct spending by filmmakers shooting in NC (in millions)	$345	$362	$380	$399
• Number of NC film-related jobs	24,322	26,538	27,864	29,257

Attachment F 4/10

TALKING POINTS BEFORE THE NER COMMITTEE – 3/31/99

I. ECONOMIC IMPACT

A. 10.8 Billion: 172,000 full-time jobs: approximately $800 million in local and state tax revenues
$450 million spent by international visitors putting us over $11 billion revenue created by tourism expenditures
+ 2.5 billion in salaries + wages -

B. Rank 12th in the nation and seventh in visitors, 41 million in '98 yet, we still rank 18th in tourism budgets – Virginia is at 18.3 million and South Carolina at 19 million - Tennessee - 13 million.

We are doing well with our limited budget; however, we did lose market share in 1997 by a point in the Southeast

II. DOMESTIC ADVERTISING

A. Core advertising at $ 3 million – concentrate east of the Mississippi ($ one million used for matching co-op advertising programs in our three regions, which maximizes these dollars)

B. Work closely with tourism marketing organizations in all 100 counties and have many partners in promoting North Carolina including travel agents, tour operators, travel writers,etc.

C. Publications: new golf director, like our annual travel guide, paid for entirely by advertising dollars saving the tax payers over $one million.

III. TECHNOLOGY

A. New inquiry center; new hardware and software with a single date base linking us to all 100 counties so that we are fully speaking to the world with one voice. via the internet.

B. Inmates – Paid $1.00 a day where some states pay $3.00 per inquiry, and we handle about 400,000 inquiries over the year

C. Newly designed web site – one of the best in the nation

C. Allows us to carry-out additional market research

IV. HERITAGE TOURISM

A. New Publications this year – more trails
B. Pilot communities – federal support
C. Inventorying

V. INTERNATIONAL MARKETING

A. Five years in Germany and Great Britain with outstanding results – great returns on our investment , but we can not stop now and we are in danger of losing our position if we are no longer funded by non-recurring monies
B. Marketing programs

VI. FILM OFFICE

A. Budget this past year was $575,000 with total production revenue
B. at $323 million for a huge return on investment creating 23,500 jobs in N. C.
C. Competition today is severe

VII. SPORTS DEVELOPMENT OFFICE

A. Pan American games bid; Bassmasters support; work on the Special Olympics and of course the US Open at Pinehurst among the many projects that office supports

VIII. 'A BETTER PLACE TO BE' – New Tag Line or Logo

VISITOR REGISTRATION SHEET

Natural and Economic Resources 3-31-99

Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Doug Lassiter	McClees Consulting
Buck Lattimore	NC Industrial Commission
Dennis McCarty	NCGA
Johnny Gray	OSBM
Shelle Altieri	OSBM
J.W. Reel	OSBM
Kathy Sawyer	Commerce
Jim Broadwell	Commerce
[illegible] Wilson	Commerce
[illegible]	Commerce
Debra Jones	Commerce/ITS
Rick Webb	Commerce/ITS
Pat LaBarbera	Commerce/ITS
Denny McGuire	Commerce/ITS
C.D. Hathcock	BellSouth
Jeff Van Dyke	BellSouth
Alan Miles	Bailey & Dixon LLP
Gordon Clapp	Div of Tourism, Film & Sports Develop
[illegible]	" " " "
Sheila Chan	OSPL
Joe McClees	McClees Consulting/TDA

VISITOR REGISTRATION SHEET

Natural and Economic Resources 3-31-99

Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Deborah Lamm	Energy Div
VC Adams	Energy Div.
Brenda Doughty	Sprint
Cam Cover	BPMHL
Gerry Hancock	EGHS
Kathy Ashcroft	Energy Division
Chuck Ellstrom	Energy Division
Rita L. Joyner	Energy Div
Beckie Street	PPAB
Sharon Stroud	Energy Division
Paul Gordon	Energy Division
Laura DeVin	DENR
Jalen Adams	NC Citizens for Community Action
John Cyrus	N.C. State Grange
Nat Mead	Conservation Council of NC

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, April 1, 1999
Senator Bob Martin, Presiding

1. Chairman's Comments

2. Department of Commerce – Continue Budget Presentations

   Energy Division
   Jennifer Hoffmann, Fiscal Research
   T.C. Adams, Division Director

   NC Biotechnology Center
   Jennifer Hoffmann, Fiscal Research
   Dr. Charles Hamner, President, NCBC

   Center for Entrepreneurship and Technology
   Jennifer Hoffmann, Fiscal Research
   Brent Lane, Director, CET

   Division of Policy and Employment
   Jennifer Hoffmann, Fiscal Research
   Wayne Daves, Division Director

3. Committee Discussion

4. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, April 1, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday April 1 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Culp, Mitchell, Russell, and Tolson, were present.

Senator Martin called the meeting to order. Jennifer Hoffmann, Fiscal Research, began the budget presentations with the Energy Division. This is Attachment A of these minutes. The Energy Division is responsible for staffing the Energy Policy Council and for analyzing a wide range of energy-related topics. The Division also administers a variety of residential and consumer services programs such as the Weatherization Assistance Program and the Heating Appliance and Repair Program. Through the State Energy Program (SEP) the Division also supports a variety of business and industrial services programs. Mr. T.C. Adams, Division Director, addressed the Committee. A copy of his remarks was not available. Committee members asked questions regarding the petroleum overcharge funds. Representative Baker wanted to know why it takes 26 people to give away $31 million. Mr. Adams said once the money has been dispersed, the staff must monitor the money. Representative Owens asked why do we need to fund this with state money with a balance of $31 million. Mr. Adams said one of the reasons for the resources was because they are on match and without state funds, there would be no match money.

Representative Owens asked why the Governor recommended abolishing the Energy Division and if it were abolished, where would the money go? The Budget Office said the Governor recommended abolishing the Division in 1995 and the money would be split between the Community Assistance and State Property Office.

Jennifer Hoffmann, Fiscal Research, presented the budget recommendations for the Biotechnology Center. This is Attachment B of these minutes. The North Carolina Biotechnology Center is a state funded not-for-profit organization specializing in biotechnology development. The Center provides grants to academic researchers for

developing potential biotechnology applications; loans to biotech based companies that are either creating a start-up venture or relocating to the state, and educational resources and support to community colleges, high schools and the state's historically minority universities. Dr. Charles Hamner, President, NCBC, was recognized to give a brief overview of the economic value of Bioscience Technologies to North Carolina and summary of results. His remarks are Attachment C of these minutes.

Jennifer Hoffmann, Fiscal Research, concluded her presentations with the budget recommendations for the Center for Entrepreneurship and Technology. This is Attachment D of these minutes. Mr. Brent Lane, Director, CET, explained what the Center does. He said his job was economic development. They target small companies already existing in North Carolina but ready to grow more and small headquarters that would like to move to North Carolina. They have $330,000 currently in Federal Funds. This is money from Federal Grants that expired, but has not been spent. Senator Horton asked that this item be flagged

The meeting adjourned at 10:00 a.m.

Carolyn M. Gooden, Committee Clerk

R. L. Martin

Senator R.L. Martin, Chairman

Attachment A

Department of Commerce

Energy Division							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January 1998)	1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	12,945,970	12,476,300	26,587,385	26,499,106		26,499,106	
Less Receipts	(13,828,230)	(12,476,921)	(26,394,312)	(26,306,739)		(26,306,739)	
Cash Balance +/-	1,105,643	182,591					
State Appropriations	*223,383*	*181,970*	*193,073*	*192,367*	-0.4%	*192,367*	-0.4%
Positions	29.00	29.00	31.00	26.00		26.00	

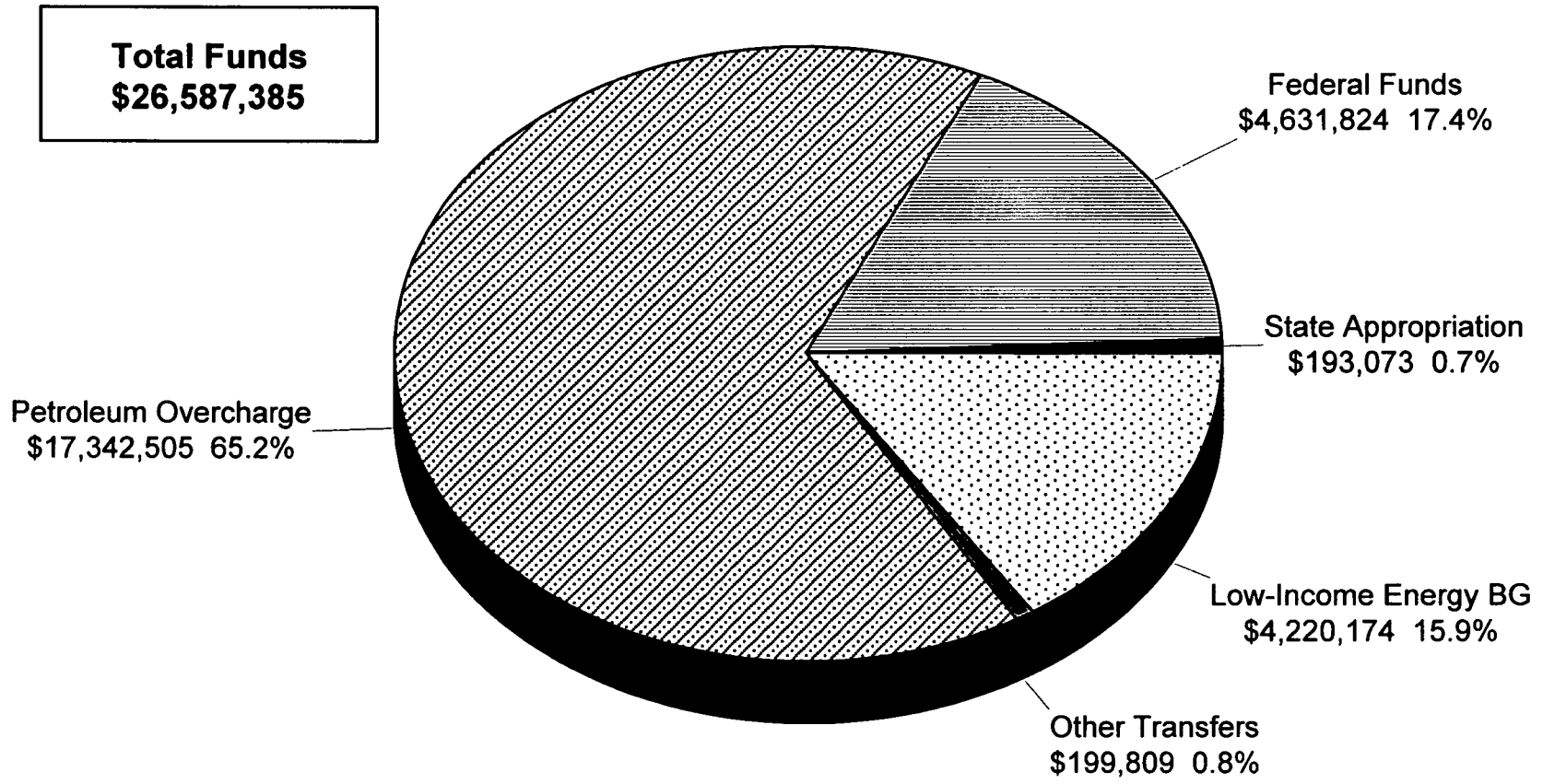
*Governor's Continuation Budget does not reflect the 1998-99 salary increases.
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

MAJOR PROGRAM ACTIVITIES

The Energy Division is responsible for staffing the Energy Policy Council and for analyzing a wide range of energy-related topics. The Division also administers a variety of residential and consumer services programs such as the Weatherization Assistance Program and the Heating Appliance and Repair Program. Through the State Energy Program (SEP) the Division also supports a variety of business and industrial services programs.

Governor's Budget, Volume 5, pp. 106-111

Energy Division
FY 1998-99 (Authorized) Total Budget
By Funding Source



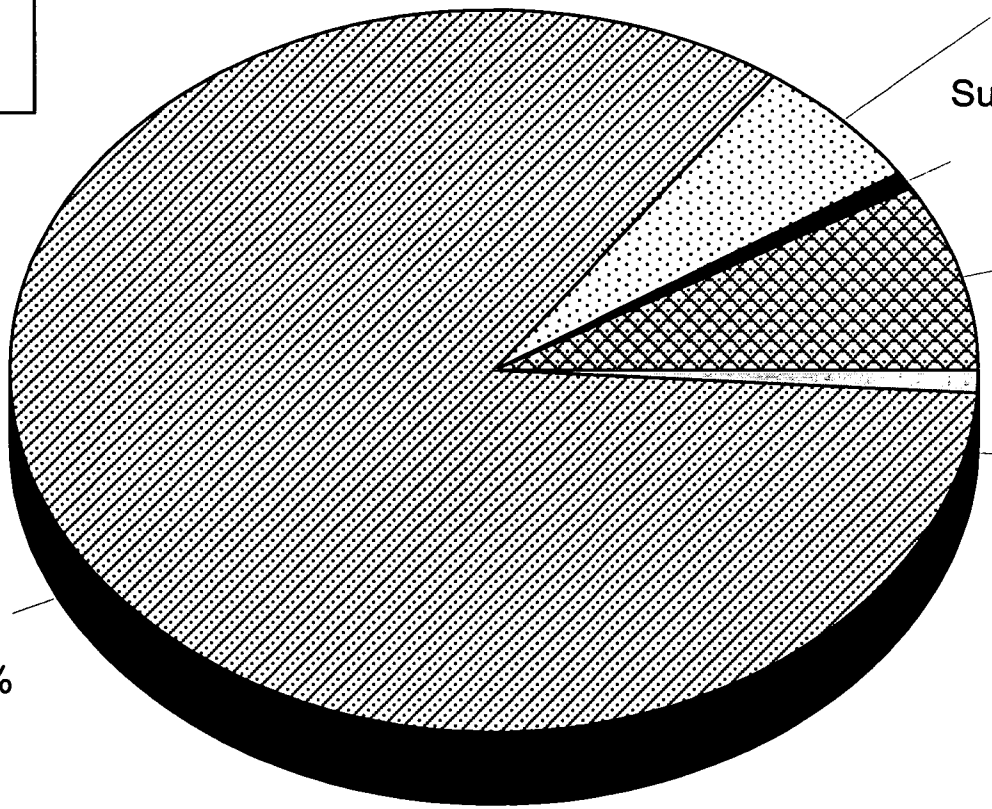
Fiscal Research Division - March 1999

Energy Division

FY 1998-99 (Authorized) Total Budget

Expenditures By Category

Total Funds
$26,587,385



Personal Services
$1,618,522 6.1%

Supplies/ Equip/ Other
$210,461 0.8%

Purchased Services
$2,212,796 8.3%

Reserves
$260,043 1.0%

Aid & Public Asst.
$22,285,563 83.8%

Fiscal Research Division - March 1999

ENERGY DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Shift one Administrative Officer III position from 100% state funds to 100% federal funds.	($ 42,029) R -1.00	($42,029) R -1.00

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	FY 1999-2000	FY 2000-2001
None		

Mission Statement

To achieve a reliable, sustainable, and affordable energy future that supports a competitive economy and a quality environment.

Operations

Business and Industry

- Develop and recommend state energy policy for the effective management and use of present and future sources of energy through programs, services, and demonstrations relating to energy conservation.
- Deploy energy conservation technology within businesses as an economic development initiative aimed at improving the competitiveness of the business.
- Develop and deliver projects designed to promote technology transfer through workshops, on-site surveys, and demonstrations of commercially available sustainable technologies.
- Offer low-interest loans to businesses to install energy cost-saving capital improvements in buildings and industrial manufacturing processes, and provide technical assistance to deploy energy conserving capital improvements in local government and education agency buildings.

Residential and Consumer Services

- Provide services to low-income families to reduce the burden that the high cost of energy places on them through conservation education, application of numerous weatherization measures, and repair and replacement of inefficient heating systems.
- Advise and provide technical assistance to the building science, trades industry, and community-based organizations relative to energy efficient applications, measures, materials, policies, and state-of-the art practices and cutting edge technology.
- Deploy leading edge technology within building sector programs to detect and analyze health and safety hazards (i.e. the presence carbon monoxide).
- Initiate efforts to improve public relations and educate consumers via internet access, radio and television programs, workshops, presentations, news articles, brochures, and other written material.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Business and Industry				
Ensure cost-competitive, readily available energy supplies. *PPB: 6330*				
• Number of workshops conducted to promote the use of alternative fuel vehicles	1	0	0	1
• BTUs saved per year due to conservation programs (trillions)	226.15	200.5	195.2	212.7

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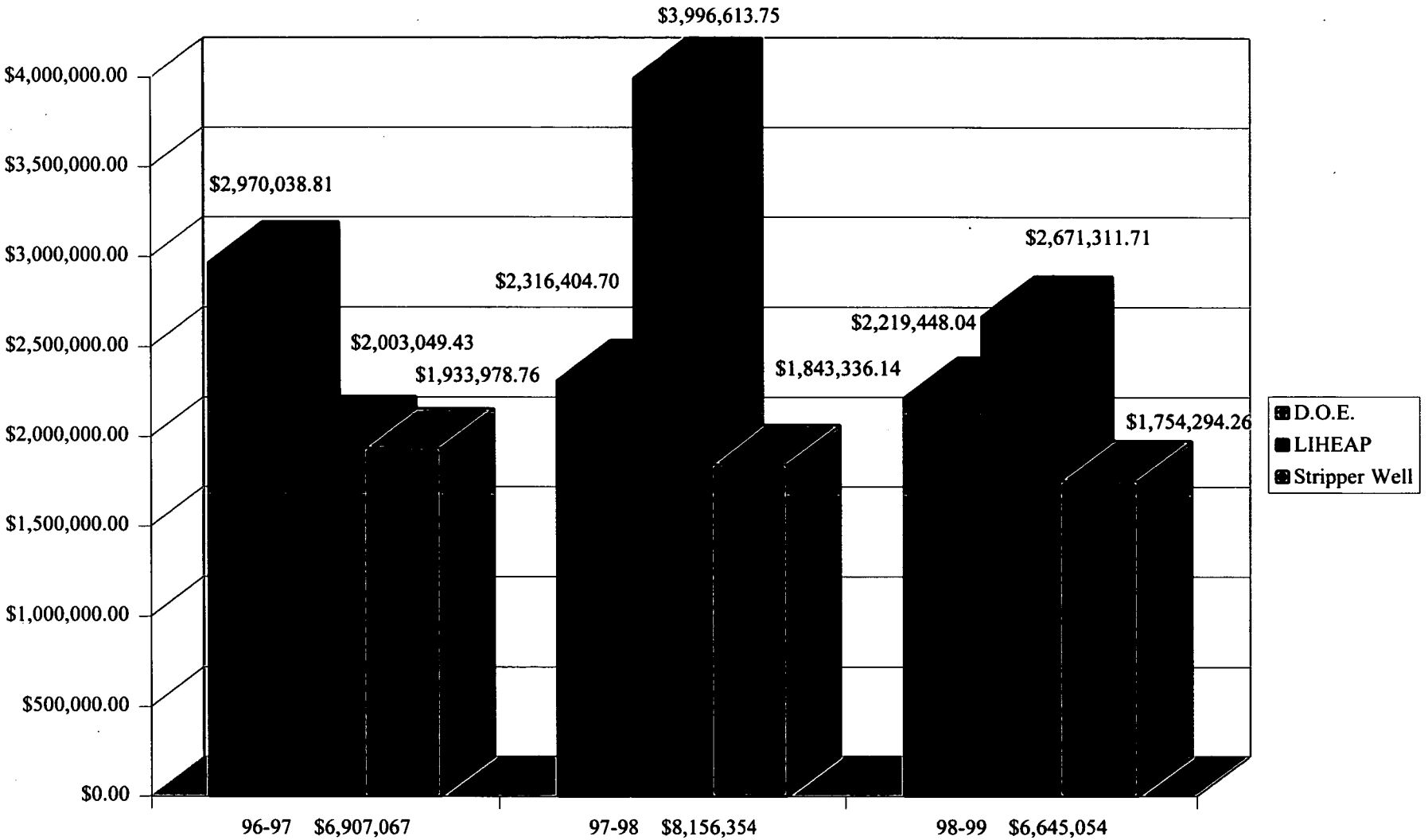
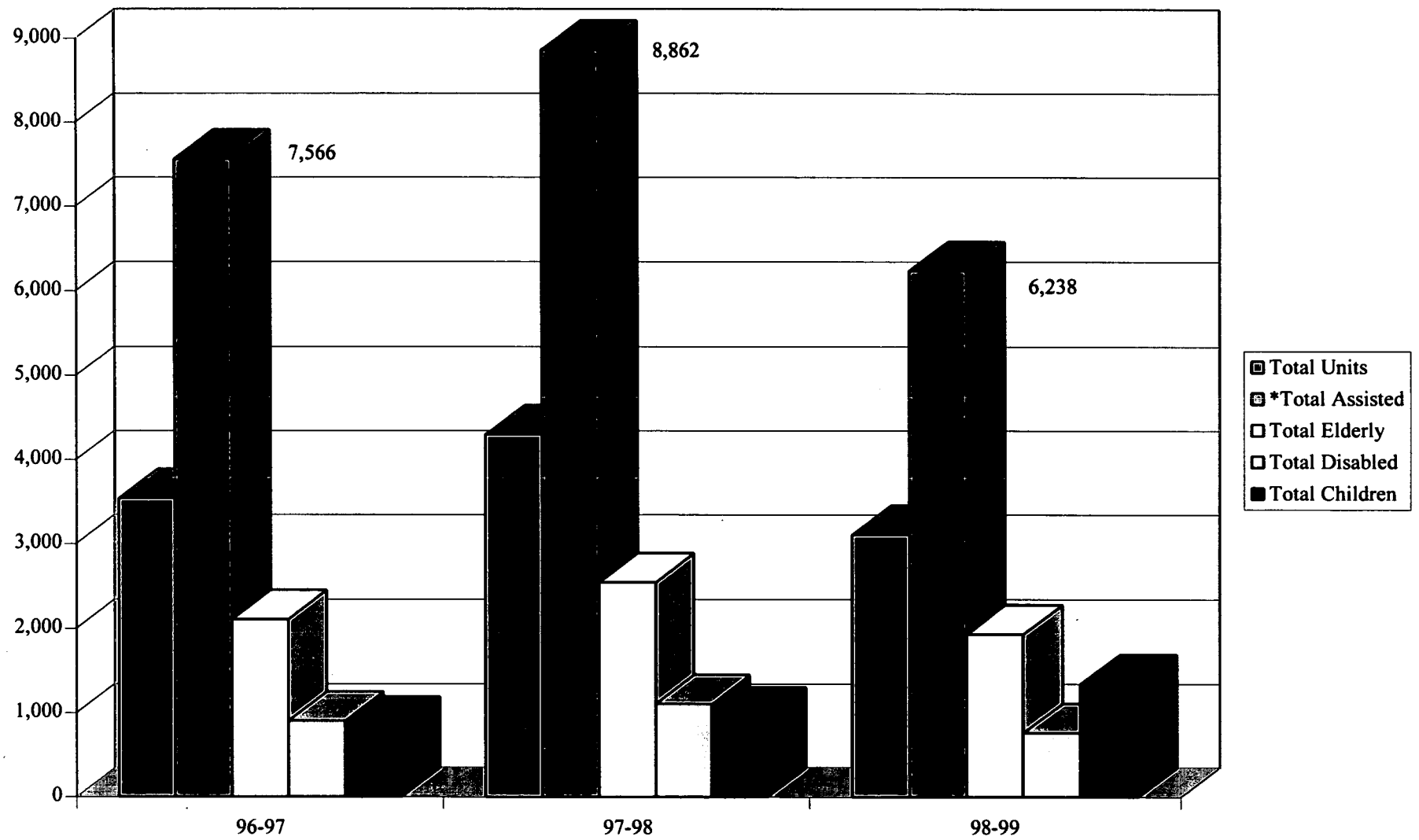
Objectives and Key Performance Measures - Continued	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Residential and Consumer Services				
Reduce energy consumption and improve energy efficiency in residential buildings through the Weatherization program. *PPB: 6620*				
• Estimated average yearly reduction in energy costs attributable to weatherizing	30%	32%	31%	34%
• Number of homes weatherized for low-income, elderly, and persons with disabilities	4,271	4,011	2,921	4,006
• Average weatherizing cost per home	$1,904	$1,800	$1,900	$1,900
Reduce energy consumption and improve energy efficiency in residential buildings through the Heating Appliance Repair and Replacement Program. *PPB: 6620*				
• Estimated average yearly reduction in energy costs attributable to Heating Appliance Repair and Replacement Program	20%	21%	19%	22%
• Number of inefficient, inoperable or unsafe heating systems for low income, elderly and handicapped citizens repaired or replaced	466	468	500	525
• Average heating system repair service cost per home	$1,480	$1,370	$1,500	$1,490

Weatherization Assistance Program Expenditures By Source

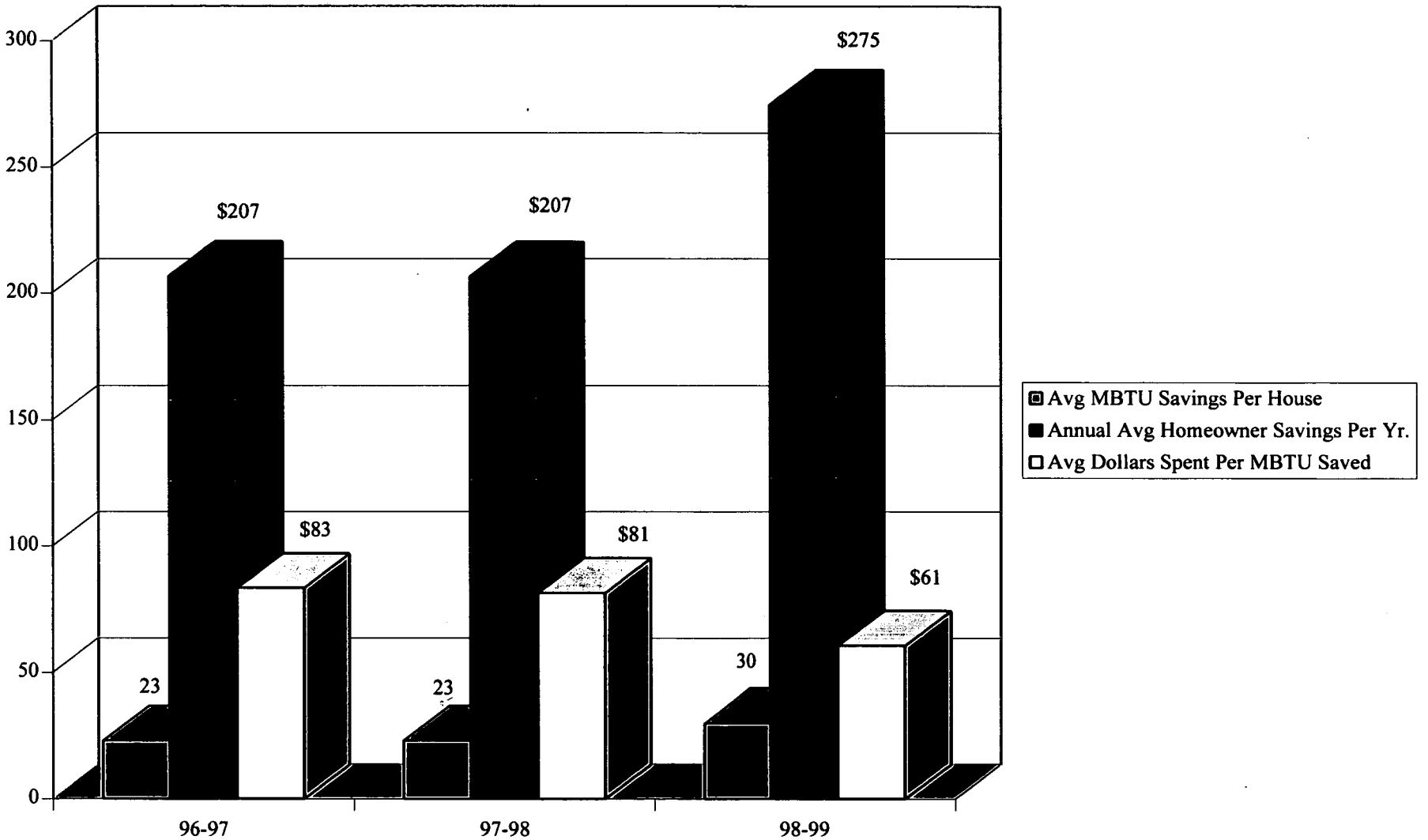


Who Do We Serve?



*Total Low Income Assisted

Avg Savings Per Weatherized Household



Year	Total Allocated Dollars	D.O.E.	LIHEAP	Stripper Well	
96-97 $6,907,067	$6,907,067.00	$2,970,038.81	$2,003,049.43	$1,933,978.76	
97-98 $8,156,354	$8,156,354.59	$2,316,404.70	$3,996,613.75	$1,843,336.14	
98-99 $6,645,054	$6,645,054.00	$2,219,448.04	$2,671,311.71	$1,754,294.26	
Totals	$21,708,475.59	$7,505,891.55	$8,670,974.89	$5,531,609.15	
Year	*Total Assisted	Total Units	Total Elderly	Total Disabled	Total Children
96-97	7,566	3,538	2,108	905	846
97-98	8,862	4,299	2,545	1,109	956
98-99	6,238	3,104	1,931	763	1,346
Totals	22,666	10,941	6,584	2,777	3,148
Year	Avg MBTU Savings Per House	Annual Avg Homeowner Savings Per Yr.	Avg Dollars Spent Per MBTU Saved		
96-97	23	$207	$83		
97-98	23	$207	$81		
98-99	30	$275	$61		

Attachment B

Biotechnology Center

	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized (January 1999)	Governor's Continuation Request 1999-2000 Recommended	%Δ	2000-01 Recommended	%Δ
Expenditures	10,146,176	17,359,201	11,348,647	8,848,647		8,848,647	
Less Receipts	(1,481,780)	(1,194,805)	(1,209,734)	(1,209,734)		(1,209,734)	
State Appropriations	*8,664,396*	*16,164,396*	*10,138,913*	*7,638,913*		*7,638,913*	
Less State 1998-99 NR			*(2,500,000)*				
Adjusted Appropriation			*7,638,913*	*7,638,913*	0.0%	*7,638,913*	0.0%
Positions	44.75	45.50	46.00	46.00		46.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

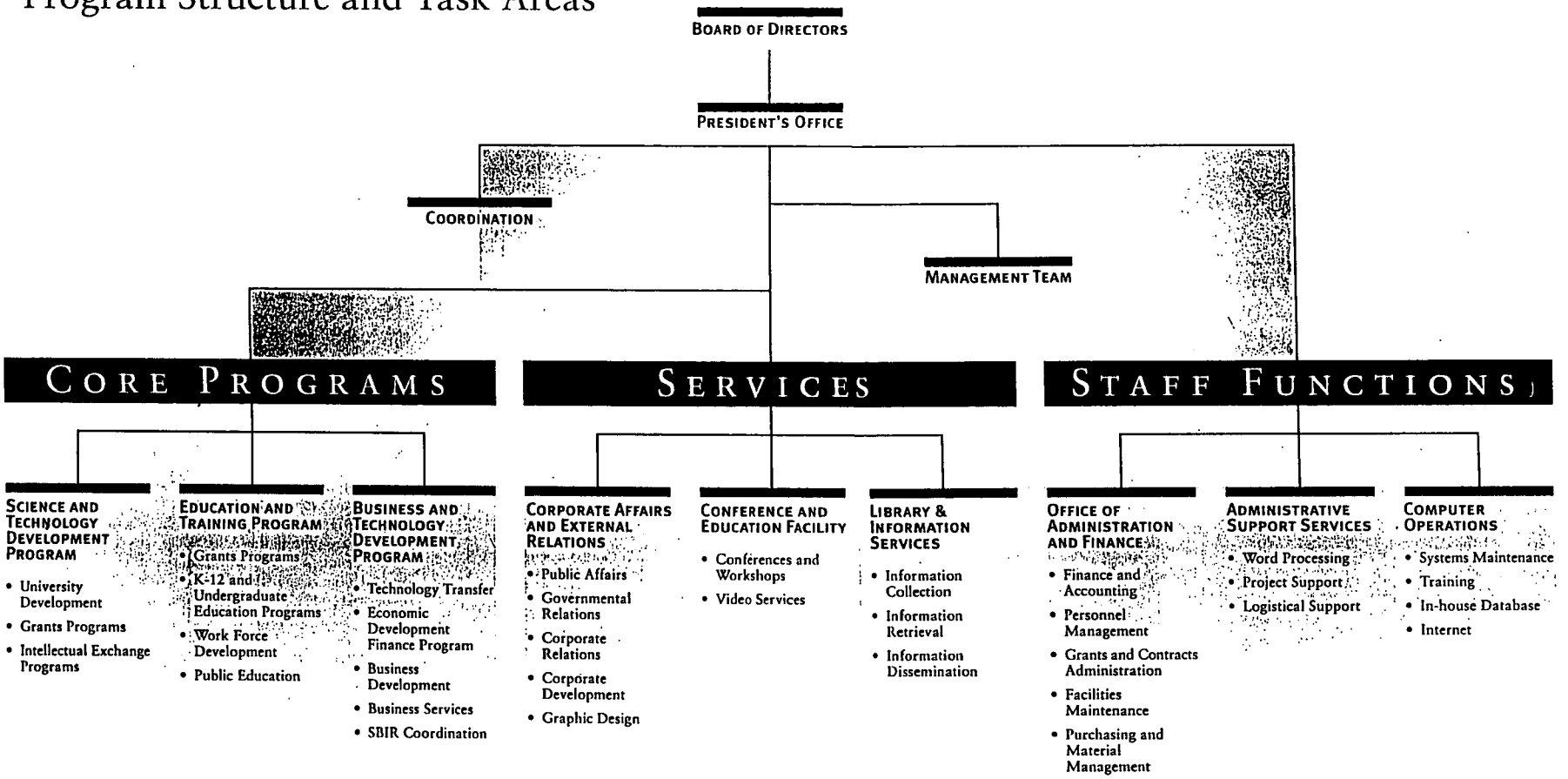
ACTIVITIES

The North Carolina Biotechnology Center is a state funded not-for-profit organization specializing in biotechnology development. The Center provides grants to academic researchers for developing potential biotechnology applications, loans to biotech based companies that are either creating a start-up venture or relocating to the state, and educational resources and support to community colleges, high schools and the state's historically minority universities.

Governor's Budget, Volume 5, pp. 102 - 103

THE NORTH CAROLINA **Biotechnology Center**

Program Structure and Task Areas



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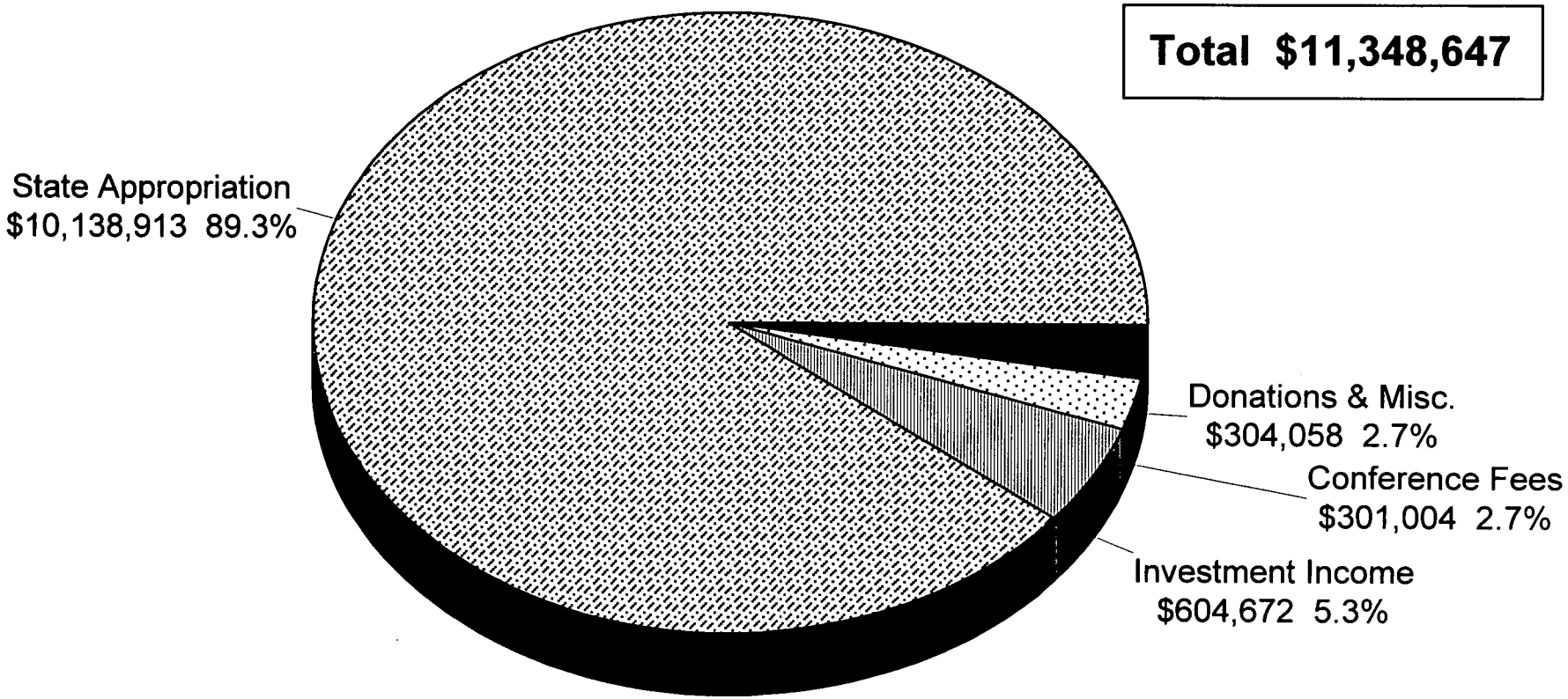
North Carolina Biotechnology Center

FY 1998-99 (Authorized) Total Budget

Fund Sources



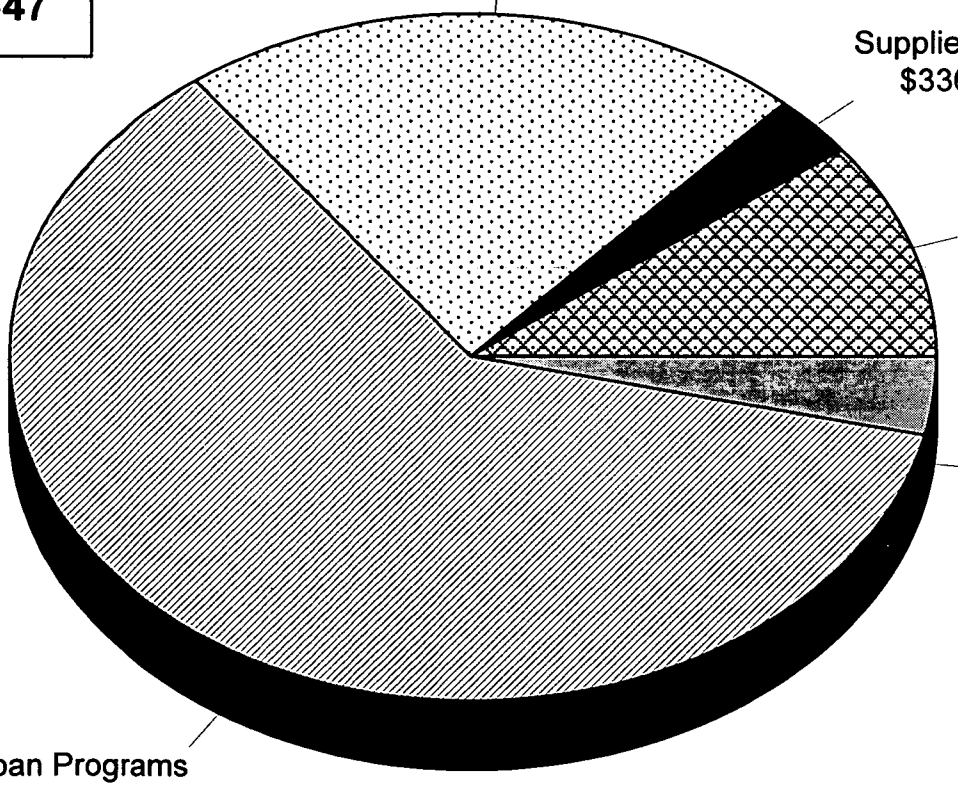
Fiscal Research Division - April 1999

North Carolina Biotechnology Center

FY 1998-99 (Authorized) Total Budget

Expenditures By Category

Total $11,348,647



Fiscal Research Division - April 1999

BIOTECHNOLOGY CENTER
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Reduce state funded operating support.		(25,483) R
SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Provide funds for the NC Biotechnology Center's Economic Development Investment Fund. (Note: The Center used these funds as the foundation for The NC Bioscience Investment Fund.)	7,500,000 NR	
2. Provide funds to support biotechnology programs at the State's six Historically Minority Universities.	1,000,000 NR	
3. Provide funds for additional investment in the NC Bioscience Investment Fund, L.L.C., a venture capital fund for start-up or young biotechnology, biomedical or related bioscience companies.		2,500,000 R

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
None		

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The General Assembly has invested a total of $10 million in the Bioscience Investment Fund. The fund's general purpose is to strengthen the growth of North Carolina's bioscience industry by investing in start-up or young biotechnology, biomedical, or related bioscience companies. Through targeted investments, the Bioscience Investment Fund hopes to achieve the following five objectives:

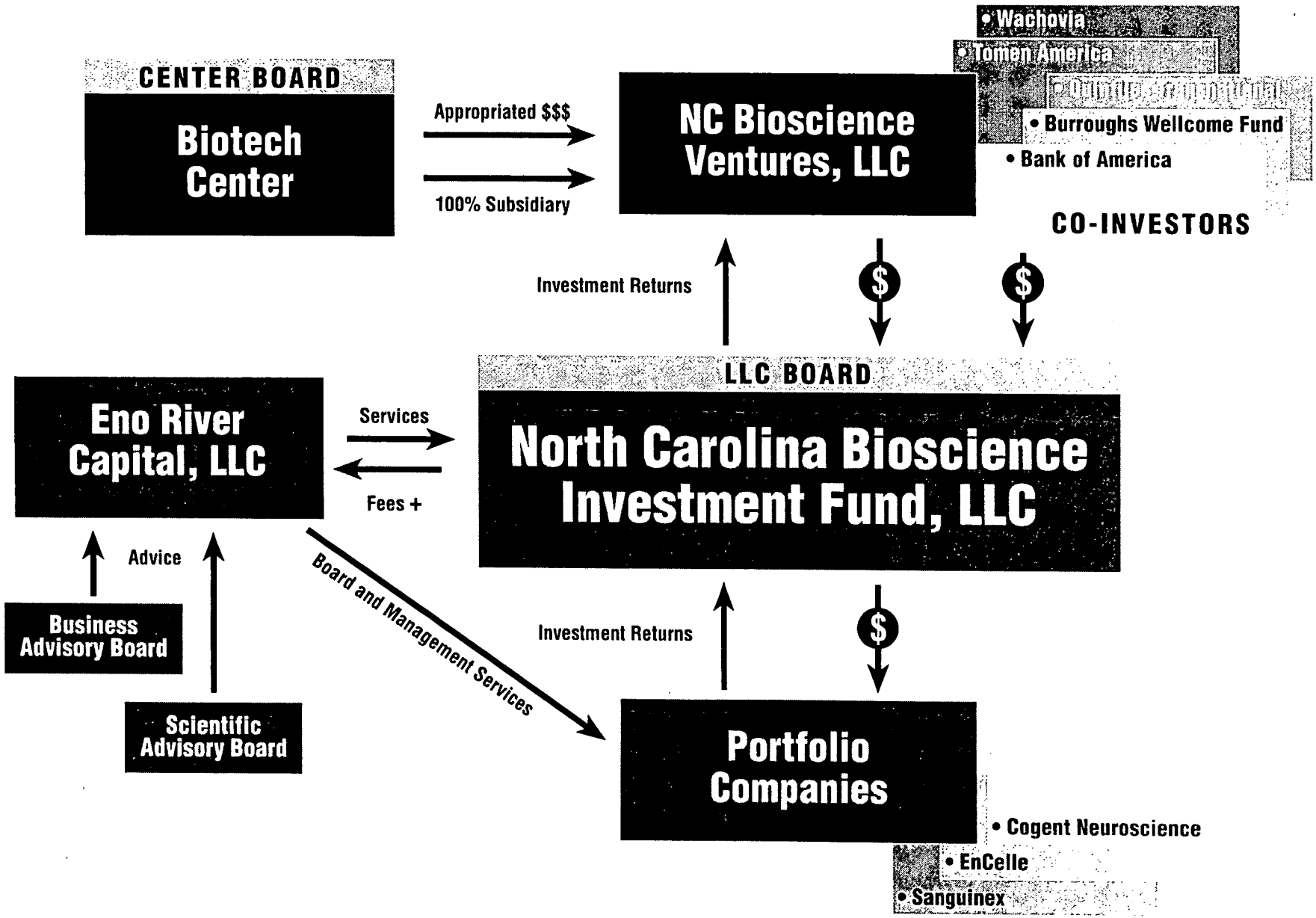
1. Ensure that North Carolina is a national site for bioscience;
2. Increase business activities that yield economic gain through expanded employment, additional tax and revenue returns;
3. Trigger more risk-oriented investment capital in the state by supplementing other investments during high-risk, early technology research and development;
4. Enhance the transfer, commercialization, and retention of North Carolina's invented technologies and to secure advanced technologies from outside the state; and
5. Gain a competitive rate of return on invested funds.

A summary of how the fund works, the number of Fund closings to date, the total amount of financial commitments from private sources, and number and type of Fund investments made to date is attached.

The Committee may wish to have the Biotechnology Center's management discuss this information and the status of this Fund.

COM-88

Fund Structure



COM-89

98-084 BT 12/98

BIOSCIENCE INVESTMENT FUND HIGHLIGHTS

FUND CLOSINGS

First Closing – September 1998
Total Commitments of $16 million

Second Closing – December 1998
Total Commitments of $20 million

Third Closing – April 1999
Total Commitments indefinite at this date

INVESTORS*

Eno River Capital, L.L.C.
Durham

North Carolina Bioscience Ventures, L.L.C.
Research Triangle Park

The Burroughs Wellcome Fund
Durham

Wachovia Corporation
Winston-Salem

Nations Bank/Bank America
Charlotte

Tomen Life Science Investment, Inc.
New York, New York

Tomen America, Inc.
New York, New York

Quintiles Transnational
Durham

* Investors as of second closing in December 1998

FUND INVESTMENTS

Sanguinex – Personal Cell Capture (PC3) technology to significantly lower the cost and increase the convenience of cell analysis in both research and clinical markets

Encelle – Developing a bioartificial pancreas for treatment of diabetes

Cogent Neuroscience – Drug discovery focusing in identifying drug targets in neurons, with an initial focus on stroke

COM-96

Mission Statement

To provide long-term economic benefit to North Carolina through support of biotechnology research, development, and commercialization statewide.

Operations

- Provide funds to promote scientific research and development in biotechnology.
- Promote technology transfer from university research to commercialization and assist biotechnology business through technical assistance and related services.
- Provide educational materials, public affairs materials, and other publications intended to increase knowledge of biotechnological developments and business activity.
- Provide funds to maintain a granting program to strengthen existing educational programs and resources and to create targeted programs for workforce training and education.
- Provide funds to implement and sustain a special biotechnology program initiative for NC's Public Historically Minority Universities (HMUs).

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Strengthen university research, scientific capabilities, and the ability to secure follow-on federal funding through grant programs and intellectual exchange activities. *PPB: 6420*				
• Ratio of state funds to follow-on funding for fundamental biotechnology research grants	1:14	1:10	1:10	1:10
Assist development of new companies and strengthen existing companies through university-industry partnerships, technology transfer, financial assistance, and other business-related services and programs. *PPB: 6420*				
• Ratio of state funding to funding leveraged through the University/Industry Collaborative Funding Program	1:4	1:3	1:3	1:3
• Number of biotechnology companies receiving financial assistance and related business services	65	70	75	81
Prepare the public and a trained workforce able to support and work in North Carolina's growing bioscience industry. *PPB: 6420*				
• Number of courses or other educational activities enhanced or created through grants	40	30	30	30
• Number of high school teachers given supplies for hands-on laboratory teaching	136	130	130	130
• Number of Library research queries and/or reference assistance	1,568	1,581	1,597	1,613
• Number of biotechnology-related meetings held in the Conference and Education Facility	580	650	700	750

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Attachment C

BIOVISION 2000 • January 1999

Economic Value of Bioscience Technologies to North Carolina** and **Summary of Results, 1984-1998, North Carolina Biotechnology Center

This document outlines the cumulative outcome of Biotechnology Center programs to strengthen North Carolina's bioscience resources and competitiveness.
Total cost of state investment over 14 years: $105 million through June 30, 1998.
Return on investment: Over $1.7 billion in investments and additional funding. Creation of 9,000+ new jobs with a current annual payroll of $270 million.

SCIENCE AND TECHNOLOGY DEVELOPMENT PROGRAM

- *Faculty Recruitment* Assisted state universities to recruit 39 research scientists, national and international leaders in key areas. Made North Carolina competitive with leading research institutions in California, Massachusetts, and elsewhere.
- *Seeding Research and Ideas* Provided innovative research grants to 296 research scientists to explore new technologies and trigger their gain of additional federal funds.
- *Research Programs* Funded establishment of key university research programs directly related to North Carolina's economy, including forestry, biomanufacturing and genetic therapy/pharmaceuticals.

Cost to date of this program: $59 million
Return on investment from program: $650 million in federal grants to date, plus $50 million/year into the future.

BUSINESS AND TECHNOLOGY DEVELOPMENT PROGRAM

- Provided "Seed Investment Funds" for 49 start-up companies, 34 of which have been successful.

Cost to date of this program: $6 million
Return on investment from program: 1: Creation of over 1,300 new jobs with payroll of $45 million. 2: Companies have gained private investments and initial public offerings of over $360 million.

- Created the North Carolina Bioscience Investment Fund managed by Eno River Capital: $10 million invested by the State plus $11 million from corporate investors.
- Assisted the Department of Commerce to recruit 9 biopharmaceutical or biomanufacturing firms to North Carolina.

Cost to date of this program: $9 million
Return on investment from program: 1: Creation of 3,000 new jobs with payroll of over $100 million. 2: Construction of $750 million of new facilities.
3: Creation of 2 new jobs in service sector for each new manufacturing job, yielding 6,000 new service jobs.

EDUCATION AND WORK FORCE TRAINING PROGRAM

- Trained 900 high school science teachers who have taught 600,000 high school students. Published textbook for teachers and students on DNA Technology.
- Established, assisted, or funded bioscience training programs and curricula at 400+ high schools and 54 colleges, universities and community colleges statewide.

Cost to date of this program: $7 million

NORTH CAROLINA'S NATIONAL REPUTATION AND COMPETITIVENESS

Moved North Carolina into top five states nationwide for bioscience technology. Established for North Carolina a national and international reputation for technology-based economic development and competitive strength in biosciences.

North Carolina's Bioscience Future

CHARTING AND ANTICIPATING BIOSCIENCE GROWTH IN NORTH CAROLINA

	1986 *documented*	**1996** *documented*	**2006** *anticipated*	**2026** *anticipated*
Jobs	4,000	15,000	30-35,000	100,000
Product Sales	$150 million	$900 million	$3-4 billion	$12-15 billion
Payroll	$100 million	$525 million	$1.3 billion	$4 billion

CONCLUSION AND IMPERATIVE: A $100 MILLION INVESTMENT IS REQUIRED

The above data reveal a *strongly* growing industry – and a once-in-a-lifetime economic development opportunity. An investment of $10 million per year for the next ten years can produce thousands of jobs, billions of dollars in product sales, and accompanying tax revenues.

Charles E. Hamner DVM, PhD, President • W. Steven Burke, Senior Vice President, Corporate Affairs
North Carolina Biotechnology Center • Box 13547, Research Triangle Park, NC 27709 • 919-541-9366

North Carolina Biotechnology Center
15 T.W. Alexander Drive • Post Office Box 13547
Research Triangle Park, NC 27709-3547
919-541-9366 • fax 919-549-9710
Internet: www.ncbiotech.org

Dr. Kathleen Kennedy, Director, Education and Training Program
Dr. Bill Schy, Coordinator, Education and Training Program
98-087 ET 12/98

NORTH CAROLINA BIOTECHNOLOGY CENTER

Developing a Trained Workforce and an Educated Public

Education is central to biotechnology development. Without a technically skilled workforce and an informed public, biotechnology will not reach its full potential. The Center's Education and Training Program encourages biotechnology development in North Carolina by working to develop a trained workforce and a public educated about the science, applications and issues of biotechnology.

Whenever possible, we use existing resources and infrastructures for disseminating information on biotechnology. Our primary information conduits are science instructors at the state's educational institutions. The explosive growth of biotechnology necessitates updating these instructors. By training instructors at all educational levels, we invest in the education of thousands of North Carolina students.

Through our award-winning **K–12 Education Enrichment Program**, we have updated over 880 middle and high school teachers in biotechnology. Center funding also allows us to develop curriculum materials and provide these teachers with laboratory equipment and supplies. Because of this holistic approach, teachers can bring into the classroom the new hands-on science they have learned. Each year the 880 teachers reach about 88,000 North Carolina middle and high school students.

The Center also funds instructor-initiated projects through our **Education Enhancement Grants** and **K–12 Mini-Grants Programs**. Since 1990 we have awarded over $3.1 million to equip teaching labs and enable instructors to develop new biotechnology courses and curriculum materials.

This map shows how Center grant funds have benefited institutions across the state and illustrates the distribution of instructors who have received Center-sponsored training in biotechnology.

NORTH CAROLINA BIOTECHNOLOGY CENTER
EDUCATION AND TRAINING PROGRAM

Award Recipients and Workshop Participants, 1990-1998

Region 1

• A.C. Reynolds Middle School	$ 4,856
• Appalachian State University	64,810
• Gardner-Webb College	12,500
• Mars Hill College	65,000
• North Buncombe High School	49,188
• Pisgah High School	5,000
• UNC – Asheville	29,625
• Western Carolina University	39,000
• Wilkes County Schools	23,600
Total	**$293,579**

Region 2

• Alamance Community College	$110,609
• Bennett College	66,500
• Eastern Guilford High School	63,600
• Elon College	35,449
• Guilford County School System	24,650
• Lenoir-Rhyne College	46,000
• NC A&T State University	174,000
• NC School of the Arts	5,000
• Northwest Guilford Middle School	2,400
• St. Stephens High School	2,462
• Salem College	41,000
• Sci Works	11,000
• Turrentine Middle School	1,118
• UNC – Greensboro	105,969
• Wake Forest University	45,524
Total	**$735,281**

Region 3

• Catawba Girl Scouts	$ 5,000
• Catawba Science Center	4,899
• Central Cabarrus High School	4,200
• Charlotte Country Day School	4,752
• Davidson College	45,000
• Gaston College	19,704
• Harding University High School	3,800
• Mitchell Community College	18,000
• UNC – Charlotte	288,523
• West Iredell High School	44,500
Total	**$438,378**

Region 4

• Cape Fear Community College	$49,400
• Fayetteville State University	46,306
• Methodist College	43,500
• Pembroke State University	91,809
• Southeastern Community College	18,175
• UNC – Wilmington	70,852
Total	**$320,042**

Region 5

• Apex High School	$ 3,252
• Campbell University	98,966
• Central Carolina Community College	20,000
• Chapel Hill High School	4,600
• Duke University	20,000
• East Wake High School	5,000
• Franklin County Schools	10,000
• Hillside High School	1,760
• Meredith College	37,500
• Millbrook High School	4,315

Region 5 continued

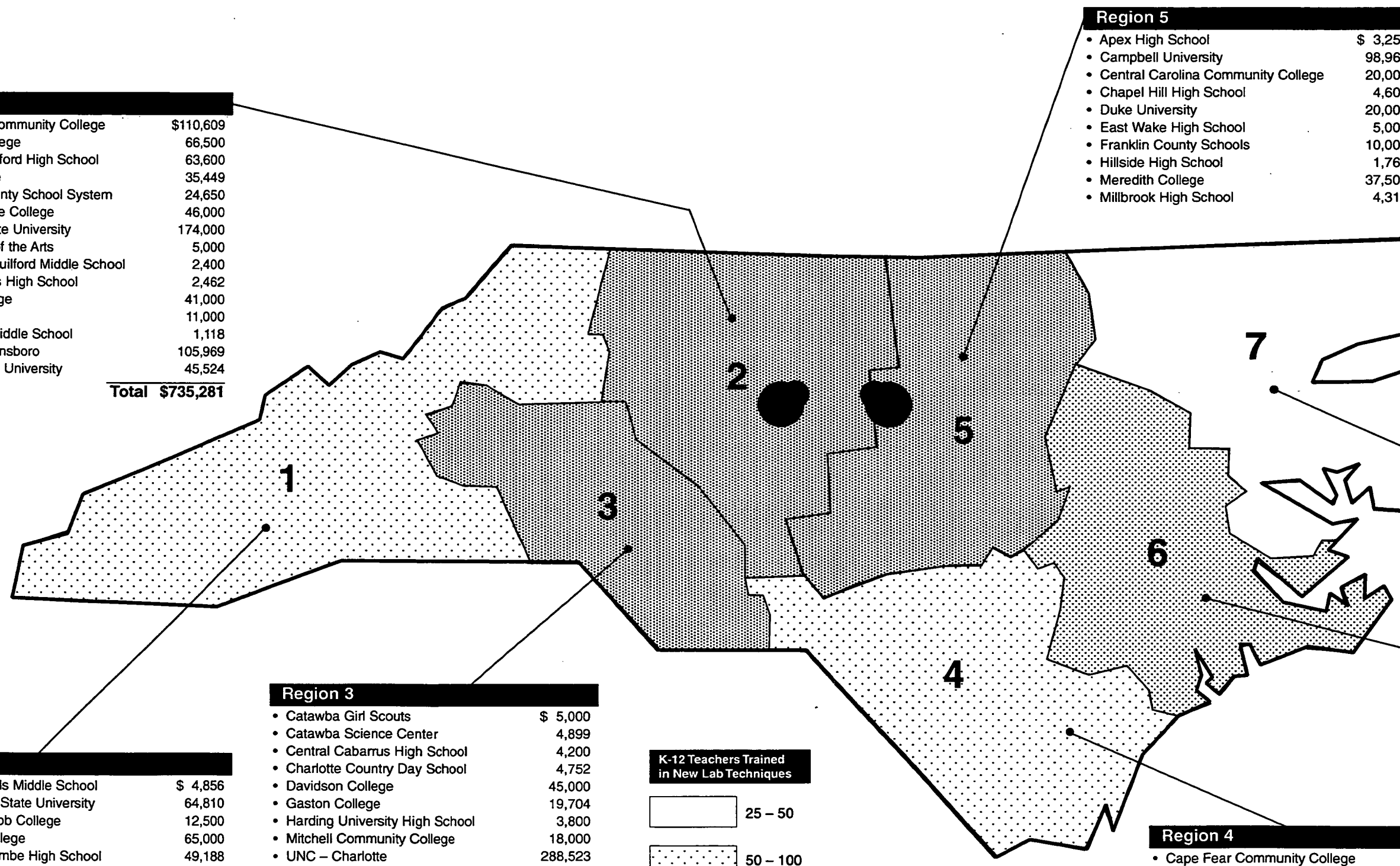
• NC Central University	68,000
• NC Museum of Life and Science	34,300
• NC School of Science & Math	34,812
• NC State University	386,858
• Peace College	40,000
• St. Augustine's College	4,000
• St. Timothy's – Hale School	3,500
• Shaw University	45,000
• Southern High School	12,000
• UNC – Chapel Hill	147,764
Total	**$981,627**

Region 6

• Carteret Community College	$ 5,135
• East Carolina University	254,847
• East Duplin High School	4,995
• Hunt High School	4,971
• NC Wesleyan College	6,870
Total	**$276,818**

Region 7

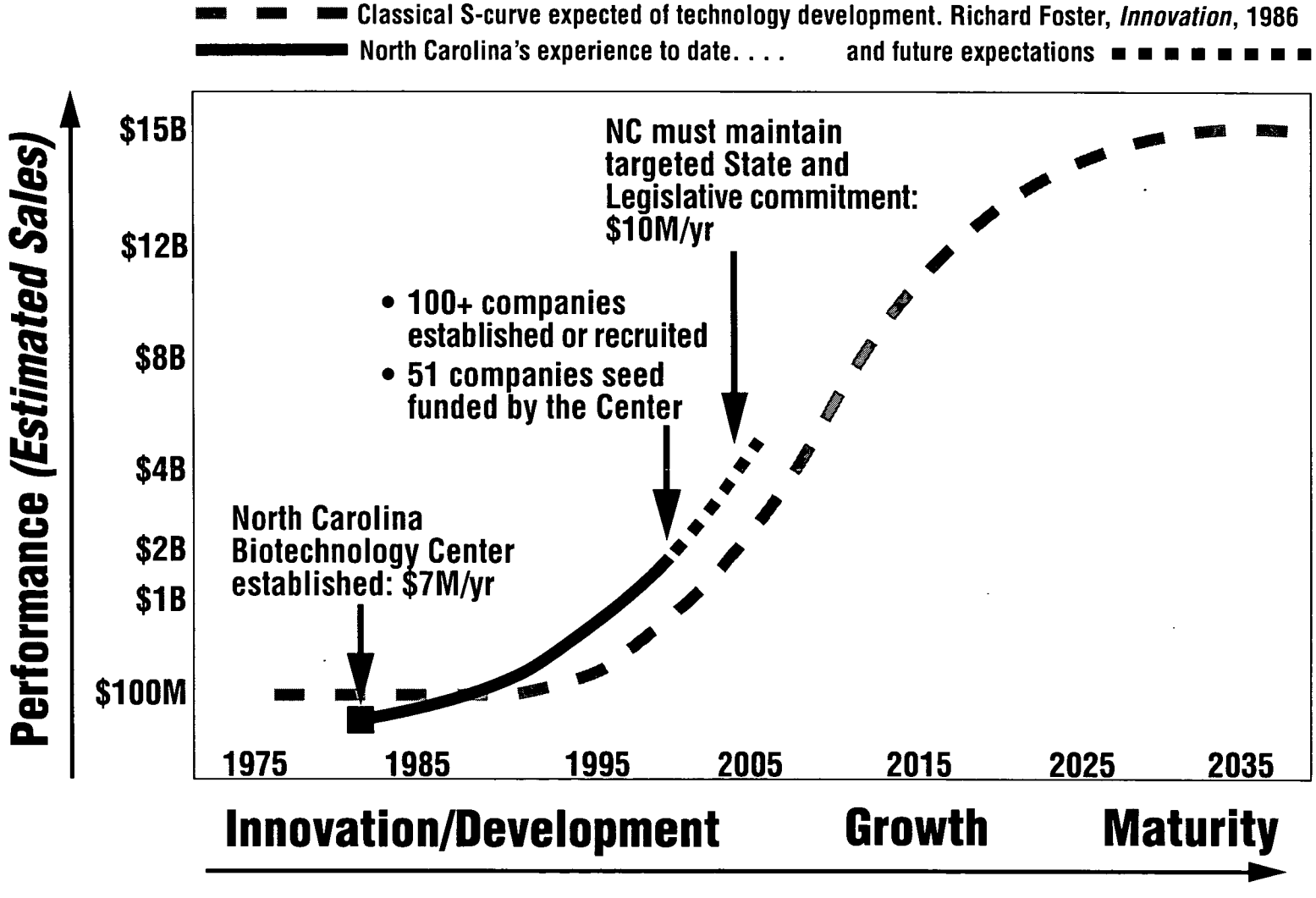
• Chowan College	$17,595
• Elizabeth City State University	60,300
• Jamesville High School	3,184
• Martin Community College	40,000
• Southeast Halifax High School	4,935
Total	**$126,014**



K-12 Teachers Trained in New Lab Techniques

- 25 – 50
- 50 – 100
- 100 – 150
- 150 – 200

North Carolina's Biotechnology Development



Attachment D

Department of Commerce

Center for Entrepreneurship and Technology							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (January)	1999-2000 Recommended*	%Δ	2000-01 Recommended*	%Δ
Expenditures	708,691	552,361	1,249,167	597,237		597,237	
Less Receipts	(365,787)	(220,046)	(460,226)	(301,848)		(301,848)	
State Appropriations	*342,904*	*332,315*	*788,941*	*295,389*		*295,389*	
Less State 1998-99 NR			*(500,000)*				
Adjusted Appropriation			*288,941*	*295,389*	2.2%	*295,389*	2.2%
Positions	3.00	3.00	3.00	2.00		2.00	

Position Note: Although the budget document indicates 2 positions for the CET, the actual positions total 4. Two positions are funded through the Business and Industry Division.

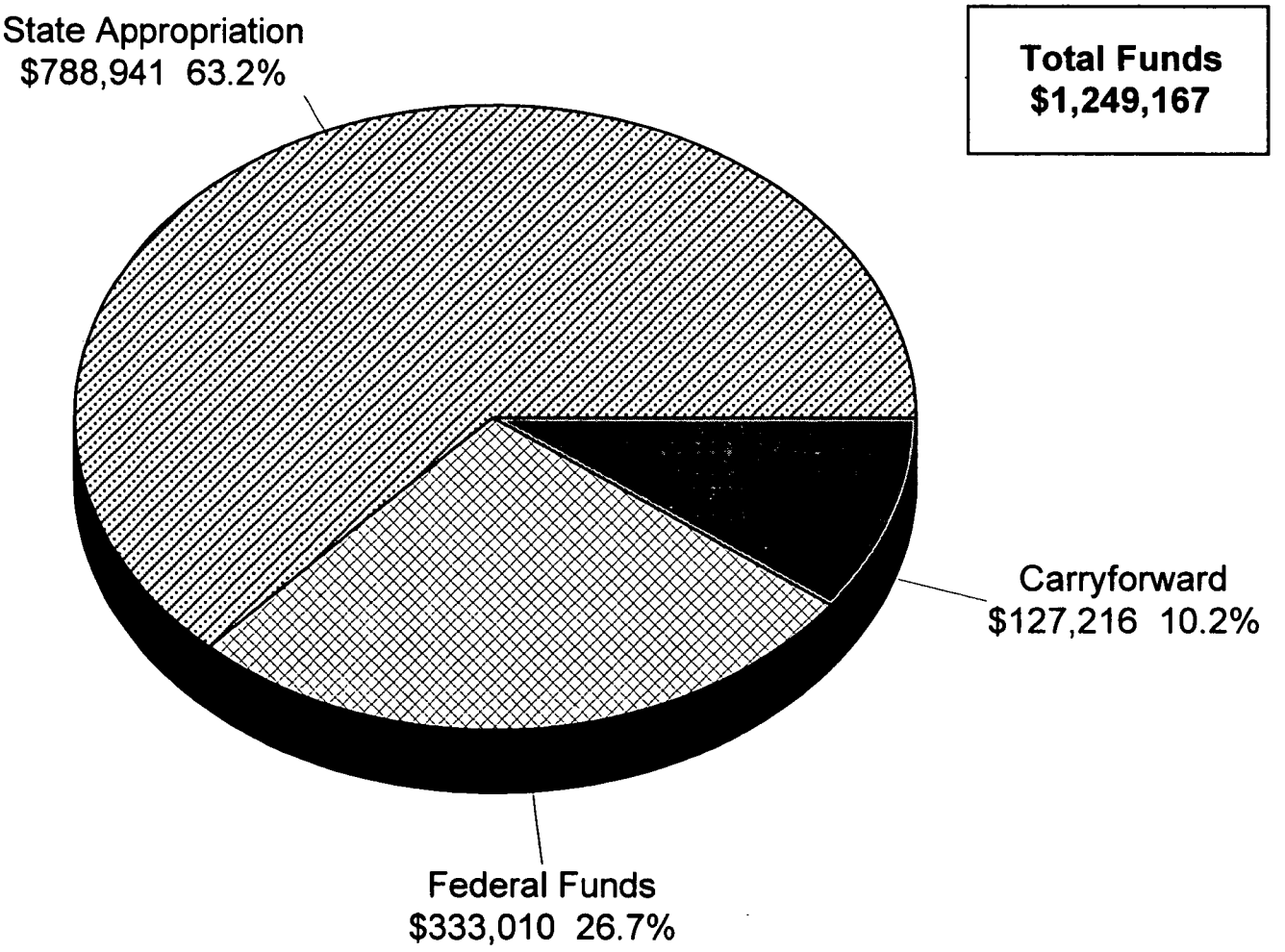
%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

CET Activities

- **Entrepreneurial Development.** The Center works with regional and local economic developers to assist the expansion of existing entrepreneurial firms and to recruit out-of-state entrepreneurial companies to North Carolina.
- **Entrepreneurial Finance.** The Center designs and proposes activities aimed at increasing the availability of equity capital and other forms of start-up financing for North Carolina entrepreneurial companies.
- **Entrepreneurial Strategy Development.** The Center is completing the design of a "North Carolina Entrepreneurship Initiative" to better coordinate the state's various resources devoted to entrepreneurial and technology-based economic development and make then more readily available to client enterprises.

Governor's Budget, Volume 5, pp. 100-101

Center for Entrepreneurship and Technology
FY 1998-99 (Authorized) Total Budget
By Funding Source

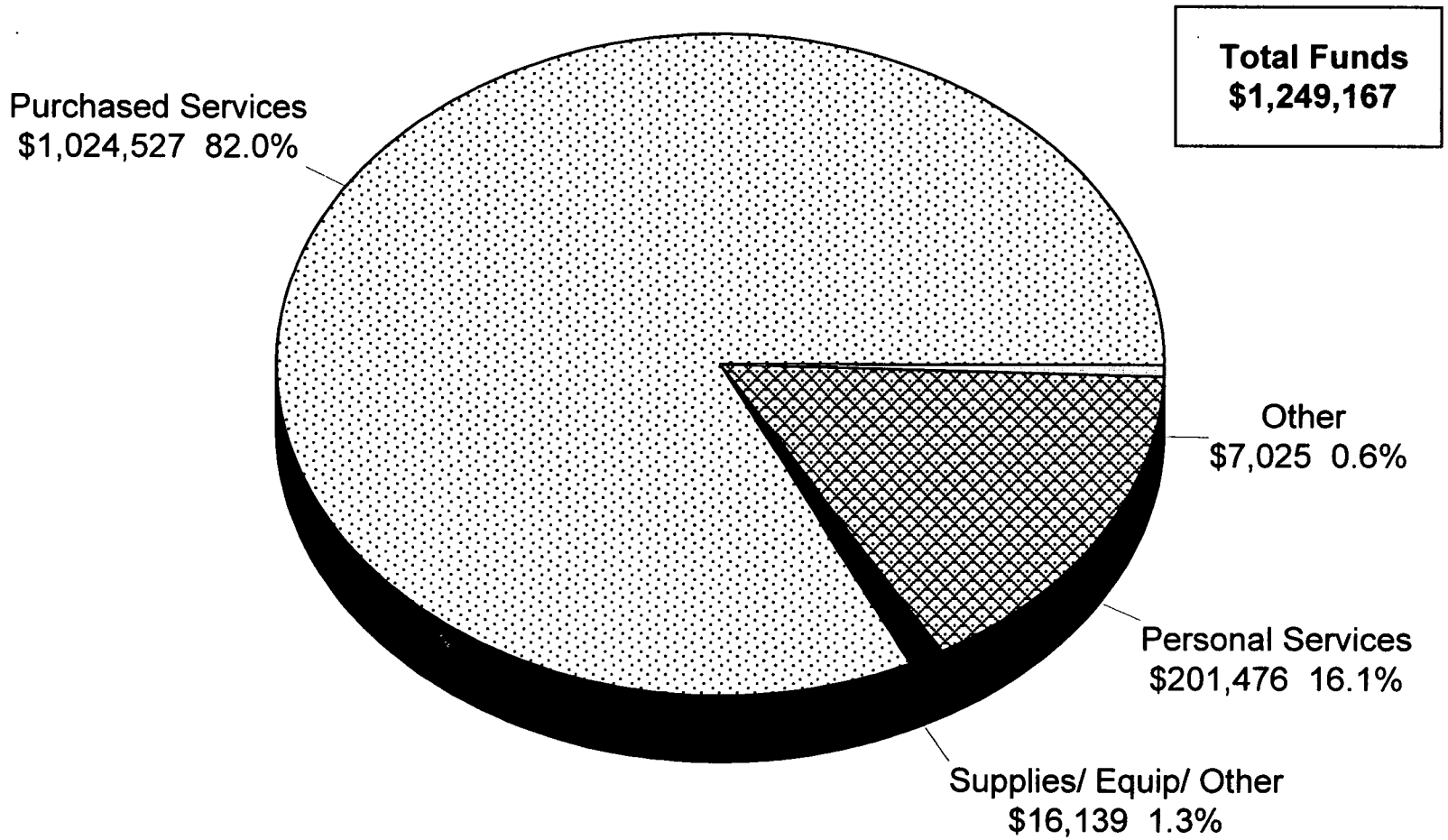


Fiscal Research Division - March 1999

Center for Entrepreneurship and Technology

FY 1998-99 (Authorized) Total Budget

Expenditures By Category



Fiscal Research Division - March 1999

CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Reduce the budgeted salary of the Program Director by $24,065.		($24,065) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1997-98	FY 1998-99
1. Provide recurring state funding to replace three-year federal grant.	$375,000 R 3.00	$375, 000 R 3.00
2. Funds to develop textile industry competitiveness strategies by demonstrating technology used in dyeing textile yarns.		$500,000 NR

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Eliminate the salary and fringe for Deputy Director position.	($68,670) R	($68,670) R

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

ESTABLISHMENT

The North Carolina Alliance for Competitive Technologies (NCACTs) was established in 1994 by Executive Order to be North Carolina's technology-based economic development strategic planning and coordinating body. According to the most recent annual report submitted, "NCACT's mission is to plan, coordinate and evaluate the state's technology-based economic development efforts and serve as a catalyst in forging strategic partnerships to link support with the needs of new and existing technology and manufacturing firms to ensure NC's leadership position in the worldwide marketplace."

FUNDING/PERSONNEL

A three-year federal grant, supplemented with non-recurring state funds, supported the staff and operating budget of NCACTs from its inception until the end of the 1996-97 fiscal year. During the 1997 Session, the General Assembly provided recurring state funding to replace the expiring federal grant, which allowed NCACTs to continue operation as a state agency. Beginning in July 1997, the Deputy Director left NCACTs, followed by the Executive Director's departure in November with the third staff member, an Administrative Manager, vacating the only remaining position in January 1998. NCACTs remained non-functional until July 20, 1998, when the Executive Director position was filled. In September 1998, an Administrative Manager, was hired. The Deputy Director position remains unfilled and is recommended for elimination by the Governor in his continuation budget.

REORGANIZATION

In January 1999, the Secretary of Commerce announced the reorganization of NCACTs to create the Center for Entrepreneurship and Technology (CET). According to the reorganization report submitted by the Secretary, the Center has all of the original duties and responsibilities of NCACTs as well as an expanded mission to include entreprenuership and small business initiatives. This is somewhat inconsistent with conversations between fiscal staff and the Center's Director and the Department's Assistant Secretary for Administration in that it was unclear whether the activities and functions of NCACTs would continue through the Center. To fulfill its expanded mission, Center was assigned two Economic Development representatives from the Business and Industry Division, although these positions are not formally incorporated into the Center's budget.

Given that the General Assembly appropriated funds specifically to support NCACTs, the Committee may wish to have the Department discuss how this new agency plans to fulfill the role and activities of NCACTs as well as role and activities associated with entreprenuership and small business initiatives.

Fiscal Research Division -- March 1999

Mission Statement

To direct the department's initiatives in entrepreneurship and technological development to support economic development statewide.

Operations

- Develop programs to better coordinate the state's various resources devoted to entrepreneurial and technology-based economic development and make them more readily available to the client enterprises, especially those located in State Development Zones and rural areas.
- Design and implement activities to increase the availability of equity capital and other forms of start-up financing for small business and to recruit additional venture capital to North Carolina.
- Assess opportunities for applied research and technology deployment identified by entrepreneurial industries throughout the state and leverage state and federal support for those identified opportunities.
- Design and implement entrepreneurial recruitment efforts with local and regional economic development partners to specifically target the recruitment of headquarters of entrepreneurial firms.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase economic return to industry through creation of partnerships between industry and state-supported technology-based economic development organizations, including institutions of higher education. PPB: 6420				
• Number of partnerships created	1,000	2,000	3,000	
• Number of infrastructure assessments conducted in cooperation with local developers to inventory appropriate facilities available in which to locate entrepreneurial firms	15	25	50	
Increase the creation, growth, and competitiveness of small and entrepreneurial businesses throughout North Carolina. PPB: 6420				
• Number of applied research opportunities identified and assisted through leveraged state and federal funding	4	8	12	
Increase the capacity of economically disadvantaged groups and areas of North Carolina to build economic opportunities through entrepreneurial efforts. PPB: 6420				
• Number of headquarters of entrepreneurial firms locating in North Carolina	100	200	300	

VISITOR REGISTRATION SHEET

4-1-99
DATE

APPROPRIATIONS ON NATURAL & ECONOMIC RESOURCES
NAME OF COMMITTEE

VISITORS: Please sign below and return to secretary

NAME	FIRM OR STATE AGENCY AND ADDRESS
Paul Hurley	ENERGY DIVISION
Dottie Cicirello	Dept of Commerce
Phil Wilson	" " "
Leya Aycock	Commerce
Chad Aycock	student
BRENT LANE	COMMERCE
T. C Adams	Commerce
ROBERTA FAMSOW	N.C. COMMUNITY ACTION
Vaughan Spencer	NC Community Action
Kathy Sawyer	Commerce
WAYNE DAVIS	COMMERCE
ALAN ALEXANDER	COMMERCE
Sheila W. Clark	OSPI
Sheila Ottieri	OSBM
Johnny Gray	OSBM
Lori Greenstein	NC Biotech
Christy Russell	NC Biotech
Charles Hammer	" "
BUCK LATTIMORE	NC INDUSTRIAL COMMISSION
CHUCK ELLSTROM	Energy Division
Deborah Lamm	Energy Division
Kathy Ashcroft	Energy Division

VISITOR REGISTRATION SHEET

DATE

APPROPRIATIONS ON NATURAL & ECONOMIC RESOURCES

NAME OF COMMITTEE

VISITORS: Please sign below and return to secretary

NAME	FIRM OR STATE AGENCY AND ADDRESS
Percy A. Carter	Energy Division
Rita L. Joyner	Energy Div.
Bickie Street	PPAB
[illegible]	PPAB
J W Reel	OSBM
Jim Hardesty	NC Park Council
Becky Brown	Labor
Laura DeVino	DENR

Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

April 6, 1999 – 8:30 AM

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Tuesday, April 6, 1999 at 8:30 AM in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Stan Fox, Chair; Bill Owens, Chair; Edith Warren, Vice Chair; Rex Baker, Arlie Culp, Howard Hunter, Frank Mitchell, Carolyn Russell, Joe Tolson and Nurham Warwick.

Representative Stan Fox, House Chair, called the meeting to order. He called upon Jennifer Hoffman, Fiscal Research Division, to complete the last division in the Department of Commerce – the Division of Policy and Employment and she reviewed (COM 92-97). In January 1999 the Department of Commerce combined the economic development and policy staff with the staff of the Commission on Workforce Preparedness under an Executive Director for Policy and Employment. Ms. Hoffman reviewed the total budget funds sources, total budget expenditures by category and the overview of budget actions pages for the division. There are no reductions for the division and only one selected expansion item – funds from the Worker Training Trust Fund to support the Employment and Training Grant Program. The Mission Statement, Operations and Objectives and Key Performance Measures were also review. Representative Owens asked about the $107,000 state appropriation and does this money have to come from the state instead of federal money. Also, are the seven positions funded through Business and Industry Division State funded? Mr. Wayne Daves, Division Director, Division of Policy and Employment, was recognized, and he thanked the committee for being able to address it. He responded to Representative Owens' questions , and the $107,000 goes to support the Commission on Workforce Preparedness and we have matching money from the Federal Government. The seven staff positions are in other divisions in the Department of Commerce, and they were transferred over to create a research unit to work with the Workforce Commission. The research unit works off economic development projects and supports the Economic Development Board, and the intention of the Department is to pull those positions out and re-budget them this fall. Representative Culp asked about the federal money coming into the Division, and Mr. Daves stated the appropriation from Federal Government that will begin October 1 begins our fiscal year July 1 so if the Federal Government moves properly with their budget we know early in the spring our dollar amount for the next program year. Our program year is advance funded. Some of the funds coming to the Commission are special grants. The $60 M is a July 1 through June 30 appropriation. Representative Owens asked if the Welfare to Work monies and other monies received could help with the shortfall every year on new and expanding industry-training funds at the community colleges. Mr.

Daves stated we transfer a lot of money in the way of tuition payments to the community college system. Through the Workforce Program large numbers of individuals are enrolled in community college curriculums, and the prevailing tuition and books and fees are paid for. There is no transfer of a specific amount of money to purchase some service other than through the tuition. At one time the community colleges could be engaged into a special curriculum - for instance, if a community needed 15 plumbers or brick masons the entire training account could be charged to the federal funding source. Representative Owens asked if the State Budget Office or staff to see if there would be any possibility of using any of these funds for people who are eligible for Welfare to Work for the training program. Representative Tolson stated a transfer would have to be made to Community Colleges New and Expanded Industry Program. Mr. Daves will be glad to explore this with the Community College System. At the local level if you are involved in customized training you can certainly pro rata a share for the participants, but there would be difficulties with a line item transfer. He will discuss this with Martin Lancaster, President of the NC Community College System. Representative Russell referred to COM 97 and asked to be given examples of subsidized employment. Subsidized employment to the Federal Government is positions that are funded with tax receipts. It is not public service employment programs. It is employment in the private sector. We get into subsidized employment in some areas of the state where there are military bases or hospitals. Representative Russell asked why the subsidized or unsubsidized distinction is important, and Ms. Leza Aycock, Assistant Secretary for Administration, Department of Commerce, stated it is important in the Welfare to Work Program because the Federal Government will supplement a wage for six months. Representative Owens noticed a total of 49 positions instead of 50 positions (42 in Policy and Employment Division and seven in Business and Industry Division). Representative Tolson asked if the summer youth program is growing every year, and Mr. Daves stated this summer the program will be about $15 M which is about in line with the past. There is a lot of discussion in Congress about changing the program. The Workforce Investment Act will be replacing the Job Training Partnership Act by July 1, 2000. The youth dollars are all put into one grant and local workforce boards, and the elected officials make a decision about how much of those dollars will be used for summer employment and year round youth programs.

The Chair recognized Senator Jim Speed who visited the committee meeting. He welcomed Jim Graham, Commissioner, Department of Agriculture and Consumer Services. Commissioner Graham thanked the committee for its support and confidence and he introduced Dr. Richard Reich, new Director of the Agronomic Division. It is hoped you will be able to continue and expand support for the future. Agriculture is in the worst shape he has ever seen in his lifetime. It is under the severest attack by all definitions and is in a state of depression. Many commodities are selling under cost of production. Next to California and Texas we are third largest net farm income of any state in the nation. We have been working on alternative crops for tobacco for thirty years. There are weather problems and we must maintain and sustain a balance between environmental and agricultural requirements. Almost $50 B comes from agriculture in this state. It has been in the past the backbone of our economy. It provides more than 21 percent of the employment and delivers millions of dollars in tax revenues to city, county

and state governments. We provide the safest and most economical food in the world. The Food and Drug Division is considered one of the most outstanding in the country. Concerns over pollution, water quality and odor are criticisms against agriculture, and we are trying our best to do something. We are not being evasive. We do not have answers for all these problems, but we are working on them. We are trying to diversify our crops to further lessen the dependence upon tobacco. There are 15 experimental farms, and we have a good working relationship with our universities. No state in the country has a more aggressive marketing approach than we do - domestic or international. We need adequate funding commitment from the Legislature. Our Department operates 13 laboratories, manages and operates four Farmers Markets (Raleigh, Asheville, Greensboro and Charlotte), manages four agricultural centers, operates two State Fairs and seven diagnostic labs. He invited everyone to attend the Legislative Dinner featuring NC commodities on April 14, 1999.

Commissioner Graham reported to Representative Mitchell on the dairy grants for growers and farmers, and they are working well. Representative Mitchell stated he was very pleased with the Department's work in this area, and Representative Culp asked how long it might be before we get out of the "slump" and Commissioner Graham said things have to change and things will be better in 2000. We live in a global society and some countries are bankrupt. Representative Warwick stated the Agriculture Department needs more funding, and he asked what the Department needs to put itself in line with providing help along with the new tobacco money to help resolve problems in other areas.

The Chair called upon Jennifer Herrera to give an overview of the Department for Agriculture and Consumer Services' Overview (AG 6-14). The Department is responsible for enhancing agriculture as an economic industry, regulating agricultural enterprises to safeguard public and animal health, and ensuring the accuracy of measures used in consumer purchases. Ms. Herrera reviewed each page of the AG 6-14 handout.

Ms. Herrera continued with the Department's Administration Division and reviewed (AG 15-20). The Administration Division's activities include support for the Commissioner's Office, Fiscal Management, Human Resources, Purchasing and Data Processing Services, Public Relations, Warehouse Operations and Rural Rehabilitation Corporation.

The Chair recognized Mr. Maurice Weaver, Deputy Commissioner, DACS, who presented the Administration's handout which describes General Administration, Administrative Services and Public Affairs. Representative Owens asked why the Warehouse Operations are under Administration, and Mr. Weaver stated the program started during the Depression and it was intended to provide warehousing for farmers to store commodities in during time of depressed prices. In the 1960's the federal government took over most of the program, but the Department has maintained the trust fund. Representative Culp asked if the NC Food Bank is eligible for the Food Distribution Program, and Mr. Weaver said the Food Bank is one of the customers. Senator Martin asked about the surplus food program. Congress will appropriate money to buy food to provide food under the Temporary Emergency Assistance program to help

during natural disasters and national emergencies. Representative Culp asked if the Department has more than one warehouse, and there are warehouses in Butner and Salisbury. Mr. Weaver stated the General Assembly appropriated $1.5 M to the Small Family Dairy Farm Program and to date we have issued grants to 283 of 300 applicants. The money was limited to waste management systems used to transport, store, and distribute animal waste. The equipment is limited to pumps, spraying equipment, scrape blades, box blades, storage equipment and transport equipment including tractors, sprayers and applicators. The dairy had to be in operation as of January 1, 1998 with fewer than 300 cows and the program has been well received. The General Assembly appropriated $1.5 M last year in a loan program for the same group of people. Also, $150,000 was appropriated for local agricultural fairs (non-profit in nature), and we have made grants to 26 of 29 applicants. $250,000 was appropriated to local Farmers Markets, and grants have been made to 32 of 36 applicants. There was a $3,000 maximum for promotion and $10,000 for development or construction work. $50,000 was appropriated to Assistance to Small Family Farms, and we have assisted 120 farmers. This program made grants to 40 different farmers who had roadside operations. The program assisted 11 school systems to buy commodities from local producers. Representative Russell asked if the local food is more expensive and will school systems continue to buy from the local farmers when the money is gone, and Mr. Weaver will asked Mr. Archie Hart who manages the program to follow-up. Senator Martin asked if the school system or individual schools made the purchases, and the school system would make the purchase. $10,000 also was allocated to NC A & T University to do research to help local farmers sell their commodity to keep more food dollar on the farm instead of going through the processing and wholesale and retail chains. Another program is training farmers in the use of drip irrigation. This program is conducted in conjunction with the Global Transpark.

Mr. Weaver continued with the $250,000 appropriation to the Farmland Preservation Trust Fund, and grants to date total $237,500. Because the General Assembly was late in providing the special provision last year, it was nearly impossible for the Department to put together a structure to go out and buy development easements under the program. We contracted with the Conservation Trust for NC, who is already in the business of preserving farmland, and it has bought or had land donated valued at $1.5M. The Trust purchased the Blackburn Preston Farms in Forsyth County (268 acres for $44,092; the Daltonia Plantation was purchased through a grant made by the Conservation Trust to the Land Trust of Central NC (198 acres) and here the only cost to the program was the transactional cost of $125,518; Character Farm (81 acres) $50,390; Newland Hickory Grove Dairy (160 acres) $67,000; and Richardson Farm (298 acres) $10,500. Representative Baker asked how much the Trust charged and the amount was $50,000. Representative Culp asked what is done on the land after it is purchased. Mr. Weaver said the land cannot be developed, but it can be cultivated. The ownership remains with the original owner, but he cannot sell the land for development for a period of time depending upon the agreement. The owner can continue to farm the land.

The meeting adjourned at 9:52 AM.

Respectfully submitted,

Representative Stan Fox, Chair

Mary Capps, Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, April 6, 1999
Rep. Stan Fox, Presiding

1. Chairman's Comments

2. Department of Commerce – Continued

   Division of Policy and Employment
   Jennifer Hoffmann, Fiscal Research
   Wayne Daves, Division Director

3. Department of Agriculture and Consumer Services

   Commissioner's Remarks
   Jim Graham, Commissioner, DACS

   Departmental Overview
   Jennifer Herrera, Fiscal Research

   Administration
   Jennifer Herrera, Fiscal Research
   Maurice Weaver, Deputy Commissioner, DACS

4. Committee Discussion

5. Adjourn

Department of Commerce

Division of Policy and Employment

	1996-97 Actual	1997-98 Actual	Current Fiscal Year 1998-99 Authorized (January 1999)	Governor's Continuation Request 1999-2000 Recommended*	%Δ	2000-01 Recommended*	%Δ
Expenditures	55,862,844	60,012,404	76,610,516	68,497,286		38,197,804	
Less Receipts	(55,835,995)	(59,203,444)	(76,138,876)	(68,390,258)		(38,090,776)	
Cash Balance +/-	74,957	(721,004)	(359,500)				
State Appropriations	*101,806*	*87,956*	*112,140*	*107,028*	-4.6%	*107,028*	-4.6%
Positions	43.00	42.00	42.00	42.00		42.00	

Position Note: Although the budget document indicates 42 positions for the Division of Policy and Employment, the actual positions total 50. Seven positions are funded through the Business and Industry Division.

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 authorized budget.

ACTIVITIES

In January 1999, the Department of Commerce combined the economic development and policy staff with the staff of the Commission on Workforce Preparedness under an Executive Director for Policy and Employment. The Division's combined responsibilities include:

- Provision of staff support to both the Workforce Commission and the Economic Development Board;
- Preparation of strategies for economic development efforts and workforce development programs;
- Oversight and coordination of the state's workforce preparedness programs;
- Administration of the Job Training Partnership Act (JTPA) program; and,
- Preparation of various economic data documents such as County Scans and Economic Trends reports.

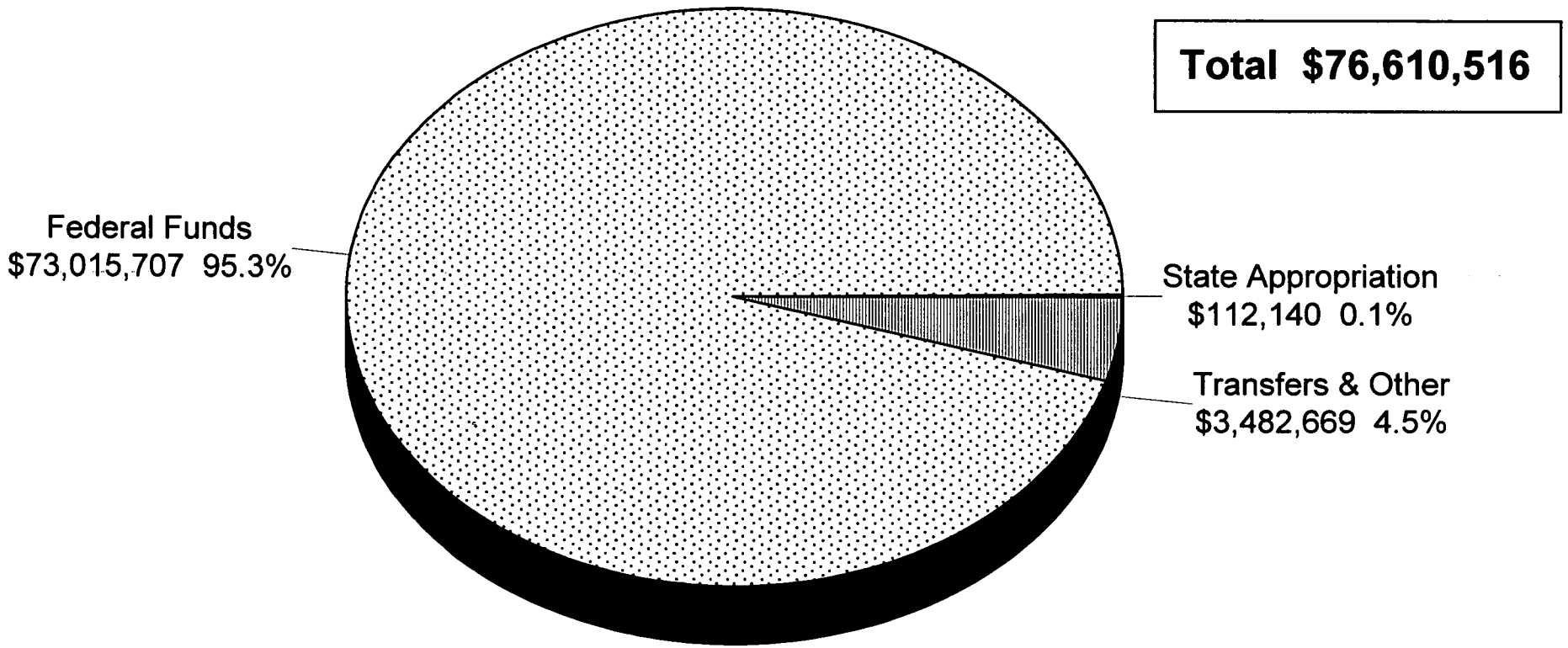
Governor's Budget, Volume 5, pp. 81 - 86

COM 9

Division of Policy and Employment

FY 1998-99 (Authorized) Total Budget

Fund Sources



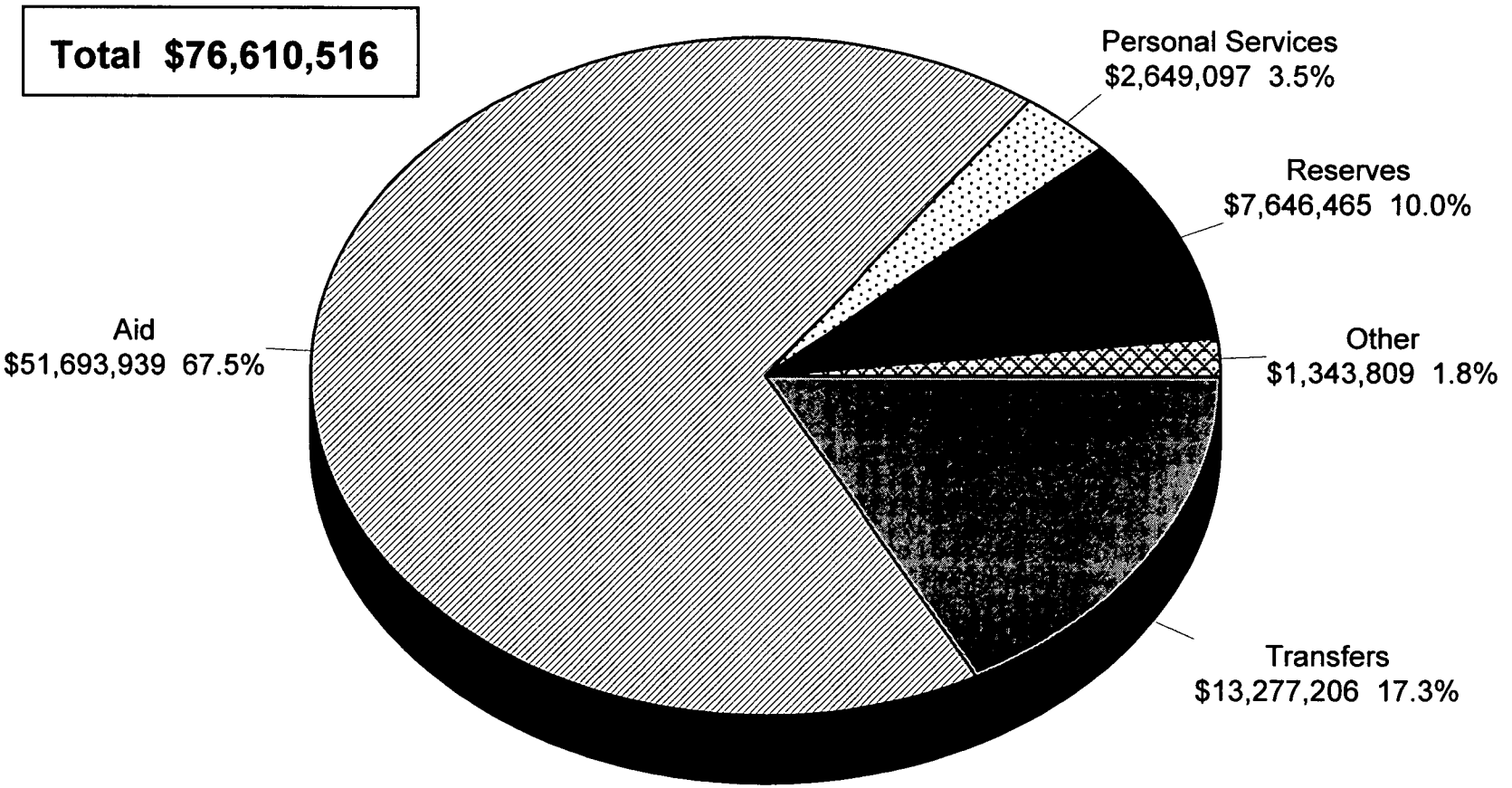
Fiscal Research Division - April 1999

COM 93

Division of Policy and Employment

FY 1998-99 (Authorized) Total Budget

Expenditures By Category



Fiscal Research Division - April 1999

COM 94

DIVISION OF POLICY AND EMPLOYMENT
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
None		

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Funds from the Worker Training Trust Fund to support the Employment and Training Grant Program.	2,400,000	2,400,000

PROPOSED RECOMMENDATION FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	FY 1999-2000	FY 2000-2001
None		

COM 95

Mission Statement

To help prepare the citizens of the state for entry and re-entry into the workforce.

Operations

Workforce Preparedness Commission

- Provide oversight and coordination of the state's workforce preparedness programs administered in the Departments of Administration, Commerce, Public Instruction, Community Colleges, Health and Human Services, and the Employment Security Commission.
- Prepare biennial strategic plans outlining strategies that support the needs of business and industry, develop the skills of the existing and emerging workforce, and promote the accountability and continuous improvement of the workforce development system.
- Develop policy initiatives for improving the access, quality, and availability of the state's employment and training programs.
- Improve access to labor market information and training program performance data to support better career planning.

Employment and Training

- Establish programs to prepare youth and unskilled adults for entry into the labor force.
- Provide job training to the economically disadvantaged and others who are facing serious barriers to employment and are in special need of such training to obtain productive employment.
- Administer NC's share of federal job training funds.
- Serve as NC's Dislocated Worker Unit by receiving notice of all plant closings and mass layoffs in the state and providing an appropriate response.
- Implement and monitor the policies established by the NC Workforce Commission.
- Provide technical assistance, training, coordination, monitoring, and audit reviews of the service delivery areas and grantees.
- Develop and maintain the division's statewide management information system and conduct follow-up analyses on program participants.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Workforce Preparedness Commission				
Effectively manage workforce preparedness grants programs. *PPB: 6210*				
• Planning and Development grants to local Job-Ready Partnerships	6	5	0	0
• Number of local School-To-Work Implementation Grants awarded	65	49	23	0
Employment and Training				
Increase the percent of employment program customers still employed after leaving the program. *PPB: 6210*				
• Number of people employed 90 days after leaving the federal job training program	55%	90%	57%	58%

COM 96

Objectives and Key Performance Measures - Continued	**1997-98 Actual**	**1998-99 Authorized**	**1999-00 Target**	**2000-01 Target**
Employment and Training - Continued				
Increase the percent of employment program enrollees placed in unsubsidized employment. *PPB: 6210*				
• Percent of program participants who entered unsubsidized employment as a result of being in the federal job training program	28%	30%	32%	33%
Maintain customer satisfaction with employment program services at a high level. *PPB: 6210*				
• Percent of customers satisfied with employment program services	92%	95%	93%	94%
Improve the average wage for former customers after receiving employment program services. *PPB: 6210*				
• Average weekly earnings of people 90 days after leaving the federal job training program	$349	$320	$351	$354
Increase the percent of Welfare-to-Work customers still employed after leaving the program. *PPB: 6210*				
• Number of people employed one year after leaving the Welfare-to-Work program (available 1999-00)				

COM 47

Department of Agriculture and Consumer Services

Overview							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	77,172,882	80,400,421	91,954,432	82,790,427		82,617,317	
Less Receipts	(32,444,881)	(31,967,491)	(33,450,305)	(29,157,174)		(29,027,289)	
Cash Balance +/-	167,844	761,268	(550,633)				
State Appropriations	*44,895,845*	*49,194,198*	*57,953,494*	*53,633,253*	-7.5%	*53,590,028*	-7.5%
Positions	1,334.25	1,331.80	1,356.80	1,369.80		1,373.80	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

ORGANIZATION

The Department of Agriculture and Consumer Services is responsible for enhancing agriculture as an economic industry, regulating agricultural enterprises to safeguard public and animal health, and ensuring the accuracy of measures used in consumer purchases.

The Department has five primary goals:

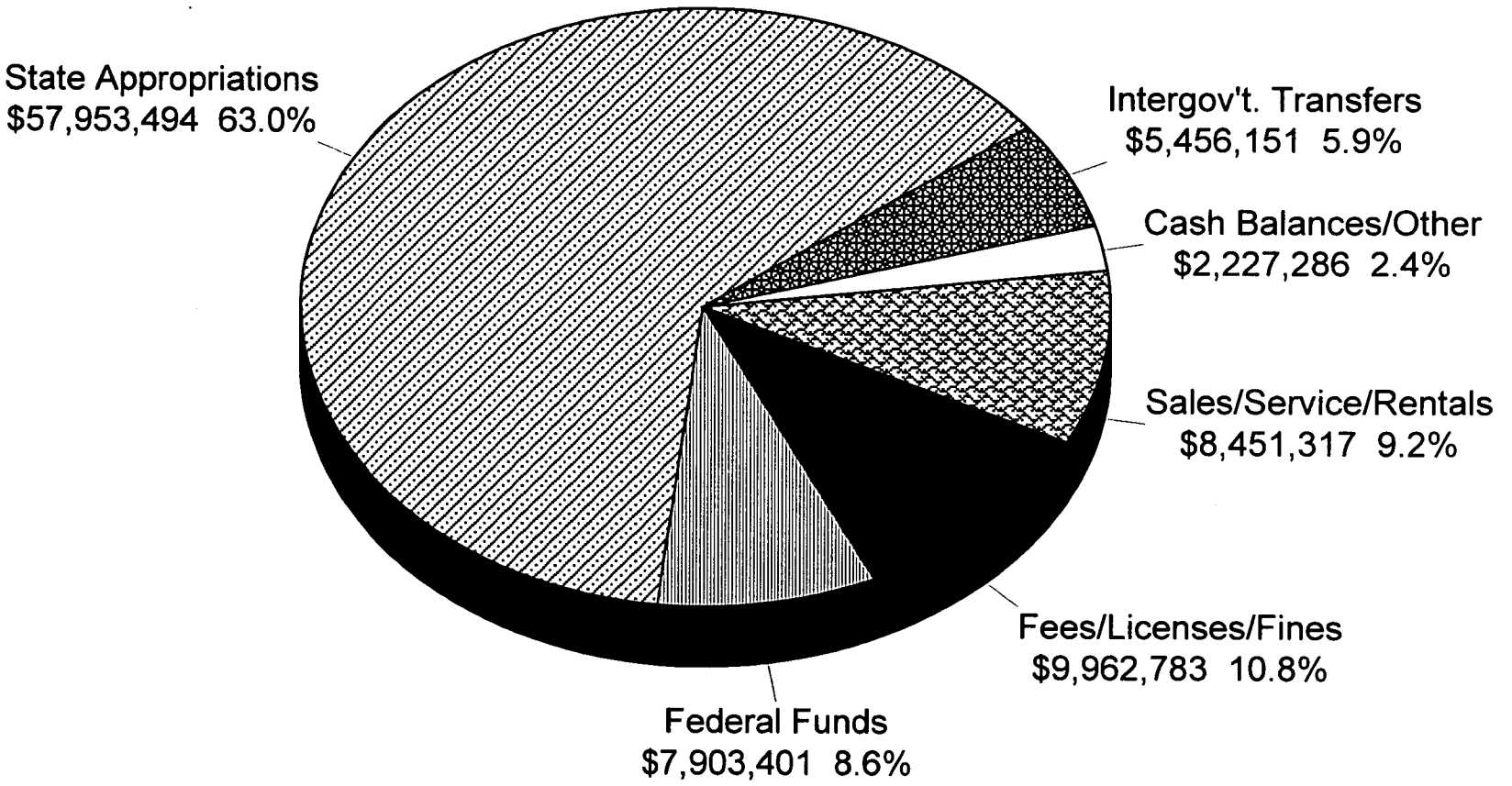
- To maintain and enhance agriculture's ability to provide an adequate, wholesome supply of food and natural fiber
- To protect consumers from unwholesome food products
- To protect the social and economic well-being of N.C. citizens
- To preserve agricultural and natural resources and to protect the environment
- To carry out departmental programs in a professional and cost-effective manner

AG-6

Department of Agriculture and Consumer Services

FY 1998-99 (Authorized) Fund Sources

TOTAL - $91,954,432



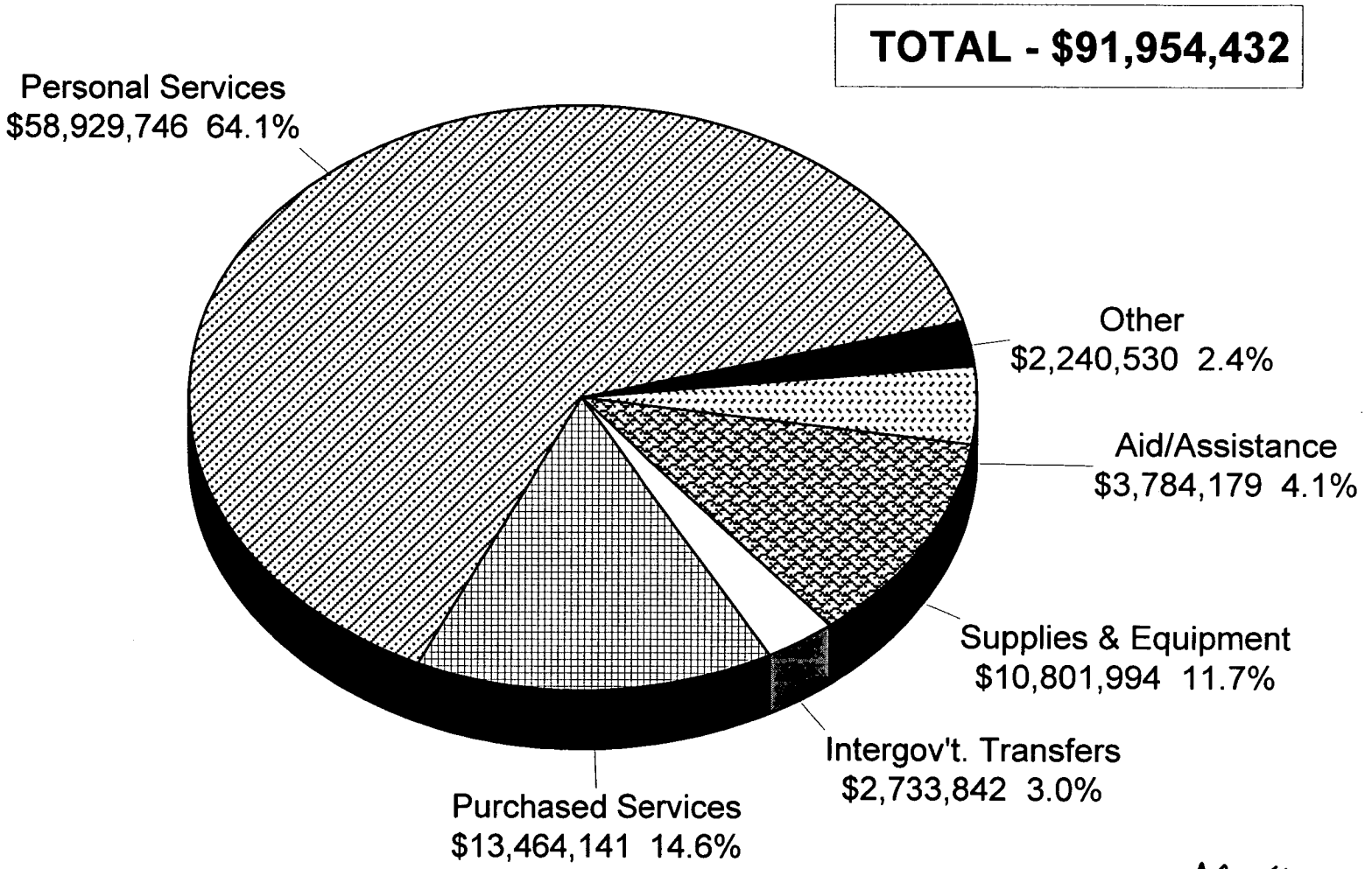
AG-7

Fiscal Research Division - April 1999

Department of Agriculture and Consumer Services

FY 1998-99 (Authorized) Expenditures By Category

TOTAL - $91,954,432



AG-8

Fiscal Research Division - April 1999

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

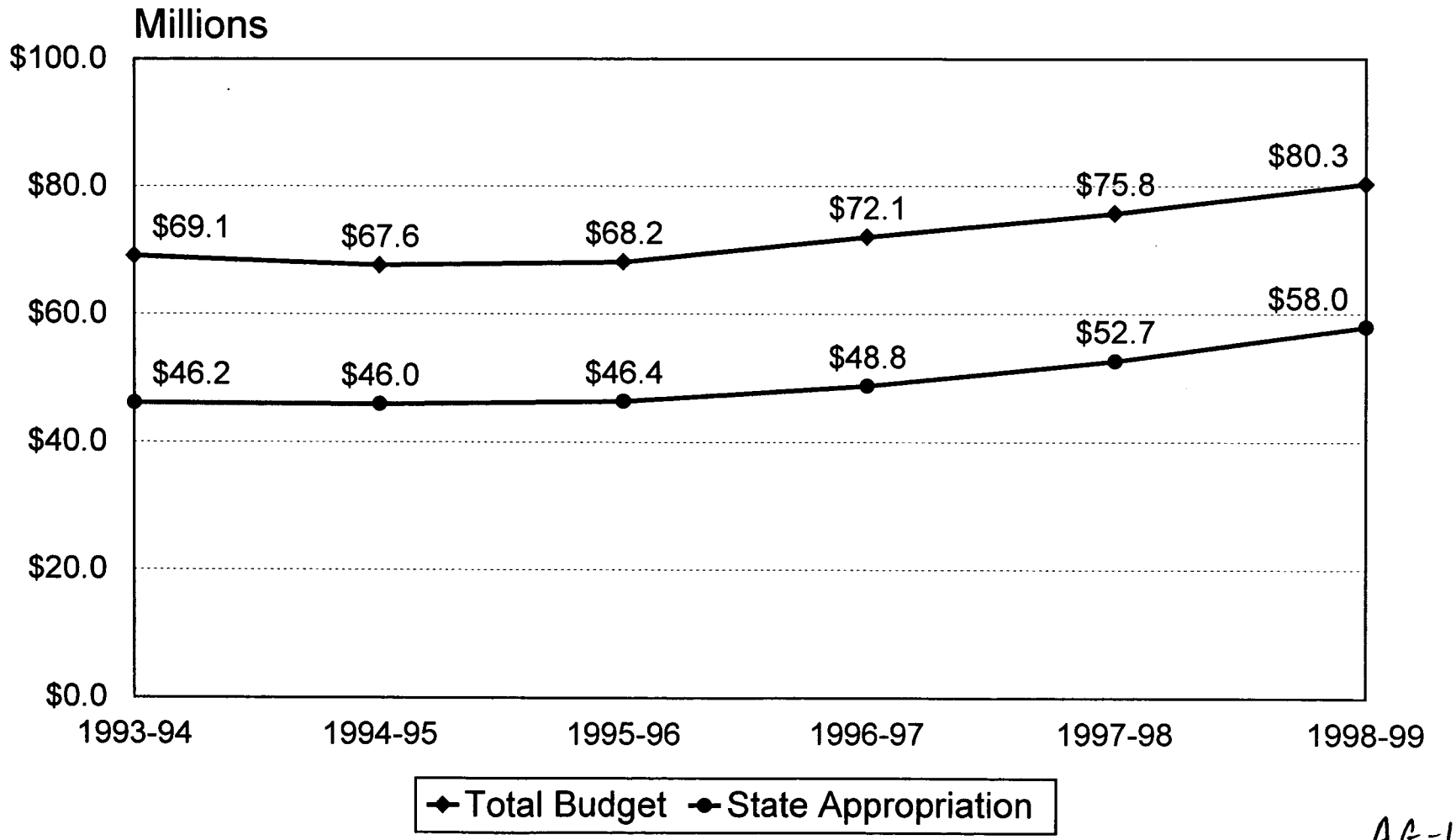
PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Eliminate Vacant Positions	($ 72,190) R -2.00	($ 72,190) R -2.00

Veterinary Services – Animal Health Technician I
Research Stations/State Farm Operations – Agricultural Research Assistant III

Department of Agriculture and Consumer Services

Authorized Budget - Six Year History



AG-10

Fiscal Research Division - April 1999

Department of Agriculture and Consumer Services

Six Year Authorized Budget History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	5-Year Δ
Total Budget Requirements	69,119,696	67,645,969	68,175,408	72,075,369	75,790,890	80,345,421	
Change vs. Previous Year		(1,473,727)	529,439	3,899,961	3,715,521	4,554,531	
Percentage Change		-2.13%	0.78%	5.72%	5.16%	6.01%	16.24%
State Appropriations	46,159,781	45,954,885	46,387,487	48,785,590	52,671,688	57,953,494	
Change vs. Previous Year		(204,896)	432,602	2,398,103	3,886,098	5,281,806	
Percentage Change		-0.44%	0.94%	5.17%	7.97%	10.03%	25.55%

Notes:

(1) Total authorized budget requirements include agency receipts and general fund appropriations as of fiscal year end (June 30), except FY 1998-99, which is as of February 28, 1999.

(2) General Fund operating budget code only.

Department of Agriculture and Consumer Services

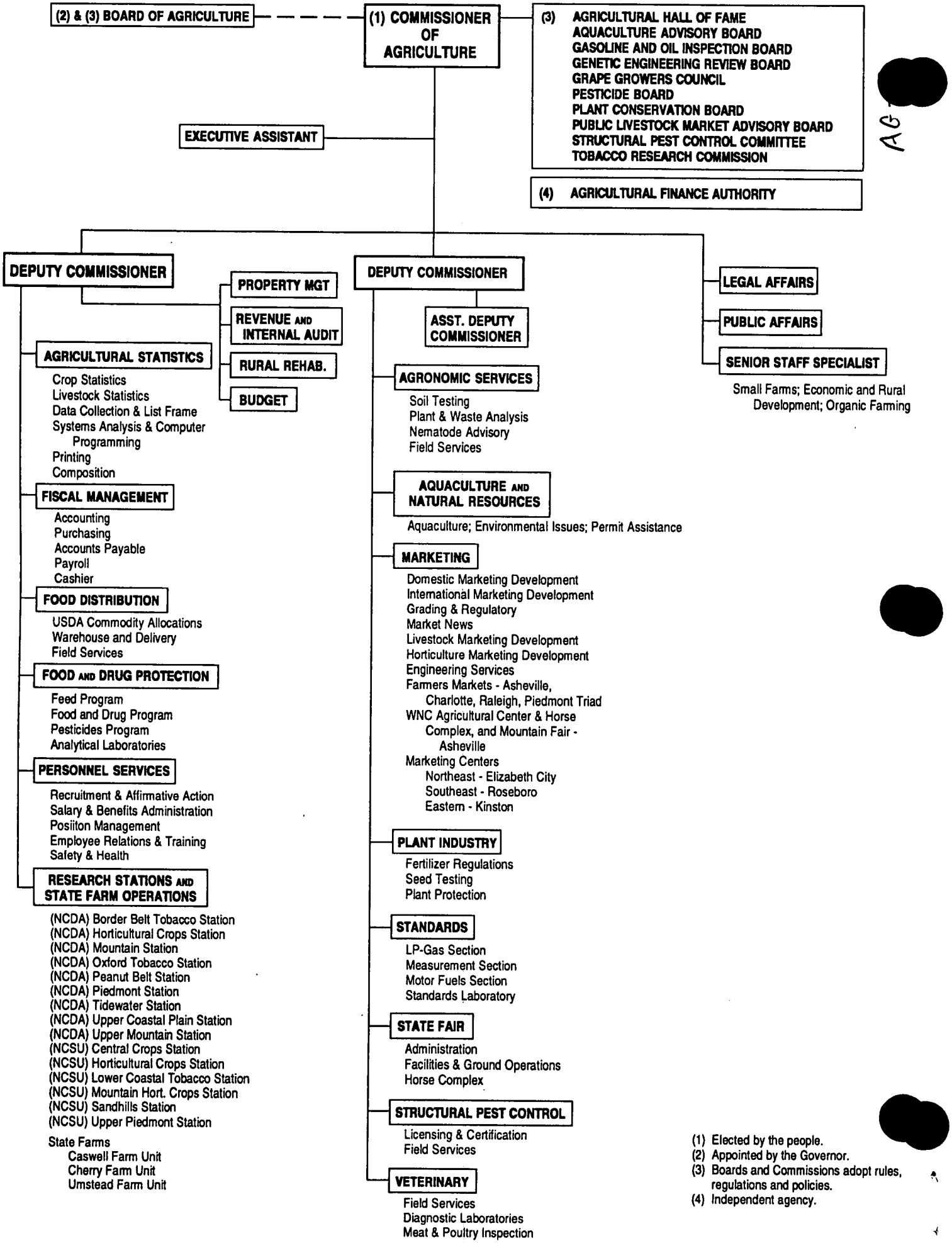
Six Year Position History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	5-Year Δ
Total Positions	1,415.00	1,448.25	1,447.00	1,454.75	1,453.00	1,454.50	
Change vs. Previous Year		33	(1)	8	(2)	2	40
Percentage Change		2.35%	-0.09%	0.54%	-0.12%	0.10%	2.79%

Source: Office of State Personnel

NORTH CAROLINA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES

1998



(1) Elected by the people.
(2) Appointed by the Governor.
(3) Boards and Commissions adopt rules, regulations and policies.
(4) Independent agency.

Mission Statement

To operate regulatory and service programs that ensure the availability of life-sustaining food and natural fiber, free of adulteration and contamination, and produced in a manner consistent with environmentally sound production practices; and to operate programs to benefit consumers and agricultural producers, to protect the environment, health, and economic well-being of all North Carolina citizens and business enterprises.

Goals

- Maintain and enhance agriculture's ability to provide an adequate, wholesome supply of food and natural fiber.
- Protect consumers from unwholesome food and drug products.
- Protect the social and economic well-being of North Carolina citizens.
- Preserve agricultural and natural resources, and to protect the environment for the benefit of future generations.
- Carry out departmental programs in a professional and cost-effective manner.

Operations

The Department of Agriculture and Consumer Services is one of the principal Council of State departments as defined by Article III, Section 7 - 8 of the North Carolina constitution. The Commissioner of Agriculture is a member of the Council of State and is elected by the voters of the state every four years. The Commissioner oversees and enforces the rules and regulations that protect people, farming, and the environment.

The Department of Agriculture and Consumer Services operates regulatory and service programs that ensure the availability of life-sustaining food and natural fiber, free of adulteration and contamination, and produced in a manner consistent with environmentally sound production practices. Programs are operated to benefit consumers and agricultural producers, and to protect the environment, health, and economic well-being of all North Carolina citizens and business enterprises.

Performance / Program Budget

Most of the objectives of the Department of Agriculture and Consumer Services fall within the Economic Development and Commerce Program Area, accounting for 95 percent of department expenditures. Agriculture shares responsibility with the Department of Commerce for promoting new and expanded industry, giving special attention to agribusiness and forestry. The agency also protects the health and economic well-being of consumers by inspecting meat and poultry products and by regulating the distribution of food and drugs. It shares responsibility with the Department of Environment and Natural Resources for protecting groundwater by regulating the use of pesticides. (For more information, see Program Analysis chapter in Volume I.)

Department of Agriculture and Consumer Services

Administration							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	4,061,892	4,329,445	8,944,265	4,874,326		4,891,429	
Less Receipts	(802,512)	(807,419)	(1,085,143)	(760,064)		(760,064)	
State Appropriations	*3,259,379*	*3,522,026*	*7,859,122*	*4,114,262*		*4,131,365*	
Less 1998-99 NR			*(3,605,106)*	*-*		*-*	
Adjusted Appropriation			*4,254,016*	*4,114,262*	-3.3%	*4,131,365*	-2.9%
Positions	69.00	70.00	73.00	73.00		73.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

DIVISION ACTIVITIES

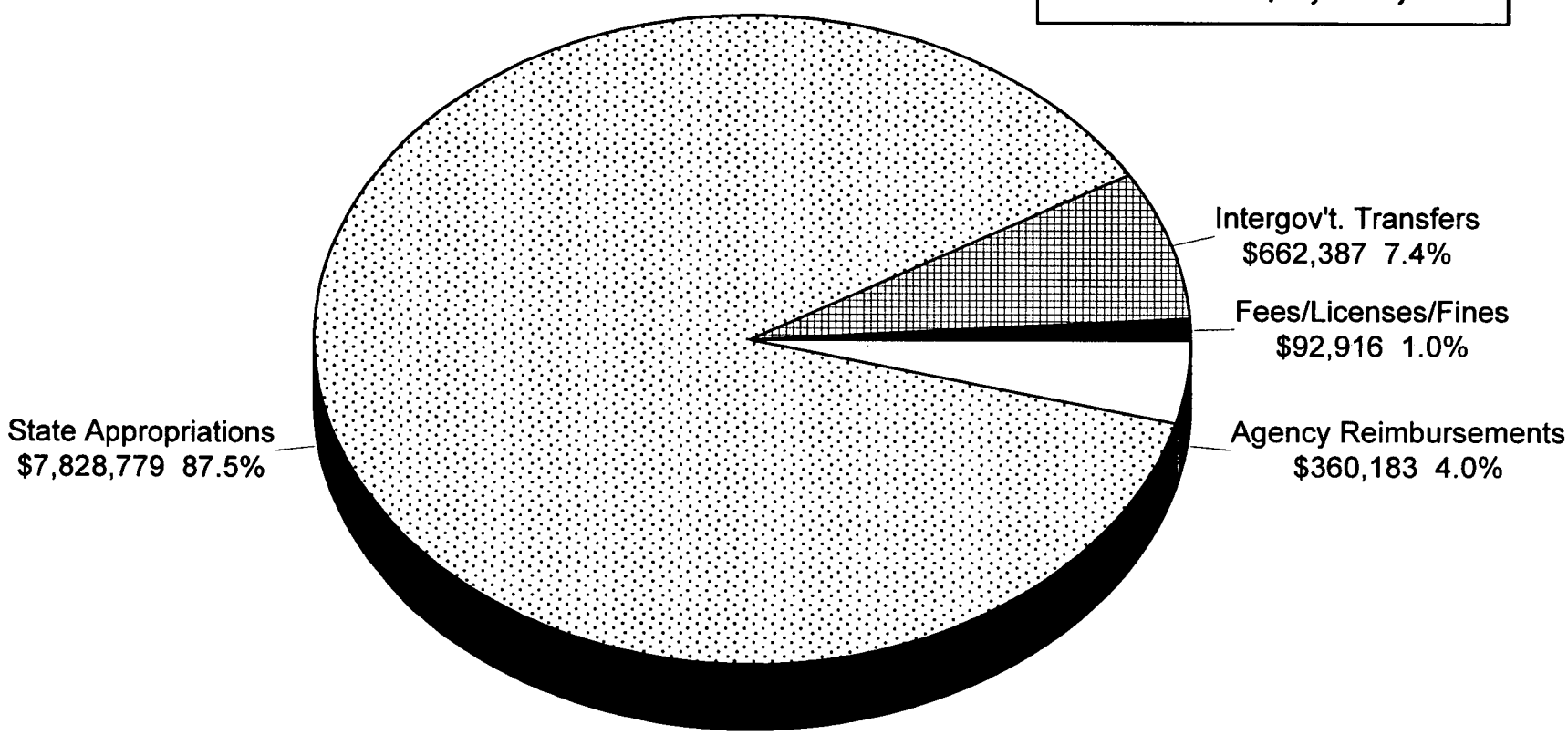
- Support for the Commissioner's Office
- Fiscal Management, Human Resources, Purchasing and Data Processing Services
- Public Relations
- Warehouse Operations
- Rural Rehabilitation Corporation

Governor's Budget, Volume 5, pp 3-7

DACS - Administration

FY 1998-99 (Authorized) Fund Sources

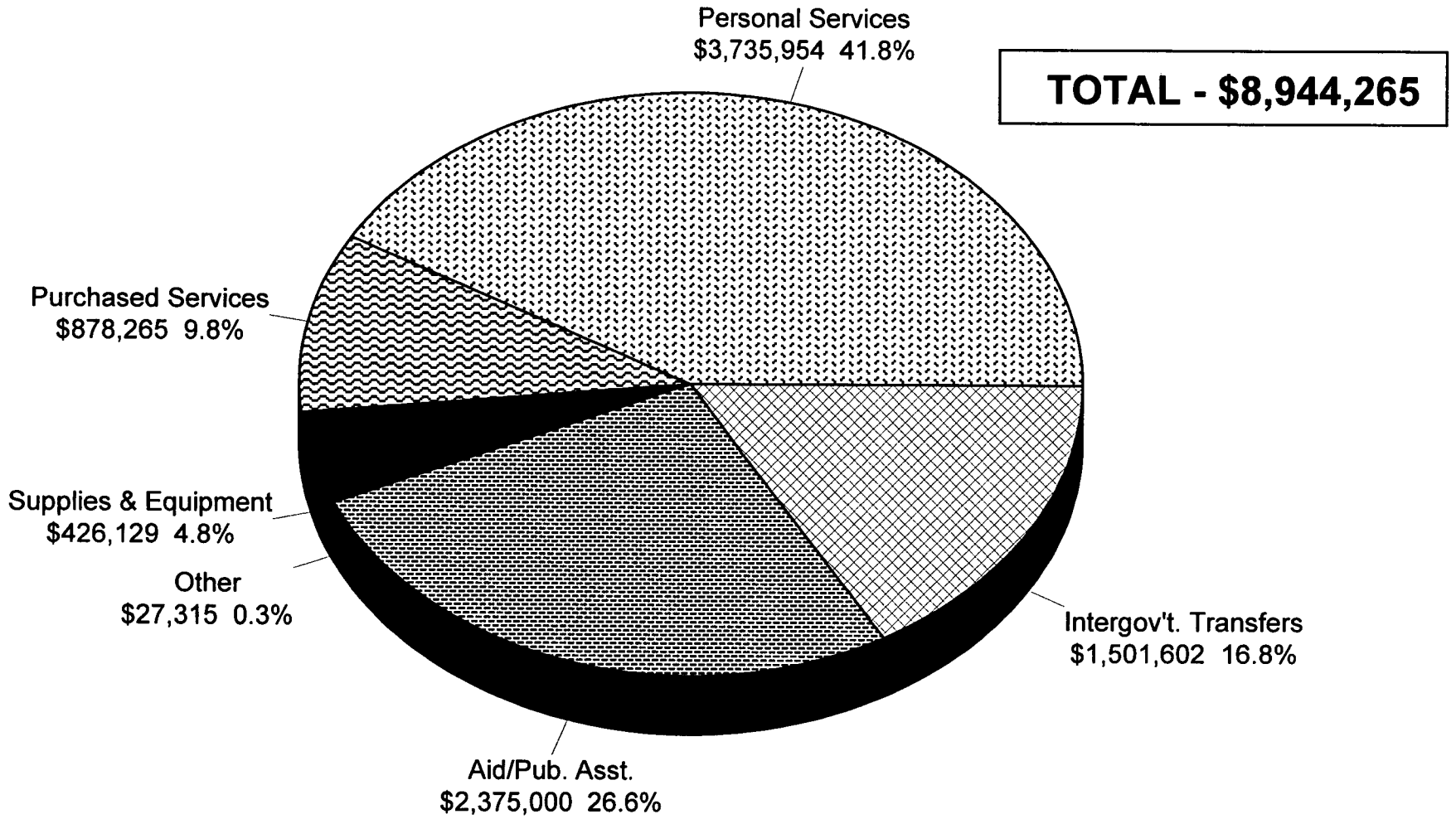
TOTAL - $8,944,265



Fiscal Research Division - April 1999

DACS - Administration

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - April 1999

DACS - ADMINISTRATION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-1999

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	1997-98	1998-99
1. Assistance to small, family farms – marketing & promotion.	$ 50,000 NR	$ 50,000 NR
2. Funds to support the Southern Dairy Compact Commission.	$ 25,000 R	$ 25,000 R
3. Automated Information and Technical Support.		$151,522 R
		$155,106 NR
		3.00
4. Small, Dairy Farm Grants.		$1,500,000 NR
5. Local Agricultural Fairs - Grant Funds.		$ 150,000 NR
6. Farmland Preservation Trust Fund.		$ 250,000 NR
7. Rural Rehabilitation Corporation – Small, Family-Owned Farms Loan Program.		$1,500,000 NR

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The committee may wish to have the department provide an update on the status of expansion funds appropriated in the 1998 Session for information technology, small farms promotion, small farms grants and loans, and the Farmland Preservation Trust Fund, as highlighted above.

Department of Agriculture and Consumer Services

Administration **Budget Codes: 13700**

Mission Statement

To provide support for the Department of Agriculture and Consumer Services.

Operations

General Administration

- Provide guidance to operational divisions with regard to departmental and state government policy.
- Conduct budgetary, accounting, data processing, purchasing, and personnel services.
- Provide information to the media and the public on departmental services and regulatory programs.
- Provide special events planning and implementation services to all departmental operating units.
- Develop and coordinate all communication plans for the department.

Administration of Finance Programs

- Administer the funds of the Rural Rehabilitation Corporation and the State Warehouse Fund.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
General Administration				
Maximize the efficiency of the department by providing accounting, data processing, personnel, and other general support services to the operating units of the department. *PPB: 6998*				
• Indirect cost rate (percent)	7.89%	7.93%	9.75%	7.95%
• Number of transactions conducted by the Administration Division	44,674	44,700	44,750	44,775
Ensure the successful attainment of all objectives of the Department of Agriculture and Consumer Services. *PPB: 6998*				
• Percentage of objectives meeting performance targets			90%	90%
Administration of Finance Programs				
Provide financing to all qualifying applicants within available resources and Farmers Home Administration and corporation guidelines while maintaining a delinquency rate of no more than 10 percent. *PPB: 6310*				
• Delinquency rate among borrowers from the Rural Rehabilitation Corporation (percent)	4.69%	2.99%	2.99%	2.99%
Provide financing for cotton gins needing air quality upgrades. *PPB: 6310*				
• Percent of air quality loans made, as measured against the total gins needing upgrades	2.00%	2.00%	2.43%	2.50%

Department of Agriculture and Consumer Services
Administration

Administration of the Department of Agriculture and Consumer Services is made up of three budget funds:

- General Administration
- Administrative Services
- Public Affairs

General Administration provides overall management and operational policy for all functions of the Department of Agriculture and Consumer Services. It is comprised of the Commissioner's Office and management staff. Offices are located in the Agriculture Building, except during the annual State Fair when operations are temporarily located in the Scott Building on the fair grounds.

Administrative Services provides program support in the form of budgeting, accounting, purchasing and human resource activities including personnel administration and payroll. Other operational support includes a departmental mail room and central office supply room. This unit also coordinates all departmental capital improvement projects and manages departmental leases as lessor and lessee. Operational support is provided to the North Carolina Rural Rehabilitation Corporation. The following information is provided to indicate unit activities.

- 4,750 Purchase Orders Issued Annually
- 26,000 Checks Written Annually
- 1,275 Personnel Actions Annually
- 21,500 Payroll Transactions Annually
- 93 Active Capital Improvement Projects
- 65 Active Leases
- 60 Outstanding Loans

Public Affairs coordinates the public outreach programs of the Department of Agriculture and Consumer Services. This division is responsible for publishing *The Agricultural Review*, a monthly publication serving more than 60,000 households in the state. They also serve as media planners and coordinators for the State Fair, coordinating media activities, publishing an advance press kit and promoting the fair through independent news releases, feature stories and on-site interviews. The division also coordinates and publishes an annual report and reference guides for the department, and coordinates the Century Farm Family and North Carolina Agricultural Hall of Fame programs.

- 212 News Releases
- 108 Speeches Written
- 4 Press Conferences
- 15 Feature Stories

VISITOR REGISTRATION SHEET

N.E.R. Committee meeting

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. J Speed	Bone + Associates
2. Anita McNeil	DENR BPA
3. Johnny Gray	OSBM
4. Shelle Altieri	OSBM
5. Dottie Cicioika	Commerce
6. Tom Ellis	NC Dept of Agriculture
7. Maurice Weaver	NCDA + CS
8. Richard C. Reich	NCDA + CS
9. Becky Brown	Labor
10. Jim Graham	NCDA
11. Buck Lattimore	NC Industrial Commission
12. Carl Rupert	CCNC
13. Beckie Street	PPAB
14. Lisa Aycock	Commerce
15. [illegible]	" - DET
16. Kathy Sawyer	Commerce
17. Joe McClees	TDA
18. Thomas Hill	ONSS
19. Doug Lassiter	NC Septic Tank Assoc
20. R. Rogers	NCDENR
21. [illegible]	NC Book Council

VISITOR REGISTRATION SHEET

NER Committee meeting

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY
1.	Mike Watts	NCRPS
2.	Peter Yancey	ALPP
3.	[signature]	FRD
4.		
5.		
6.		
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Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, April 7, 1999 (morning)
Sen. Bob Martin, Presiding

1. Chairman's Comments

2. Department of Agriculture and Consumer Services – Budget Presentations

   Aquaculture and Natural Resources
   Jennifer Herrera, Fiscal Research
   Tom Ellis, Division Director

   Food Distribution
   Jennifer Herrera, Fiscal Research
   Gary Gay, Division Director

   Veterinary Services
   Jennifer Herrera, Fiscal Research
   Dr. Andy Mixon, Division Director

   Agronomics
   Jennifer Herrera, Fiscal Research
   Dr. Richard Reich, Division Director

   Research Stations/State Farms
   Jennifer Herrera, Fiscal Research
   Carl Tart, Division Director

   Agricultural Statistics
   Jennifer Herrera, Fiscal Research
   Maurice Weaver, Deputy Commissioner

4. Committee Discussion

5. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, April 7, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday April 7 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Culp, Hunter, Mitchell, Russell, and Tolson, were present.

Senator Martin called the meeting to order. Jennifer Herrera, Fiscal Research, gave the recommended budget request for the Department of Agriculture and Consumer Services. She began with the Aquaculture and Natural Resources budget. This is Attachment A of these minutes. The Aquaculture Development program encourages the further development of aquaculture to promote economic growth among producers, to augment food supplies, and to increase stocks of native aquatic species. Mr. Tom Ellis, Division Director, gave a brief overview of the Division. His remarks are Attachment B of these minutes.

Ms. Herrera continued with the presentation of the Food Distribution Division. This is Attachment C of these minutes. The Food Distribution Division requisitions, stores, and distributes U.S. Department of Agriculture donated foods. The division distributes these products to primary and secondary schools, private schools, charitable institutions and needy households. Mr. Gary Gay, Division Director, addressed the Committee. His remarks are Attachment D of these minutes.

The next item on the agenda explained by Jennifer Herrera, Fiscal Research, was the Division of Veterinary Services. This is Attachment E of these minutes. This Division controls and eradicates animal diseases for the protection of human and animal health, enhances the welfare of non-production pet animals, and protects public health and safety by inspection and regulation of the meat and poultry processing industries. It provides services through three primary units – Field Forces, Meat and Poultry Inspection Service, and the animal Disease Diagnostic Laboratory System. Dr. Andy Mixon, Division Director, gave an overview of the Division. His remarks are Attachment F of these minutes.

Jennifer Herrera continued the budget presentations by explaining the Agronomic services Division. This is Attachment G of these minutes. The mission of the Agronomic Services Division is to improve crop production efficiency, soil management, and environmental quality by providing soil, plant, waste and nematode diagnostic and advisory services. Dr. Richard Reich, Division Director, explained the operations of the Division. His remarks are Attachment H of these minutes.

Jennifer Herrera, Fiscal Research, concluded the budget presentations with the Agricultural Statistics Division. This is Attachment I of these minutes. Mr. Maurice Weaver, Deputy Commissioner, gave a brief overview of this Division. His remarks are Attachment J of these minutes.

The meeting adjourned at 10:00 a.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, April 7, 1999 (morning)
Sen. Bob Martin, Presiding

1. Chairman's Comments

2. Department of Agriculture and Consumer Services – Budget Presentations

Aquaculture and Natural Resources
Jennifer Herrera, Fiscal Research
Tom Ellis, Division Director

Food Distribution
Jennifer Herrera, Fiscal Research
Gary Gay, Division Director

Veterinary Services
Jennifer Herrera, Fiscal Research
Dr. Andy Mixon, Division Director

Agronomics
Jennifer Herrera, Fiscal Research
Dr. Richard Reich, Division Director

Research Stations/State Farms
Jennifer Herrera, Fiscal Research
Carl Tart, Division Director

Agricultural Statistics
Jennifer Herrera, Fiscal Research
Maurice Weaver, Deputy Commissioner

4. Committee Discussion

5. Adjourn

Attachment A

Department of Agriculture and Consumer Services

Aquaculture and Natural Resources							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	324,881	317,961	358,210	346,324		354,284	
Less Receipts	(8,633)	(4,100)	(750)	-		-	
State Appropriations	*316,248*	*313,861*	*357,460*	*346,324*	-3.1%	*354,284*	-0.9%
Positions	5.50	5.50	5.50	5.50		5.50	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

The Aquaculture Development program encourages the further development of aquaculture to promote economic growth among producers, to augment food supplies, and to increase stocks of native aquatic species.

DIVISION ACTIVITIES

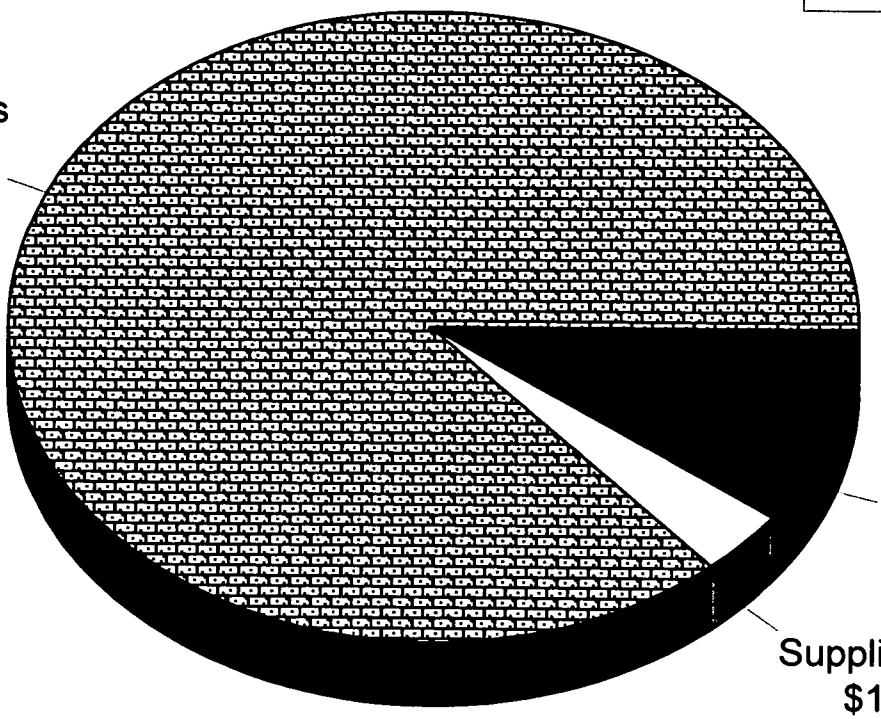
- Licensing Freshwater Operations
- Assistance in Regulatory Matters
- Business Plan Development
- Production and Processing Coordination

Governor's Budget, Volume 5, pp 8-9

DACS - Aquaculture and Natural Resources

FY 1998-99 (Authorized) Expenditures by Category

TOTAL - $358,210



Fiscal Research Division - April 1999

DACS - AQUACULTURE DEVELOPMENT
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS

None

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

AG-23

Department of Agriculture and Consumer Services

Aquaculture and Natural Resources Division **Budget Codes: 13700**

Mission Statement

To further the development of aquaculture for economic growth among producers, to augment food supplies, and increased stocks of native species.

Operations

- Provide technical advice to potential aquaculture farmers.
- Guide aquaculture farmers through permitting processes including permits relating to water quality.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Expand the aquaculture industry at a rate equivalent to or higher than the rate in the South Atlantic region. *PPB: 6510*				
• Change in rate of growth of aquacultural production (trout and catfish) in North Carolina	-1.9%	1.0%	2.0%	3.0%
• Change in rate of growth of aquacultural production (trout and catfish) in the Southeast	-3.3%	-1.0%	2.0%	2.0%
• Number of licensed aquaculture facilities	330	340	350	360

Attachment B

North Carolina Department of Agriculture and Consumer Services

Aquaculture and Natural Resources

Aquaculture

Purpose

The North Carolina Department of Agriculture is the lead agency for aquaculture in the state. The Division of Natural Resources and Aquaculture issues the aquaculture license required of growers and provides potential and existing aquaculturists with both published information on the economics of aquaculture and with one-on-one business counseling. General information on aquaculture in North Carolina and other states is provided to citizens who desire to learn more about the industry. Staff provides coordination with university research, extension and private aquacultural interests to create opportunities for communication and discussion. The division has served the role of facilitator in resolving conflicts between agencies and miscommunications within the industry.

Licensing of Aquaculture Operations – 275 issued
- Production Facilities
- Fee Fishing Operations
- Hauling Licenses

Promotion of new operations and diversification
- Yellow perch – new species for NC production with out of state market
- Alligators – regulation, tagging, CITES compliance

Information on economics and regulation
- Texts on Catfish
  - Clams
  - Hybrid Striped Bass
  - Rainbow Trout
- Numerous articles in magazines and newspapers

North Carolina Aquaculture Development Conference
- 175- 300 attendees per year
  - Co-Chair
  - Co-sponsor
  - Planning Committee

Assist with Aquaculture Infrastructure

Brunswick Community College – facilities expansion
- Staff selection

Financial Workshops – next is May 21 in Greenville

Water Quality – NPDES General Permit, first in the nation 1992
- Santeetlah Lake – Graham Co.

USDA – Risk Management Agency – Crop Insurance

Flounder Aquaculture – Governor's Board of Science And Technology, NC State University and the UNC Sea Grant College.

Business plans for individuals entering, expanding and diversifying into aquaculture. Two economists/business/financial specialists are on staff. One in Franklin for coldwater aquaculture and the other in Plymouth for warm water aquaculture.

Natural Resources

Purpose: The NC Department of Agriculture and Consumer is by statute and regulation assigned the responsibility of representing the interests of the farming community on a variety of Committees, Councils and Task Forces. The Division of Aquaculture and Natural Resources provides the point of contact and representation of the Department on issues of environmental concern or natural resource management. As appropriate, regulatory revisions are proposed and efforts to insure consideration of the needs of farming are coordinated with other agricultural interests. Such areas of participation vary greatly from the SB 1217 Interagency Committee and Clean Water Management Trust Fund Advisory Committee to the NC Non-game and Endangered Wildlife program, from the Beaver Management Program to the Coastal Resources Advisory Council and the Technical Review Committee for the NC Non-point Source Pollution Control Program for Agriculture.

Special projects are often assigned including the development of a Lagoon Phase-Out Plan by the 1997 General Assembly.

Attachment C

Department of Agriculture and Consumer Services

Food Distribution							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	2,690,648	3,136,199	3,597,214	2,769,470		2,759,207	
Less Receipts	(1,096,874)	(1,407,213)	(1,584,940)	(851,456)		(850,456)	
State Appropriations	*1,593,774*	*1,728,986*	*2,012,274*	*1,918,014*	-4.7%	*1,908,751*	-5.1%
Positions	49.00	47.00	47.00	47.00		47.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

The Food Distribution Division requisitions, stores, and distributes U.S. Department of Agriculture donated foods. The division distributes these products to primary and secondary schools, private schools, charitable institutions and needy households.

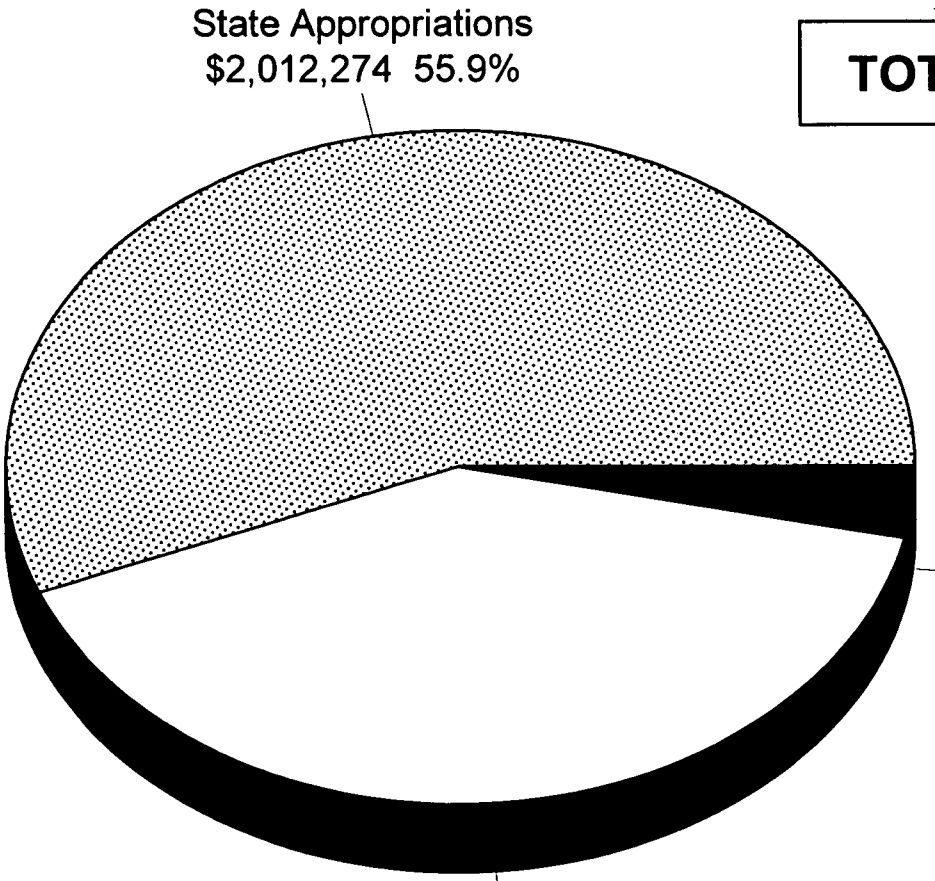
Cross References For Budget Volumes

Governor's Budget, Volume 5, pp 42-43

AG-25

Food Distribution Division

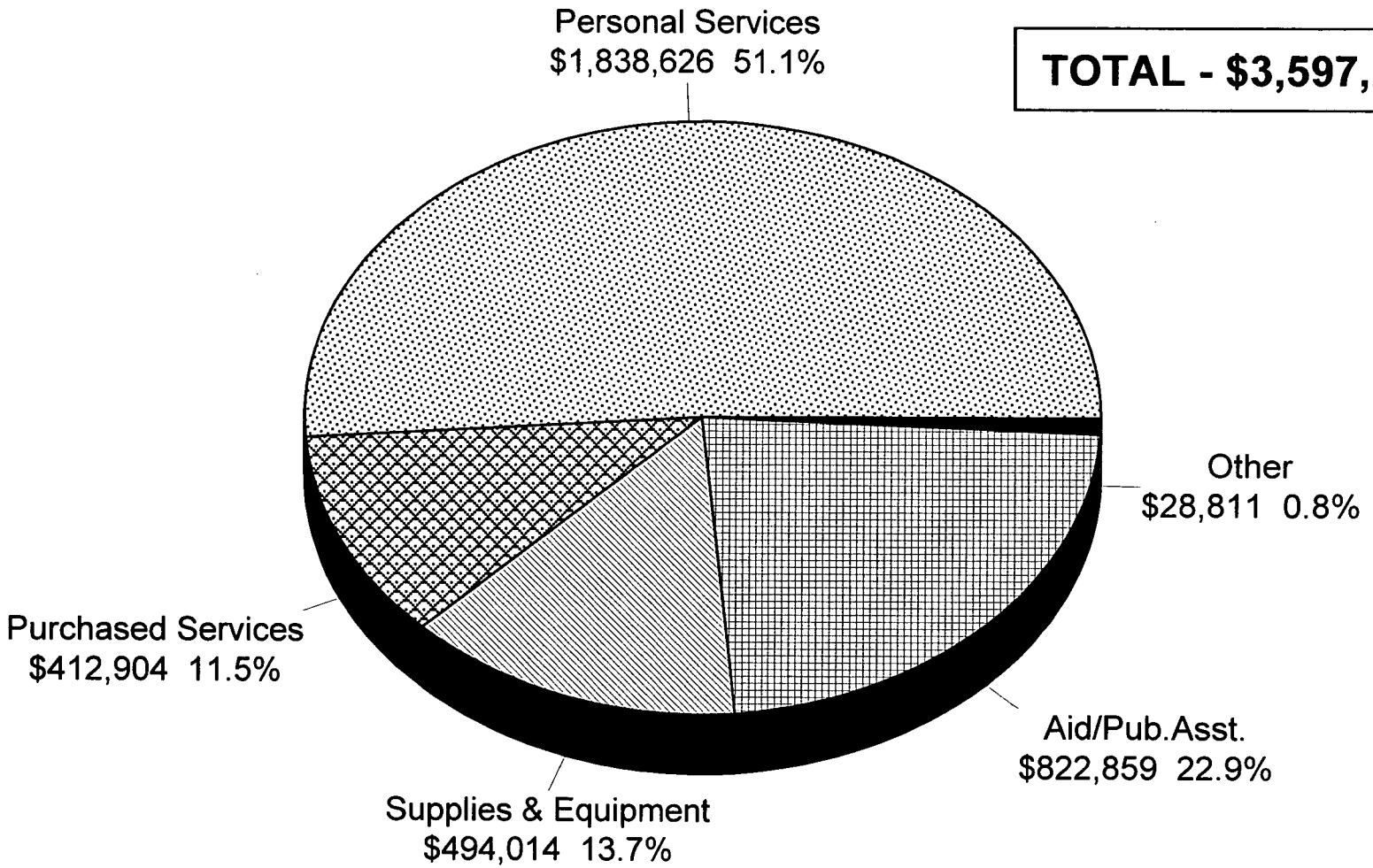
FY 1998-99 (Authorized) Fund Sources



TOTAL - $3,597,214

Food Distribution Division

FY 1998-99 (Authorized) Expenditures By Category



AG-27

Fiscal Research Division - April 1999

FOOD DISTRIBUTION DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
None		

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

AG-28

Mission Statement

To improve the nutrition of eligible recipients and strengthen the economic stability of North Carolina farmers, producers, and processors.

Operations

- Store donated commodities for minimum spoilage or loss.
- Deliver commodities to recipient agencies.
- Conduct training sessions for recipient agencies.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Maintain a high overall satisfaction rating among responding recipient agencies. *PPB: 6510*				
• Satisfaction rate among responding recipient agencies	99.25%	98%	98%	98%
Distribute commodities at a cost equal to or less than the cost of distribution by a private firm. *PPB: 6510*				
• Price per case for delivery by the private sector	$1.95	$2.00	$2.05	$2.10
• Distribution cost (per carton, case, etc.)	$0.96	$0.98	$1.01	$1.02
Assure that all recipient agencies have received their commodities in good condition from NCDA&CS, and that upon receipt they have been stored and used according to guidelines established by USDA-FNS. *PPB: 6510*				
• Receipt of commodities in good condition as measured by amount of product spoilage	1%	1%	1%	1%

Attachment D

NORTH CAROLINA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES
FOOD DISTRIBUTION DIVISION

I. MISSION STATEMENT FOR FOOD DISTRIBUTION - We receipt for storage and distribution, USDA commodities to four hundred and ninety (490) non-profit or tax-exempt agencies in this state, for the purpose of enhancing nutrition through the distribution of wholesome and nutritious food. We are an agency that takes our job very seriously and strives to meet our customer needs.

II. PROGRAM OBJECTIVES - The Food Distribution Program reaches out to eight hundred and four thousand (804,000) people in this state. They receive food through schools, soup kitchens, food banks, and food pantries. We currently administer nine federal-feeding programs in the state. We distributed twenty-eight million seven hundred and eighty-one thousand five hundred and fifty four dollars ($28,781,554) in USDA commodities last fiscal year.

III. The food we distribute is procured by USDA and is intended to support farmers and producers. Farmers and producers in North Carolina benefited from USDA purchases last year, at a total of $35,000,000. The food is stored and shipped out of warehouses in Butner and Salisbury. Last year we traveled 324,706 miles across this state to deliver 1,098,195 cases of product.

FOOD DISTRIBUTION INITIATIVES

Through the TEFAP Program, we have been able to establish a partnership with the Society of St. Andrew to promote gleaning. Last year alone, four million (4,000,000) pounds of produce were gleaned in North Carolina. This food was distributed to food banks and other emergency feeding organizations.

We are currently working on and piloting a program called From Farm to School. This program gets the school to buy locally grown produce from farmers in North Carolina. We are in the process of setting up purchases of North Carolina strawberries for this school year. Other items we want to target with this program are apples, sweet potatoes, melons and cabbage.

Another area we are very active in is The State Emergency Management plan. We play a vital role in time of a disaster, not just providing food to shelters, but hauling ice, cots, blankets and other items that could be used in a time of need. Our trucks are called frequently by Emergency Management to help meet a need in any of the 100 counties.

PROGRAMS WE OPERATE

National School Lunch Program serve public schools and residential child care facilities. They received $23,552,451 last year in USDA commodities. We have all one hundred and seventeen (117) public school systems and sixty-two (62) child care facilities on the program.

Charitable Institutions serve the adult correctional units and local county jails. Last year they received $622,528 in USDA commodities. We have forty-six (46) agencies on the program.

The Emergency Food Assistance Program serves soup kitchens, food banks and needy persons. Last year they received $3,874,401 in USDA commodities. Currently, we serve one hundred and fifty-two (152) soup kitchens, seven (7) food banks and fifty-one (51) emergency feeding organizations in the state.

Food Distribution Program on the Indian Reservation serves needy Cherokee Indians that live on the reservation. They receive a food package instead of food stamps. Last year they received $247,443 in USDA commodities.

The Commodity Supplemental Food Program operates in Halifax County and serves the residents in that county. Residents that are eligible to receive a food package are the elderly and WIC recipients. Distributed in Halifax County were $246,920 in USDA commodities.

The Area Agency on Aging is a elderly feeding program based in Mecklenburg County that provide hot meals to needy senior citizens in surrounding counties. They received $159,284 in USDA commodities.

The Summer Feeding Program serves lunch to school age children in this state during the summer months. This program received $24,900 last year in commodities and twenty-four (24) school systems took part in the program.

The Summer Camp Program serves school age children during the summer months who participate in a camp program. Last year summer camps received $51,583 in commodities. Fifty-three (53) summer camps participated in the program last year.

The Disaster Relief Program is in effect when the Governor Declares a State of Emergency or when the President of the United States signs a disaster declaration for our state. This gives us the power to ship commodities to congregate feeding sites manned by the Red Cross and the North Carolina Baptist Men. Also, we distribute food packages to needy families or persons affected by the disaster. We have also helped other states in the southeast in their time of need by shipping food to disaster locations.

Attachment E

Department of Agriculture and Consumer Services

Veterinary Services							
			Current Fiscal Year	Governor's Continuation Request *			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	14,248,215	14,936,817	15,988,044	15,102,911		15,020,810	
Less Receipts	(3,717,239)	(3,839,073)	(4,164,154)	(3,728,548)		(3,727,373)	
State Appropriations	*10,530,976*	*11,097,744*	*11,823,890*	*11,374,363*		*11,293,437*	
Less 1998-99 State NR			*(150,000)*	*-*		*-*	
Adjusted Appropriation			*11,673,890*	*11,374,363*	*-2.6%*	*11,293,437*	*-3.3%*
Positions	296.00	295.00	295.00	294.00		294.00	

**INCLUDES GOVERNOR'S RECOMMENDED REDUCTION*

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

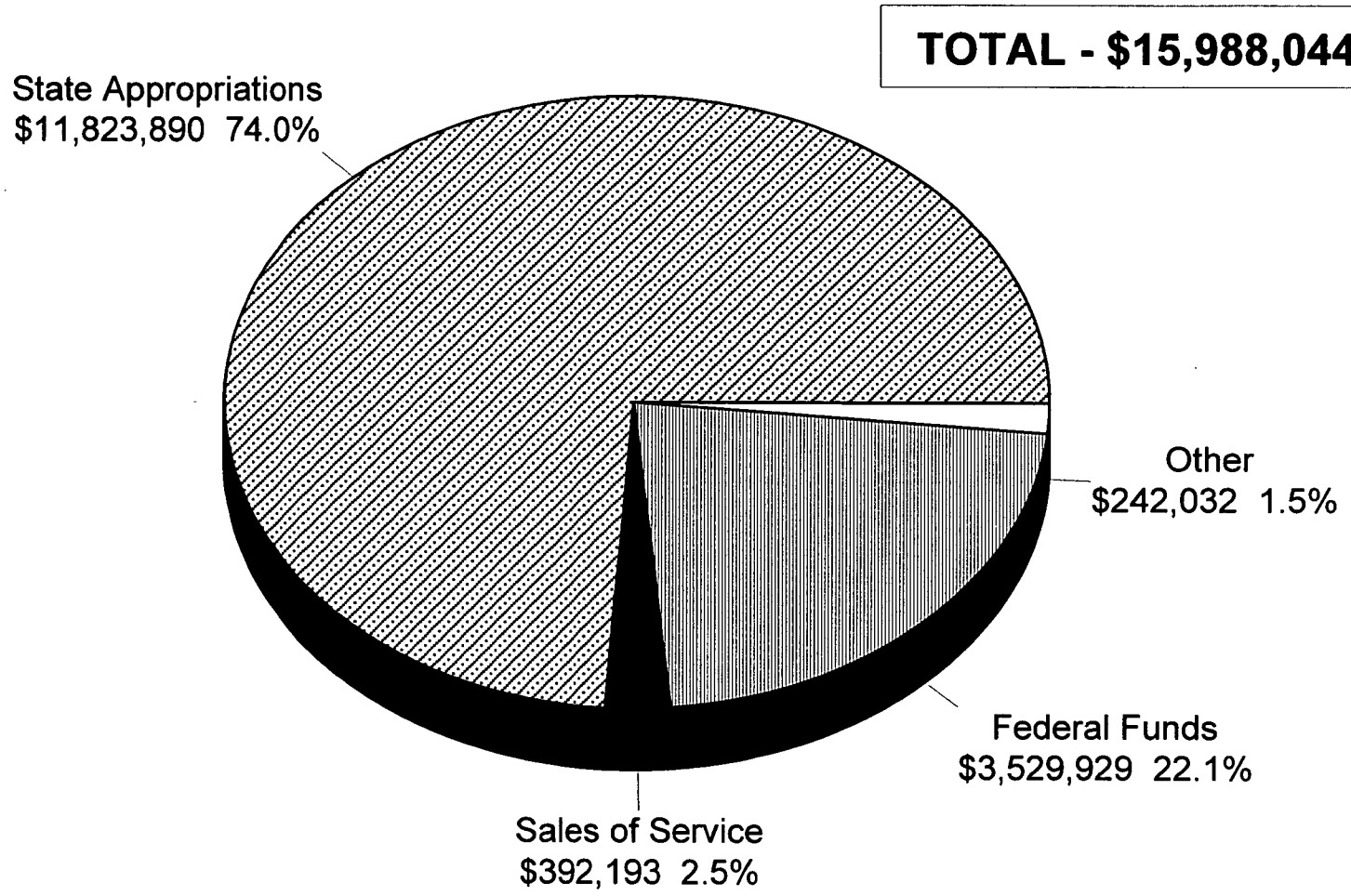
DIVISION ACTIVITIES

The Division of Veterinary Services controls and eradicates animal diseases for the protection of human and animal health, enhances the welfare of non-production pet animals, and protects public health and safety by inspection and regulation of the meat and poultry processing industries. The division provides services though three primary units – Field Forces, Meat and Poultry Inspection Service, and the Animal Disease Diagnostic Laboratory System.

Cross References For Budget Volumes

Governor's Budget, Volume 5, 34-37

Veterinary Services
FY 1998-99 (Authorized) Fund Sources

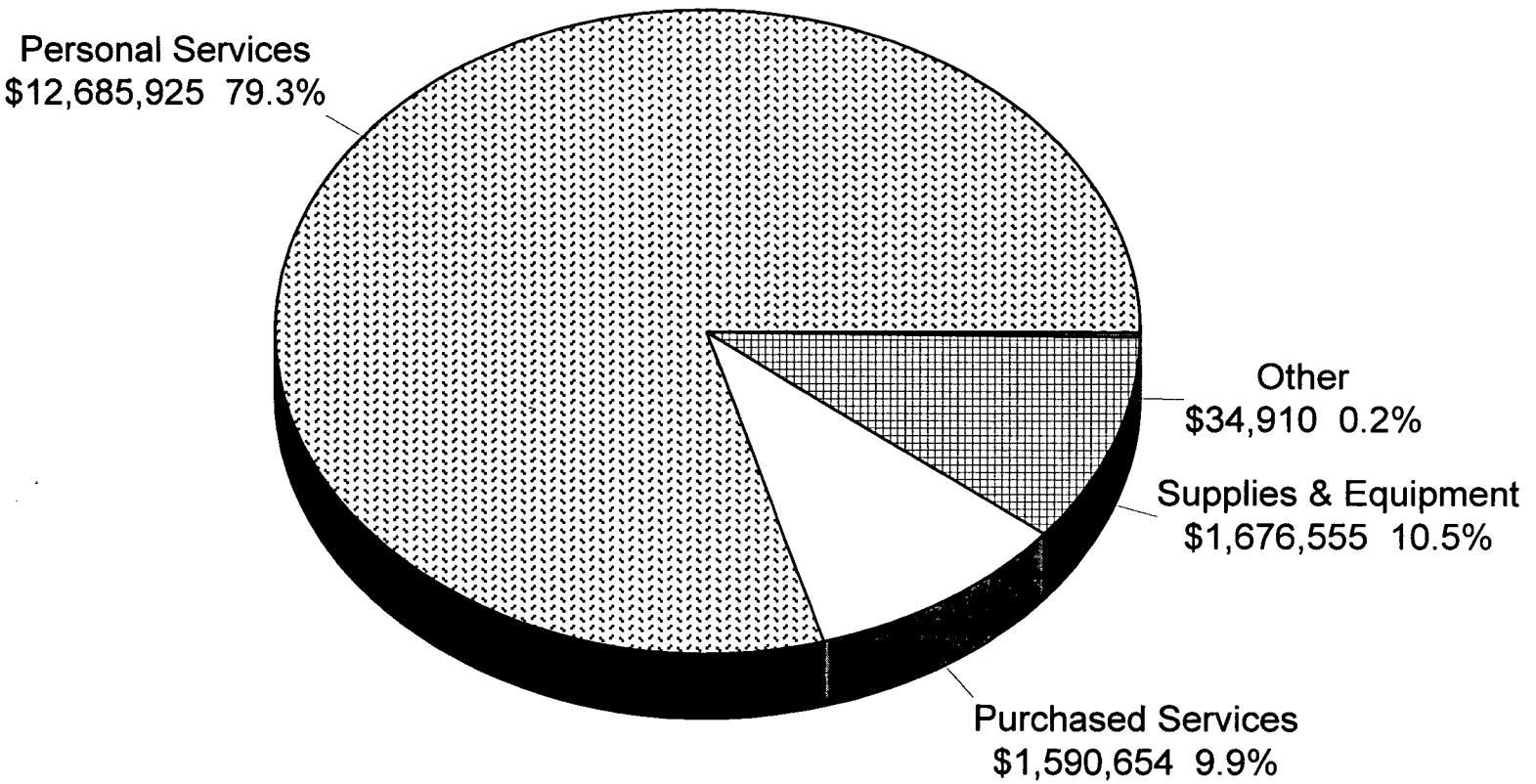


Fiscal Research Division - April 1999

Veterinary Services

FY 1998-99 (Authorized) Expenditures by Category

TOTAL - $15,988,044



Fiscal Research Division - April 1999

VETERINARY SERVICES
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Adjust underbudgeted receipts.	($ 6,000) R	($ 6,000) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Pseudorabies eradication funds.		$150,000 NR

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Abolish Vacant Position	($41,865) R	($41,865) R
Animal Health Technician I	-1.00	-1.00

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

PROGRAM UPDATE - PSEUDORABIES

The 1998 General Assembly appropriated $150,000 in nonrecurring funds to supplant existing program efforts to combat pseudorabies, a viral disease that affects a swine's central nervous system. The disease may be fatal to young pigs and can stunt the growth of adult animals. Funds supported the purchase of test kits, syringes, needles, and other costs associated with performing additional blood tests to detect and control the virus.

The General Assembly previously supported the pseudorabies program with a recurring appropriation in 1994 to support positions and continue program activities, as the federal government withdrew its support. Recent publications have announced that after an aggressive 18-month campaign, the virus is eradicated in all but 58 herds in North Carolina.

The committee may wish to have the department further comment on:

- Activities to control and eliminate the virus in the state's pork population,
- Efforts by the state's pork production companies to fight the disease, and
- The future of the state's program, given that North Carolina should meet the national goal of being completely free of the disease by the year 2000.

Mission Statement

To control and eradicate animal diseases for the protection of human and animal health, enhance the welfare of non-production pet animals, and assure the consumer of receiving the highest quality and most wholesome animal products possible.

Operations

Diagnostic Laboratories and Field Forces

- Prevent the spread of animal disease through surveillance and livestock market inspections.
- Control and eradicate pseudorabies by testing a statistical sample of all swine prevalence and location of pseudorabies.
- Reduce the number of poultry disposal pit violations through a program of inspection and consultation.
- Conduct other requested laboratory tests and respond in an average of five days (the incubation time for many tests).
- Reduce Animal Welfare Act violations by inspecting licensed facilities twice annually and cooperating with industry groups and educational institutions.

Meat and Poultry Inspections

- Conduct in-plant and compliance inspections of meat and poultry processing operations.
- Counsel with plant owners to improve sanitation programs and overall facility status.
- Educate retail stores, consumers, and allied meat businesses on the Compulsory Meat Inspection Law and its provisions.
- Increase surveillance of illegal meat slaughter and processing operations through the rapid and detailed investigation of complaints, referrals, suspicious activities, and routine reviews.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Diagnostic Laboratories and Field Forces				
Maintain and improve the health status of animals to meet the requirements for intrastate, interstate, and international movement and to control diseases of zoonotic and economic concern. *PPB: 6710*				
• The ratio of herds and flocks under quarantine to the livestock herds and poultry flocks at risk	0.0036	0.0029	0.0020	0.0015
• Number of inspections conducted for disease control	9,446	9,500	9,700	9,800
• Average veterinary laboratory reporting time (in days)	6.64	6.6	6.6	6.6
Maintain the welfare of non-production pet animals as they move through commercial channels. *PPB: 6710*				
• Ratio of the number of cases of animal welfare non-compliance for pets to the total number of inspections of dealers, pet stores, and animal shelter facilities	0.283	0.265	0.265	0.245
• Number of animal welfare inspections	536	588	600	629

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Meat and Poultry Inspections				
Reduce the number of violations of the NC Compulsory Meat Inspection Law. *PPB: 6920*				
• Violations of NC Compulsory Meat Inspection Law	30	30	30	30
• Total number of NC Meat Industry compliance reviews	1,515	1,500	1,450	1,400
Reduce the number of unsatisfactory meat and poultry plant reviews. *PPB: 6920*				
• Unacceptable inspected meat plant percentage	11%	10%	8%	5%
• Total number of unsatisfactory review points found in state-inspected meat and poultry processing plants	25	22	18	15
• Total number of inspected meat plant review points	265	250	240	230

Attachment F

North Carolina Department of Agriculture and Consumer Services, Veterinary Division

- **The Veterinary Division** consists of three units that are organized along functional lines.

  1. Field Forces detects, prevents, controls, and eliminates domestic and foreign animal diseases; ensures animal health and the welfare of dogs and cats in commerce.

  2. Meat and Poultry Inspection Service provides food safety inspection oversight in State inspected, Talmadge-Aiken, and custom exempt slaughter processing plants, and ensures that meat and poultry products are safe, wholesome, accurately labeled, and produced in a sanitary environment.

  3. Animal Disease Diagnostic Laboratory System provides services in regulated disease programs, in diagnosing diseases of livestock and poultry, in preventing catastrophic foreign animal disease by early detection, and prevents, controls and eliminates domestic and foreign diseases of poultry.

- **Working Relationships**

  - The Veterinary Division conducts Cooperative Programs with:

    1. USDA, APHIS, Veterinary Services and USDA, Food Service Inspection Services.

       Programs Include:

       - National Poultry Improvement Plan
       - Meat and Poultry Inspection
       - Brucellosis
       - Tuberculosis
       - Pseudorabies
       - Equine Infectious Anemia
       - Foreign Animal and Poultry Disease Surveillance and Emergency Preparedness
       - Scrapie
       - Equine Viral Arteritis

    2. North Carolina Emergency Management

    3. North Carolina Division of Environment Health and Natural Resources

    4. North Carolina Wildlife Commission

    5. North Carolina State University, College of Veterinary Medicine

    6. Cooperative Extension Service

7. Commodity and Industry Organizations and Individuals

8. Local Animal Control and Local and State Humane Organizations

- **Achievements**

1. The Pseudorabies Virus (PRV) Eradication program was started as a pilot program in 1984. In 1997, over 600 swine herds were quarantined. As of March 18, 1999, the number had been reduced to only 29 swine herds. On March 5, 1999, North Carolina advanced to Stage III, with less than 1% of the swine herds infected with PRV.

2. Recognized nationally for competency, effectiveness, and accomplishments in detecting, controlling and eliminating devastating animal diseases and preventing their introduction into North Carolina.

3. January 10, 1976, North Carolina was declared free of hog cholera, a deadly disease of swine that had caused over $50 million of losses to producers and consumers per year nationally. This was four years before it was eradicated nationally.

4. August 20, 1995, North Carolina was declared U.S. Pullorum-Typhoid Clean, which permitted frequent movement of poultry, hatching eggs, and poultry in interstate and international commerce, permitting the rapid expansion of the poultry industry.

5. May 5, 1984, North Carolina was declared free of Brucellosis of cattle, which allowed freer movement of cattle, increased productivity, and essentially eliminated undulant fever in humans.

6. August 1, 1990, North Carolina was declared free of swine Brucellosis, which enhanced interstate and international commerce and reduced the potential for human infection.

7. April 14, 1995, North Carolina was declared free of tuberculosis in cattle and bison.

- **Challenges/Opportunities**

  - Growth in the poultry and swine industries places increased demand on the laboratory and field forces

  - USDA has decreased staff and other contributions to certain cooperative programs

  - The laboratory system has had to place restrictions on some test due to expanded request and to meet regulatory program tests

- More sophisticated tests are available and have been requested by the industries but can not be implemented due to costs.

- Surveillance for program and exotic diseases must be maintained at high levels, especially for PRV to ensure that all PRV is eliminated and is not reintroduced.

MAM/sbb
vet/drafts/veterinary div info.doc

North Carolina Department of Agriculture
and
Consumer Services, Veterinary Division
Field Forces

Mission

- Monitors, controls, and eliminates animal diseases of major economic and public health significance.
- Establishes and regulates the movement of animals, animal products and biologics into and within North Carolina.
- Prepares, plans, and organizes structures to rapidly investigate, detect, control, and eliminate introductions of emergency or foreign diseases.
- Protects and ensures the humane care of dogs and cats in commerce by inspecting and registering animal shelters and licensing dealers, boarding kennels, pet stores, and auction sales.

Methods used

- Twenty-four livestock markets are licensed. Approximately 1600 inspections are performed annually.
- Breeding cattle returning to farms are tested for brucellosis at these markets annually. Any animal responding to the test is traced to the farm of origin and the herd is tested.
- In 1997 approximately 600 premises were quarantined for PRV. As of March 17, 1999, only 29 farms are under quarantine. Over 336,000 blood samples were tested for PRV last year. this accounted for over 26 percent of all herds in the State.
- Over 43,850 equine were tested for EIA with only 10 positives being disclosed. The entire horse population on Shackelford Banks was tested negative and movement restrictions were removed. Testing of out of state horses coming to North Carolina horse sales are being conducted and horses entering State owned facilities are required to be tested.
- Over 351 shelters, kennels, pet shops, and dealers were inspected under the Animal Welfare Act.
- Over 1,390 herds were tested last year for swine brucellosis to maintain North Carolina's brucellosis free status.
- In 1998 over 6,320 cattle in 424 herds were tested for tuberculosis.
- Personnel performed inspections of all animals entering the two North Carolina State fairs for health status and to meet entry requirements.

- An agreement with the North Carolina Emergency Management Agency was developed to enhance our ability to respond to introduction of foreign or emergency diseases.

- In 1998 over 325 livestock dealers were licensed or relicensed and monitored for compliance.

- Compliance personnel conducted many investigations pertaining to reports of improper dead animal collection and disposal, intrastate and interstate movement reports, animal welfare, and other infractions.

- NCDA & CS worked with the North Carolina Wildlife Commission to monitor cervidae (elk and deer) for Chronic Wasting Disease which is of major concern because of its similarity to Bovine Spongiform Encephalopathy, or "Mad Cow Disease", which has devastated the cattle industry in the United Kingdom.

Working Relations

- NCDA & CS Veterinary Division works closely with the USDA, APHIS VS through a Memorandum of Understanding and Cooperative Agreements on Cooperative Programs such as PRV, brucellosis, tuberculosis, scrapie, and other disease programs.

- Excellent rapport is maintained with NCSU, College of Veterinary Medicine, the North Carolina Wildlife Commission, the North Carolina Department of Environmental Health and Natural Resources, Water Quality, health and others as well as the Cooperative Extension Service, industry and commodity groups, and individuals.

Activities Performed

The following numbers illustrate the tremendous efforts expended last year:

• Swine tested for PRV	414,810
• Number Market Day Inspections	1,580
• Number of Health Certificates Monitored for livestock entering North Carolina	7,500
• Number of inspections conducted for disease control	9,700
• Number of premises quarantined	185
• Number of Animal Welfare premises licensed/registered	350
• Number of Livestock Dealer Licenses	327
• Number of Horses tested for EIA	43,856
• Number of Cattle tested for Brucellosis	17,801
• Number of Swine tested for Brucellosis	58,160
• Number of Cattle tested for Tuberculosis	6,320

North Carolina Department of Agriculture & Consumer Services
Veterinary Division
Animal Disease Diagnostic Laboratory System

The Animal Disease Diagnostic Laboratory System was established in 1950 to assist animal owners and their veterinarians in diagnosing diseases of livestock and poultry, and to prevent outbreaks of catastrophic foreign animal diseases by early detection. Regulatory testing required for disease eradication and control, importing, exporting, and interstate movement of livestock, poultry and other animals is also an important function of the laboratory system.

The Animal Disease Diagnostic Laboratory System consists of the main laboratory in Raleigh and six branch laboratories located throughout the state.

Rollins Animal Disease Diagnostic Laboratory - Raleigh
Western Animal Disease Diagnostic Laboratory - Arden
Hoyle C. Griffin Animal Disease Diagnostic Laboratory - Monroe
Northwestern Animal Disease Diagnostic Laboratory - Elkin
Rose Hill Animal Disease Diagnostic Laboratory - Rose Hill
Animal Disease Diagnostic Laboratory - Edenton
Poultry Disease Diagnostic Laboratory - Robbins

The laboratories are open Monday - Friday, 8:00 am - 5:00 pm. Emergency service is available after hours and on weekends and holidays by contacting the laboratory.

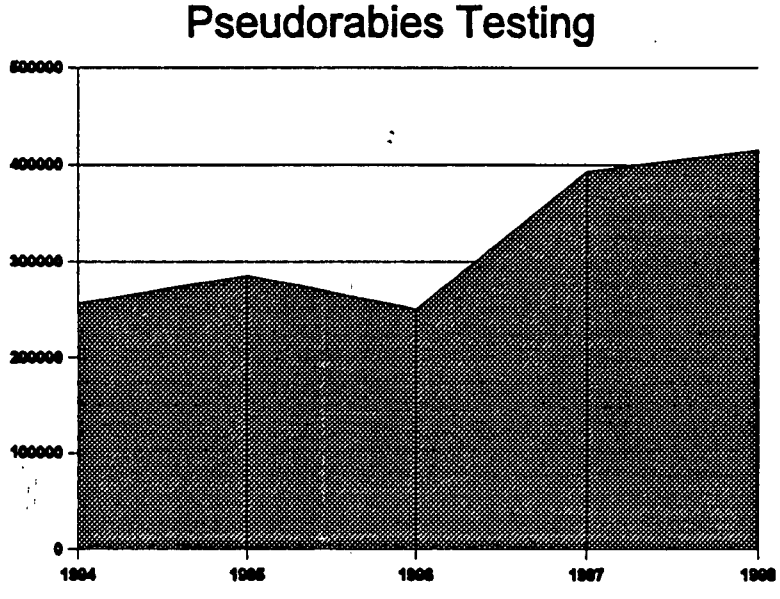
Service areas include:

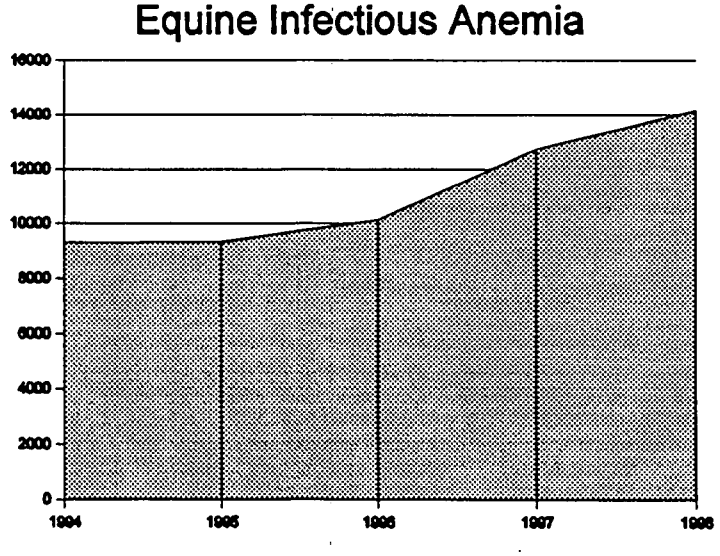
Necropsy	**Bacteriology**	**Serology**
Virology	**Histopathology**	**Chemistry**

Administration of the poultry regulatory programs is a function of the laboratory system. Animal Health Technicians (AHT) perform official blood testing for the National Poultry Improvement Plan. They place quarantines when necessary and perform disease investigations. AHT's also inspect hatcheries and disposal systems. Complaints are also investigated.

SELECTED 1998 TOTALS

Accessions	**54,943**
Necropsies	**22,089**
Regulatory Programs	
Pseudorabies	**414,810**
Brucellosis	**231,036**
Avian Mycoplasma	**1,022,809**
Pullorum	**374,974**
Avian Influenza	**62,655**
Equine Infectious Anemia	**14,169**
Quarantines (poultry)	**45**
Disposal Inspections	**1,960**





New Test Procedures

Polymerase Chain Reaction

- Avian *Mycoplasma*
- *Clostridium perfringens*
- *E. coli* virulence factors
- *Lawsonia intracellularis*
- *Serpulina hyodysentariae*
- *Serpulina pilosicoli*
- *Clostridium difficile*

Immunohistochemistry

- Bovine Viral Diarrhea
- Eastern Equine Encephalomyelitis
- Porcine Reproductive and Respiratory Syndrome

Other

- Porcine Respiratory Coronavirus/Transmissible gastroenteritis Differential ELISA
- Turkey Coronavirus
- *Mycoplasma hyopneumoniae* ELISA

N.C. Department of Agriculture and Consumer Services
Meat and Poultry Inspection Service
Overview

- Provide food safety inspection oversight in state inspected, Talmadge-Aiken, and custom exempt slaughter and processing plants, to include facilities, sanitation, antemortem and post mortem exams of all animals slaughtered, labeling, packaging, humane handling, formulation, and safe working conditions.

- Enforce the N.C. Compulsory Meat Inspection Law and the Poultry Products Inspection Law. Regulate and/or prosecute illegal slaughterers, meat jobbers, misbranded/mislabeled product, truck wrecks, consumer complaints, retail exemptions, and product recalls.

- Provide liaison with other allied food regulatory agencies, to include USDA, county health departments, and Food and Drug Protection.

- The program has adopted all USDA-FSIS rules and regulations by reference and maintains an "equal to" program as judged by periodic USDA comprehensive reviews.

Number of Plants Inspected	Number of Employees
145 State Inspected	102 Inspectors
61 Talmadge-Aiken	9 Field Veterinarians
32 Custom Exempt	3 Administrators
238 Total	6 Office/Clerical
	1 Trainer
	1 Microbiologist

Slaughter and Processing Data (FY 1998) Animals Slaughtered Under Inspection (# head)		
Species	# Inspected	# Condemned
Swine	470,430	2,524
Bovine	124,699	897
Sheep	1,738	0
Goats	1,500	0
Ostrich	1,724	0

- Pounds of Processed Product Inspected (FY 1998) - 458,079,791#

- Violations of the NCCMIA/PPIL - 26

Current Initiatives

- ☐ Complete implementation of the 1996 Pathogen Reduction legislation into the "small" and "very small" plants by January 25, 2000.

  - Hazard Analysis Critical Control Point (HACCP) system of science based inspection.
  - Microbiological testing of carcasses and ground product for Salmonella bacteria.
  - Microbiological testing of carcasses for the generic E.coli bacteria.
  - Sanitation Standard Operating Procedures (SSOP's)

- ☐ Increase microbial testing of Ready-To-Eat (RTE) product for Listeria and Salmonella.

- ☐ Facilitate and conduct HACCP training for very small businesses to enhance their ability to compete within the industry in the future.

- ☐ Expand compliance and enforcement activities with greater emphasis on retail activities.

- ☐ Increased postmortem surveillance emphasis for Classical Swine Fever (Hog Cholera) and Bovine Spongioform Encephalopathy (Mad Cow Disease), devastating potential threats to our state and national animal industries.

- ☐ Enhance our electronic capabilities of accessing rules, regulations, directives, policy memos, and inspection tasks from the field/establishment level to the state office level.

Attachment G

Department of Agriculture and Consumer Services

Agronomic Services							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	2,694,922	3,120,014	3,804,101	3,606,149		3,523,724	
Less Receipts	(321,938)	(326,577)	(283,920)	(283,370)		(283,370)	
State Appropriations	*2,372,984*	*2,793,437*	*3,520,181*	*3,322,779*		*3,240,354*	
Less State 1998-99 NR			*(144,600)*	-		-	
Adjusted Appropriation			*3,375,581*	*3,322,779*	*-1.6%*	*3,240,354*	*-4.0%*
Positions	52.00	58.00	63.00	63.00		63.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

DIVISION ACTIVITIES

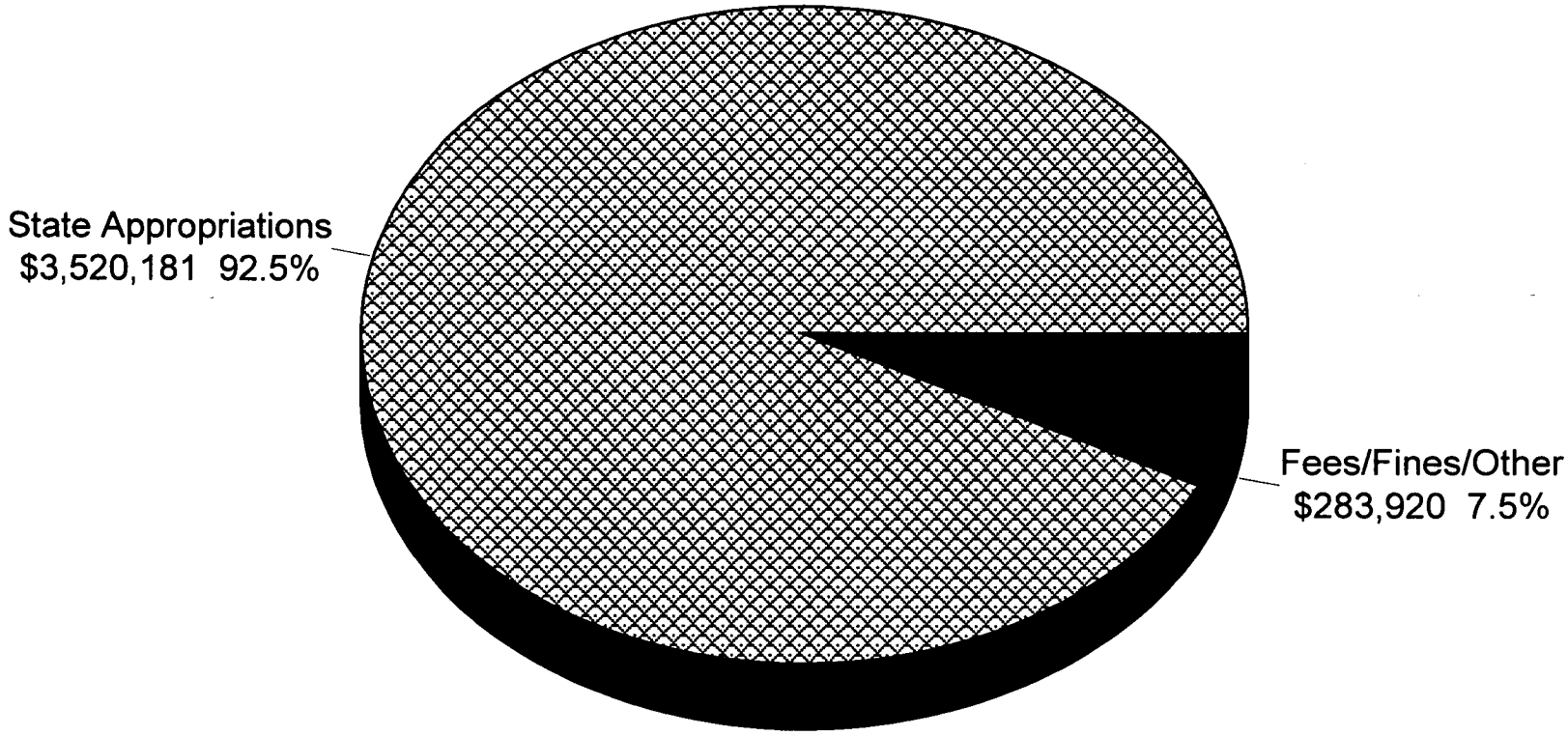
The mission of the Agronomic Services Division is to improve crop production efficiency, soil management, and environmental quality by providing soil, plant, waste and nematode diagnostic and advisory services.

Cross References For Budget Volumes

Governor's Budget, Volume 5, pp 18-19

Agronomic Services Division
FY 1998-99 (Authorized) Fund Sources

TOTAL - $3,804,101

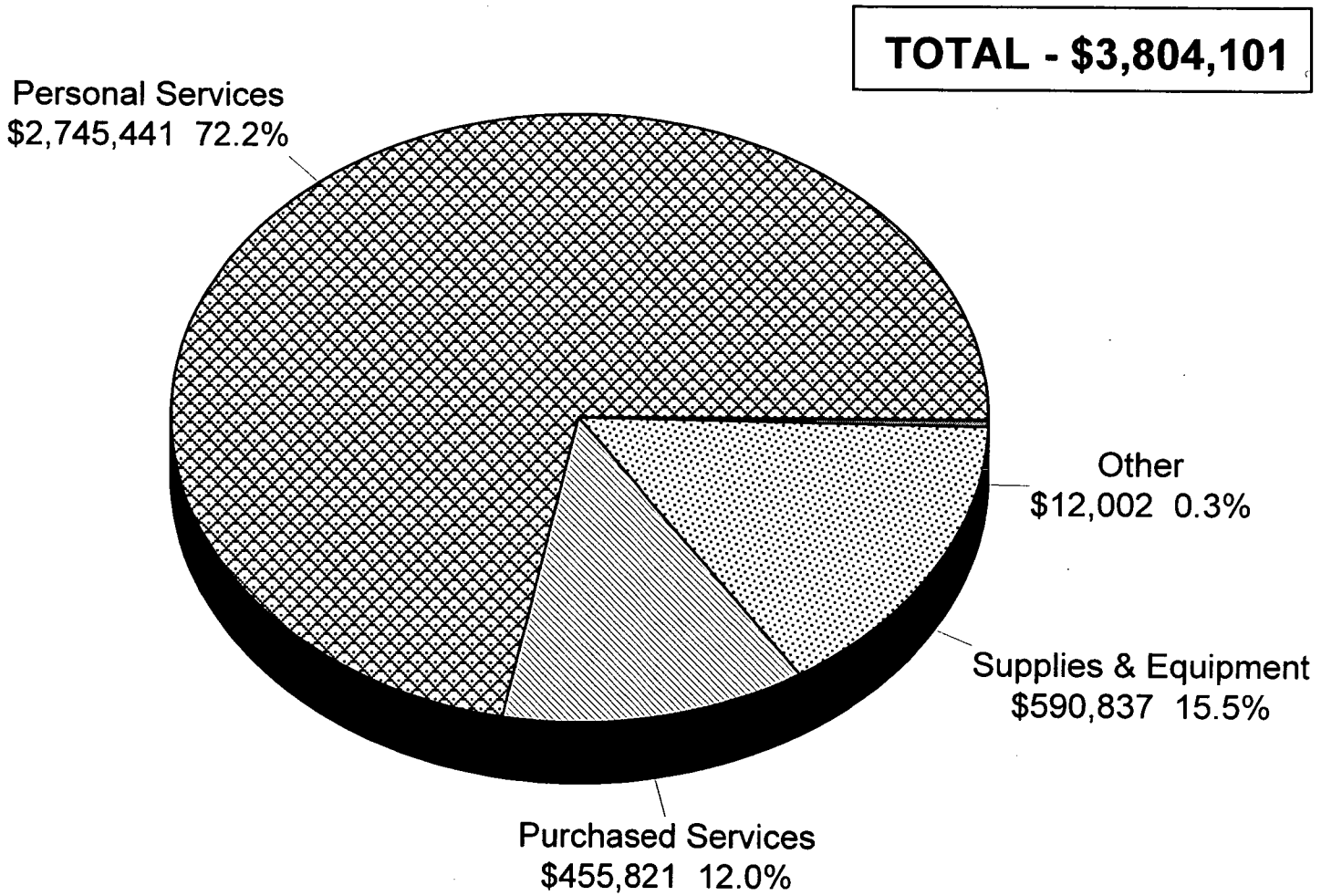


Fiscal Research Division - April 1999

Agronomic Services Division

FY 1998-99 (Authorized) Expenditures By Category

TOTAL - $3,804,101



Fiscal Research Division - April 1999

AGRONOMIC SERVICES
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-1999

SELECTED REDUCTIONS	1997-98	1998-99
1. Adjust underbudgeted receipts	($ 28,000)	($ 28,000)
SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Agronomic Advisory Services	$314,767 R $217,151 NR 7.00	$445,117 R 8.00
2. Animal Waste, Soil, and Plant Testing		$271,668 R $144,600 NR 4.00

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The committee may wish to have the department provide an update on the expansion funds received during the current biennium for agronomic advisory services and animal waste, soil, and plant testing, and any improved efficiencies in divisional operations as a result of these appropriations.

Department of Agriculture and Consumer Services

Agronomic Services Division **Budget Codes: 13700**

Mission Statement

To improve crop production efficiency, soil management, and environmental quality for all citizens of North Carolina.

Operations

- Provide consulting services to farmers with the objective of increasing crop production efficiency and environmental protection.
- Provide soil, plant, waste, and nematode diagnostic and advisory services to support consulting services.
- Conduct laboratory and field research to expand the database used to render agronomic recommendations.
- Provide technical advice to allied agencies (DENR, SCS, NCSU, etc.) to support their programs, such as cost sharing.
- Conduct in-service training for personnel to maintain competency.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Maintain a Utilization Ratio for Agronomic Services of 3.5 or higher in order to optimize the use of agricultural inputs (fertilizer, nematicides, herbicides, farm, municipal, food processing, and industrial waste products) to improve production efficiency, maintain natural resources, and protect the environment. *PPB: 6410*				
• The ratio of the number of consultations or advisory opinions provided as requested by farm units to the total number of farm units in NC (number of samples per farm)	6.2	6.5	6.9	7.2
• Percent of farmers using Agronomic Services	88.6%	91.2%	93.9%	96.8%
• Number of soil, plant, waste, solution, and nematode samples tested	357,569	375,447	394,219	413,929

Attachment H

Agronomic Division

Dr. Richard C. Reich, Director

Mission Statement

To provide all North Carolina citizens with diagnostic and advisory services that improve crop production efficiency, promote responsible land management and safeguard environmental quality.

Operations

The Division's mandate specifies that our objectives shall be achieved by providing the following diagnostic and advisory services:

- soil testing,
- plant, waste, and solution analyses,
- nematode assay,
- field advisory.

To supplement and reinforce these services, the Division also

- conducts laboratory and field research to expand the database used to render agronomic recommendations;
- provides technical advice to allied agencies (DENR, NRCS, NCSU, DWQ, etc.) to support their efforts, such as cost sharing, regulatory assistance, or educational programs;
- conducts in-service training for growers, crop advisors, and agribusiness personnel to improve technical expertise; and
- maintains certification by DWQ for the testing of waste and soil samples from animal operations for compliance with state regulations.

Soil Testing. Chemical soil analyses enable the Division to provide recommendations for lime and fertilizer application based on soil type, soil fertility, and crop nutrient requirements. Applying appropriate amounts of lime and fertilizer is one of the best ways for growers to optimize crop yield and cost effectiveness. Following soil test recommendations has the added benefit of safeguarding the environment against excessive levels of nutrients.

Plant, Waste and Solution Analyses. These chemical analyses help growers monitor and respond to a crop's nutrient needs. Plant tissue analysis can reveal which nutrients a crop needs *before* deficiency symptoms appear. Waste analysis reveals the plant nutrient content of organic materials, such as manures and compost, so they can be more effectively used as fertilizer. Solution analysis assesses the chemical suitability of water for various agricultural uses, such as irrigation, aquaculture, nutrient solutions, pesticide solutions, and animal production. The aim of

these services is to ensure that growers know the nutrient status of their crop, their organic waste fertilizer, and their water source. Armed with this information, they can meet their crop's needs while protecting the environment from excessive quantities of nutrients.

Nematode Assay. Plant-parasitic nematodes are tiny, worm-like creatures that feed on plant roots. They interfere with a crop's ability to take up water and nutrients and increase the likelihood that a crop will be infected by disease-causing bacteria, fungi and viruses. By submitting soil samples for nematode assay, growers can find out which nematodes are present, whether they are contributing to a current problem, and whether they are likely to pose a threat to the next crop. Knowing this information enables growers to make appropriate management decisions and prevents unnecessary and excessive use of chemical nematicides.

Field Advisory. Fourteen regional agronomists stationed throughout North Carolina help growers establish reliable sampling programs, interpret agronomic test results, and implement management recommendations. Their visits help growers cope with location-specific problems that influence crop production efficiency and environmental quality. Regional agronomists keep growers informed about current agronomic practices and, at the same time, keep the Division's research and advisory staff up to date on current field problems and environmental concerns.

Workloads

In fiscal year 1997-98, the Agronomic Division functioned in its capacity as a service, education, and research facility as follows.

Service	Soil samples analyzed	295,095
	Plant samples analyzed	13,805
	Waste samples analyzed	12,390
	Solution samples analyzed	3,315
	Nematode samples analyzed	32,964
	Analytical determinations	5,553,372
	Advisory reports	54,920
	Waste management plans	75
Education	Producer consultations	16,438
	Public presentations	196
	Lab lecture/tours	146
	Waste management training sessions	16
	Radio and TV presentations	29
	News releases	52
	Out-of-state scientific visitors	113
Research	Research/demonstration projects	136
	Publications	13

Impact on North Carolina

The Agronomic Division contributes to crop productivity and farm income while protecting water and land resources for future generations.

Environmental Benefits

- Quantifies plant nutrient needs thereby maximizing agricultural cost effectiveness, optimizing crop yields, and protecting the environment from excess nutrients.

- Helps prevent environmental impacts caused by animal waste in spite of the fact that livestock numbers have increased by 61% and waste application sites have declined by 27% since 1984.

- Assumes increasing responsibilities in the management of municipal and industrial wastes that may contain levels of heavy metals and nutrients that threaten land productivity, surface water and groundwater quality, food safety, and human health.

Economic Benefits

- Improves farm income by providing recommendations for lime application that make plant nutrients more available and optimize crop growth. For example, soybean yields from limed plots are 84% higher than from unlimed plots.

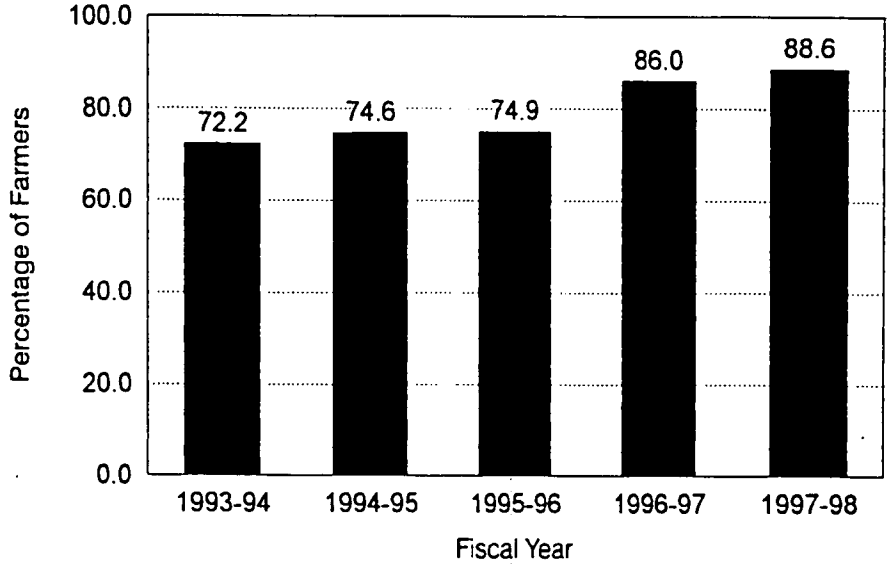
- Quantifies the nutrient content of waste products, thus promoting the responsible use of about 145 million pounds of farm-generated nutrients worth at least $30 million.

- Analyzes more than 13,000 plant tissue samples annually, thus identifying nutrient problems *before* they reach a critical stage and while they can still be corrected.

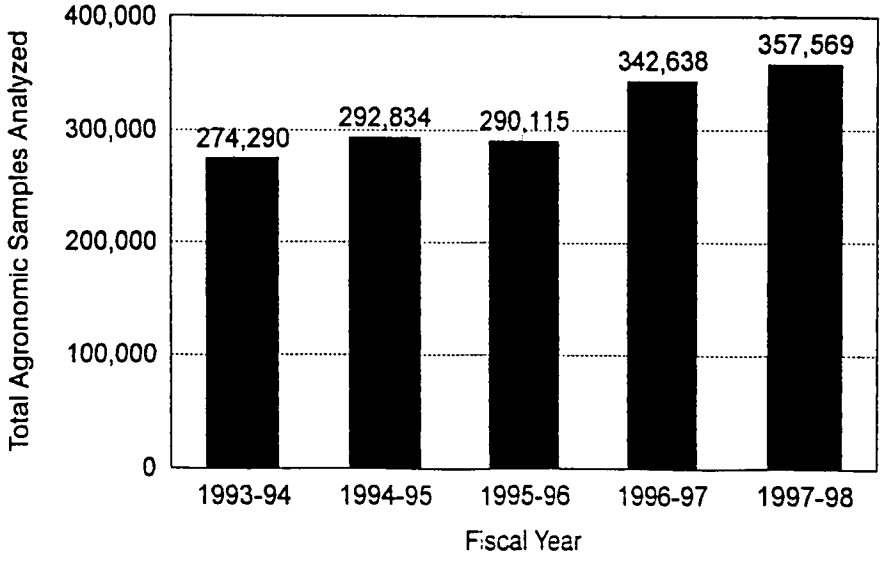
- Saves growers $5.5 million each year by identifying areas that do *not* require nematicides, thus keeping needless chemicals off more than 140,000 acres of food and fiber crops.

- Prevents an estimated $11.5 million in crop losses due to nematode damage annually.

Percentage of North Carolina Farmers Using Agronomic Division Services



Number of Agronomic Samples Analyzed Annually



Attachment I

Department of Agriculture and Consumer Services

Agricultural Statistics Division							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	1,423,725	1,402,295	1,563,385	1,507,227		1,503,477	
Less Receipts	(143,455)	(163,330)	(218,474)	(155,693)		(155,693)	
State Appropriations	*1,280,269*	*1,238,965*	*1,344,911*	*1,351,534*	0.5%	*1,347,784*	0.2%
Positions	29.00	29.00	29.00	29.00		29.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

The Agricultural Statistics Division provides comprehensive agricultural statistical information through collection and analysis of prices, wage and production estimates for all major crops and livestock.

Cross References For Budget Volumes

Governor's Budget, Volume 5, pp 20-21

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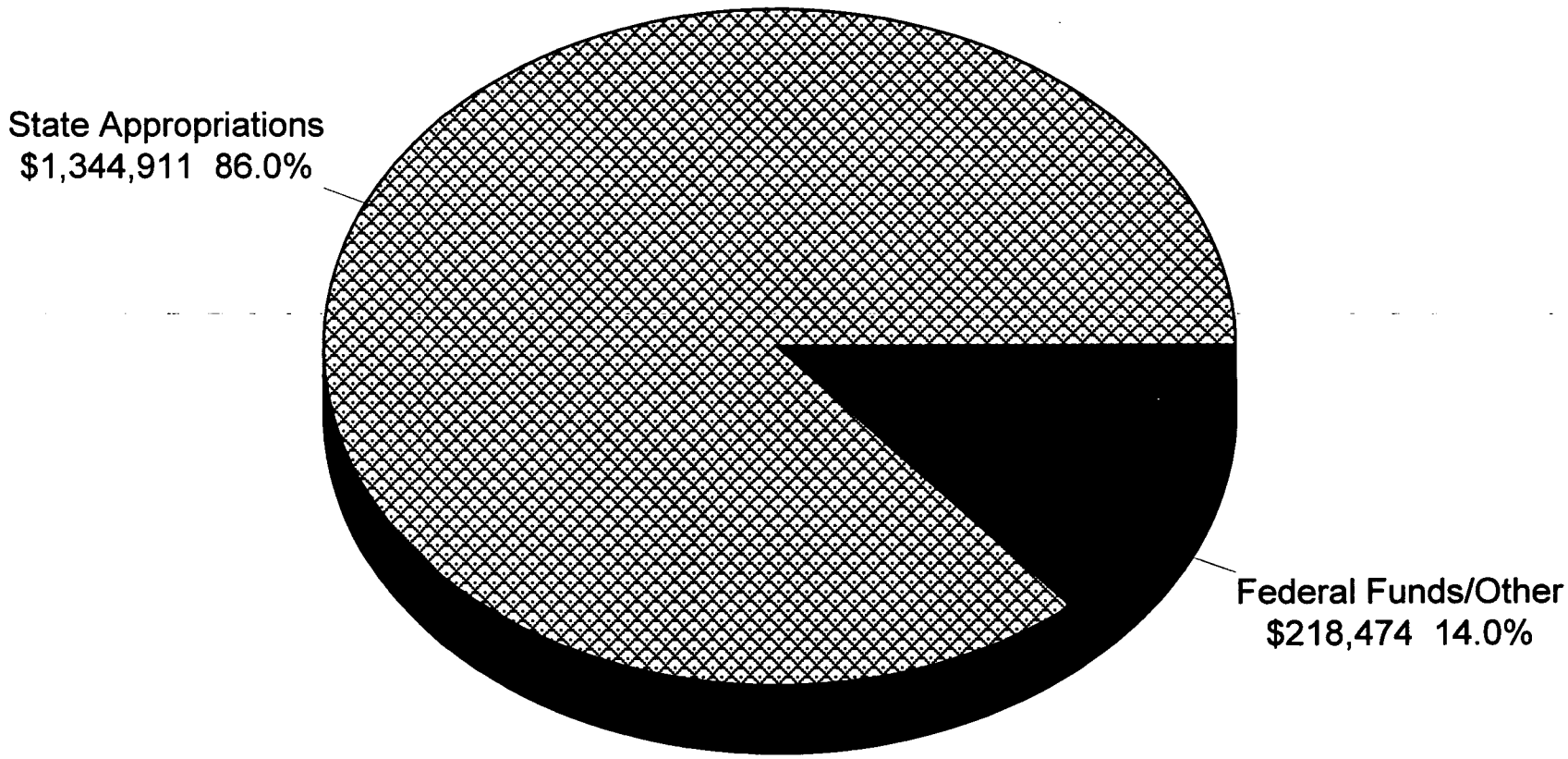
Agricultural Statistics

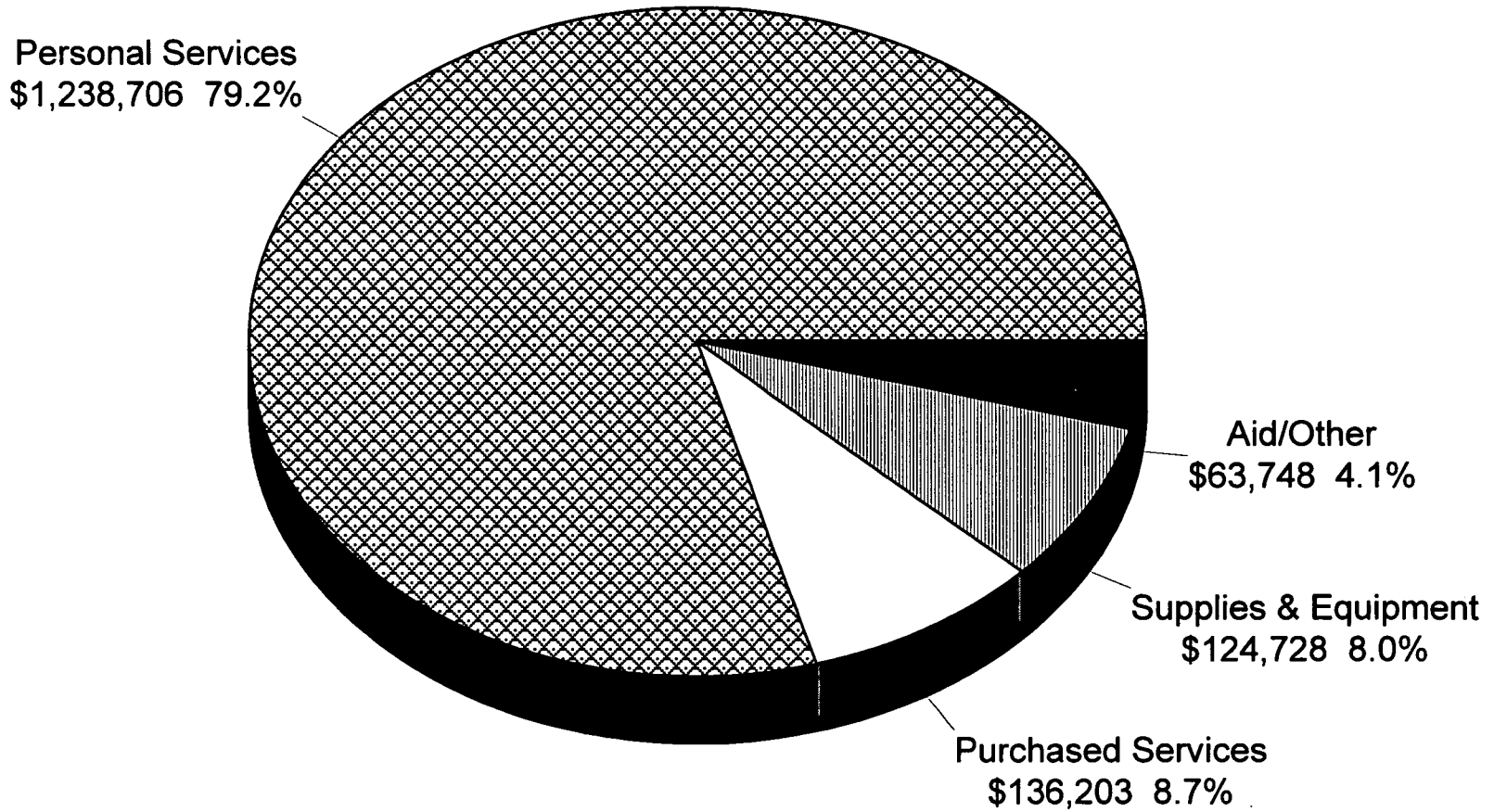
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - April 1999

Agricultural Statistics

FY 1998-99 (Authorized) Expenditures By Category



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Fiscal Research Division - April 1999

AGRICULTURAL STATISTICS DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS

None

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

AG-52

Department of Agriculture and Consumer Services

Agricultural Statistics Division **Budget Codes: 13700**

Mission Statement

To provide timely, meaningful, accurate, and objective statistical information and services in support of agriculture and rural communities.

Operations

- Gather data by conducting list and area sample surveys to include most of the land in farms.
- Maintain county, state, and federal crop and livestock statistics and rankings.
- Assess weather-related agricultural losses (such as those sustained through drought and floods).
- Perform data processing-related activities.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Provide reliable agricultural statistics according to published schedule and standards. *PPB: 6410*				
• Percent of agricultural statistics publications provided on schedule according to state and federal standards	100%	100%	100%	100%
• Percent of land in farms covered by list sample surveys of farm land	81%	82%	83%	84%

Attachment J

THE MISSION OF NORTH CAROLINA AG STATISTICS IS TO COLLECT, ANALYZE, PUBLISH AND DISSEMINATE TIMELY AND RELIABLE STATE AND COUNTY STATISTICS FOR COMMODITIES OF IMPORTANCE TO THE NORTH CAROLINA AGRICULTURAL INDUSTRY.

THIS INCLUDES STATISTICS FOR ALL MAJOR CROP AND LIVESTOCK COMMODITIES, AGRICULTURAL LABOR, PRICES, AND ENVIRONMENTAL STATISTICS (CHEMICAL USE SURVEYS). IT ALSO INCLUDES ADDITIONAL COMMODITIES AND ESPECIALLY COUNTY DATA FOR COMMODITIES OF IMPORTANCE TO NORTH CAROLINA (TOBACCO COUNTY ESTIMATES, CHRISTMAS TREES, EQUINE, TURF GRASS ETC.).

THE DIVISION IS A COOPERATIVE VENTURE STARTED IN 1919 BETWEEN THE NORTH CAROLINA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES AND THE UNITED STATES DEPARTMENT OF AGRICULTURE'S NATIONAL AGRICULTURAL STATISTICS SERVICE (USDA/NASS).

THIS COOPERATIVE AGREEMENT WAS ESTABLISHED TO ELIMINATE AND PREVENT DUPLICATION OF EFFORT, AND TO HAVE ONLY ONE OFFICIAL AGRICULTURAL ESTIMATING PROGRAM FOR NORTH CAROLINA.

BASICALLY THE FEDERAL PROGRAM FUNDS THE MAJOR ESTIMATES THAT ARE OF IMPORTANCE TO THE US AGRICULTURAL ECONOMY (CORN, COTTON SOYBEANS, HOGS, CATTLE ETC.) AND THE RECENT CENSUS OF AGRICULTURE THAT WAS THE FIRST TIME THE CENSUS WAS CONDUCTED BY USDA RATHER THAT THE US DEPARTMENT OF COMMERCE. THE STATE FUNDS THE ADDITIONAL ESTIMATES OF IMPORTANCE TO NORTH CAROLINA.

ANNUALLY OVER 300 REPORTS ARE RELEASED COVERING 40 DIFFERENT SERIES INCLUDING SOME ISSUED WEEKLY, MONTHLY, QUARTERLY, ANNUALLY, AND ON A PERIODIC ROTATION. A CALENDAR OF RELEASE DATES IS PUBLISHED BY DECEMBER1 FOR THE FOLLOWING YEAR AND NO ONE OUTSIDE OF AGRICULTURAL STATISTICS (INCLUDING THE COMMISSIONER) HAVE ACCESS TO THE

INFORMATION BEFORE THE PRESCRIBED PUBLICATION SCHEDULE. THIS PROVIDES FOR A "LEVEL PLAYING FIELD" ON WHICH ALL AGRICULTURE CAN OPERATE. ALL INFORMATION RELEASED IS ALSO PLACED ON OUR STATE WEB SITE.

IN ADDITION TO THE AGRICULTURAL STATISTICS PROGRAM, THE DIVISION ALSO OVERSEES COMPOSITION, PRINTING, AND COMPUTER SERVICES FOR THE DEPARTMENT. PRINTING AND MAILING OF USDA/NASS RELEASES AND QUESTIONNAIRES ARE ALSO PREFORMED FOR SURROUNDING STATES. ANNUAL PRINT VOLUME EXCEEDS 30 MILLION IMPRESSIONS, MAILINGS EXCEED 2 MILLION AND BINDARY SERVICES EXCEED 5 MILLION UNITS.

OVERALL WE ARE ABOUT 80-85% COMPLETE ON ALL SYSTEM REMEDIES NECESSARY TO MAKE THEM YEAR 2000 COMPLIANT, AND PLAN ON BEING COMPLETE BY AUGUST 1999.

I HAVE PROVIDED COPIES OF OUR MOST RECENT AGRICULTURAL STATISTICS BULLETIN, WHICH CONTAINS THE ANNUAL SUMMARY OF MOST OF THE DATA COLLECTED.

I WILL GLADLY ANSWER ANY QUESTIONS ABOUT OUR SERVICES. THANK YOU.

VISITOR REGISTRATION SHEET

DATE

APPROPRIATIONS ON NATURAL & ECONOMIC RESOURCES

NAME OF COMMITTEE

VISITORS: Please sign below and return to secretary

NAME	FIRM OR STATE AGENCY AND ADDRESS
Bill Dickerson	NCDA + CS
Carl Tart	NCDA + CS
Sheila Chavis	OSPL
Anne Brunnemeyer	student
Johnny Gray	OSBM
Gary Gay	NCDA + CS
Richard C. Reich	NCDA + CS
Mona Harper	Student
Willie Denny	NCDA + CS
M. A. Myhon	NCDA + CS
Jo Anna Quinn	NCDA + CS
David Marshall	NCDA + CS
Maurice Weaver	NCDA + CS
Tom Ellis	NCDA + CS

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, April 7, 1999 (afternoon)
Sen. Bob Martin, Presiding

1. Chairman's Comments

2. Department of Agriculture and Consumer Services – Budget Presentations

Research Stations/State Farms
Jennifer Herrera, Fiscal Research
Carl Tart, Division Director

Standards Division
Jennifer Herrera, Fiscal Research
David Smith, Division Director

Plant Industry Division
Jennifer Herrera, Fiscal Research
Bill Dickerson, Division Director

Marketing Division
Jennifer Herrera, Fiscal Research
Ross Williams,

Food and Drug Protection Division
Jennifer Herrera, Fiscal Research
Bob Gordon, Division Director

Structural Pest Division
Jennifer Herrera, Fiscal Research
Carl Falco, Division Director

4. Committee Discussion

5. Adjourn

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, April 7, 1999 at 2:30 p.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday April 7 at 2:30 p.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Culp, Hunter, Mitchell, Russell, and Tolson, were present.

Senator Martin called the meeting to order. Jennifer Herrera, Fiscal Research, continued with budget presentations for the Department of Agriculture and Consumer services. The first presentation was the Research Stations and State Farms Division. This is Attachment A of these minutes. Mr. Carl Tart, Division Director, presented Division's mission statement to the Committee. This is Attachment B of these minutes.

Jennifer Herrera, Fiscal Research, explained the budget recommendations for the Standards Division. This is Attachment C of these minutes. The Standards Division protects the purchasers and sellers of any commodity by ensuring that uniform, national standards of weights and measures are used, and protects users of petroleum products from inferior quality and inaccurate measurement, and protects the public from unsafe use, storage and transportation of liquefied petroleum and gas. Mr. David Smith, Division Director, explained the primary purpose of the Division. His remarks are Attachment D of these minutes.

Jennifer Herrera, Fiscal Research, explained the Plant Industry Division budget recommendations. This is Attachment E of these minutes. Mr. Bill Dickerson, Division Director, was guest speaker. His remarks are Attachment F of these minutes.

Jennifer Herrera, Fiscal Research, explained the Marketing Division budget recommendations. This is Attachment G of these minutes. Mr. Ross Williams, Division Director, was guest speaker. His remarks are Attachment H of these minutes.

Jennifer Herrera, Fiscal Research, explained the Food and Drug Protection Division budget recommendations. This is Attachment I of these minutes. The Food and Drug

Protection Division assures consumers that foods, feeds, drugs, cosmetics, pesticides and automotive antifreezes are safe and properly labeled. Statewide inspections and chemical analysis offer protection against unsafe, deceptive and fraudulent products. Mr. Bob Gordon, Division Director, gave a brief overview of the activities of the Division. His remarks are Attachment J of these minutes.

Jennifer Herrera, Fiscal Research, explained the Structural Pest Division budget recommendations. This is Attachment K of these minutes. The Structural Pest Control Division protects consumers and the environment by regulating the application of pesticides used to control structural pests. Mr. Carl Falco, Division Director, gave a brief overview of this program. His remarks are Attachment L of these minutes. Representative Owens asked that the Structural Pest Control Program Improvements be flagged.

The meeting adjourned at 4:00 p.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Attachment A

Department of Agriculture and Consumer Services

Research Stations and State Farms			Current Fiscal Year	Governor's Continuation Request *			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	10,530,649	11,240,506	11,199,934	11,147,778		11,281,278	
Less Receipts	(4,085,764)	(4,137,518)	(3,817,213)	(3,697,553)		(3,702,853)	
State Appropriations	*6,444,885*	*7,102,988*	*7,382,721*	*7,450,225*	0.9%	*7,578,425*	2.7%
Positions	197.75	198.80	198.80	197.80		197.80	

* INCLUDES GOVERNOR'S RECOMMENDED REDUCTIONS

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

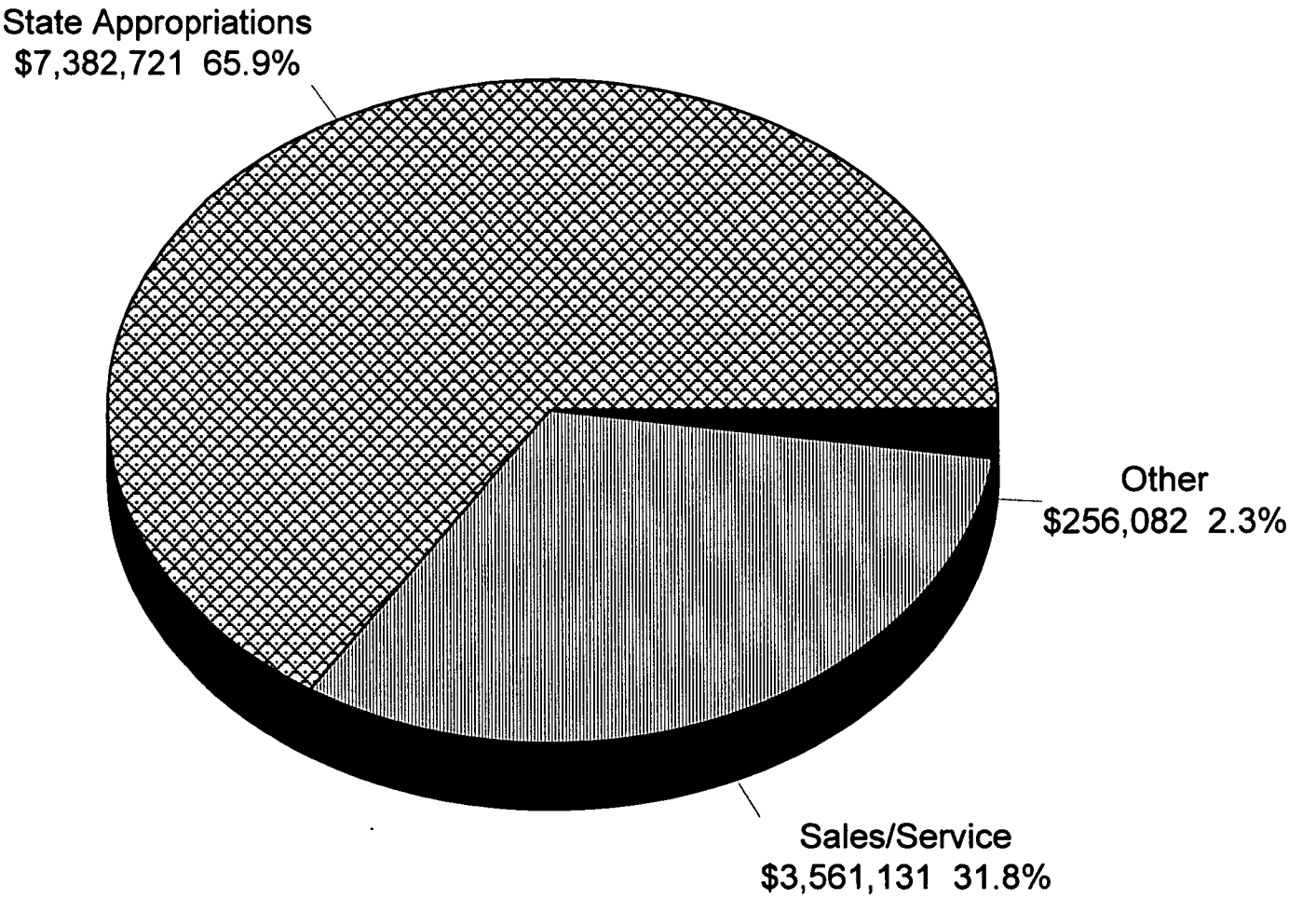
The Division provides physical facilities, administrative services and manpower to carry out agricultural research projects for the university system and for conservation on state land. The Division is organized into 15 Research Stations, 3 State Farms, and additional farm properties. Six stations are budgeted under NC State; the remainder are under the NC Department of Agriculture and Consumer Services.

The original purpose of the State Farms was to produce food for the NC Department of Health and Human Services' institutions. In 1989, the General Assembly directed that the State Farms shift their emphasis to support education and research elated to agricultural practices.

Cross References For Budget Volumes

Governor's Budget, Volume 5, pp. 15-17

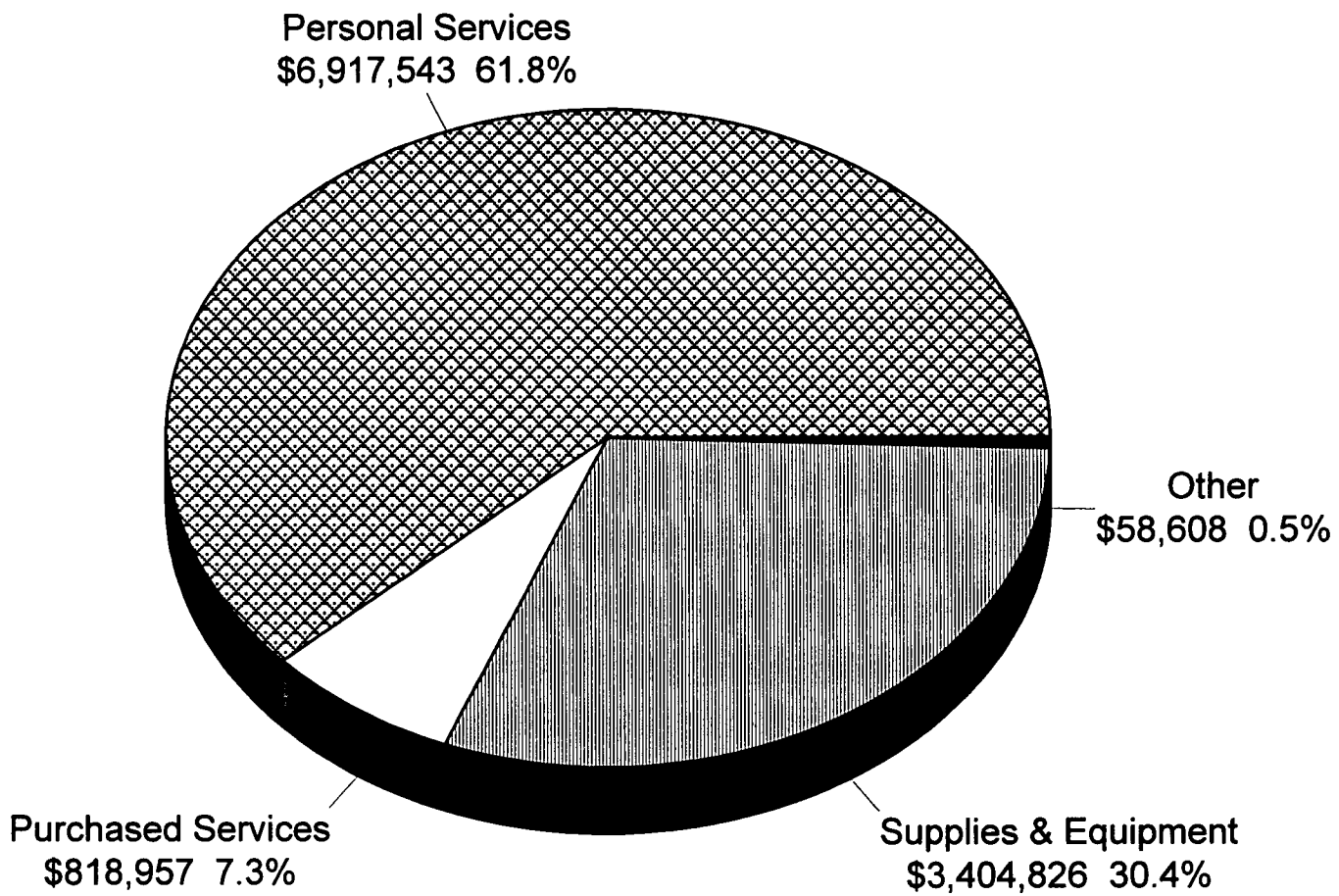
Research Stations and State Farms
FY 1998-99 (Authorized) Fund Sources



Fiscal Research Division - April 1999

Research Stations and State Farms

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - April 1999

RESEARCH STATIONS/STATE FARMS
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Adjust underbudgeted receipts.		($100,000) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Eliminate Vacant Position – Agricultural Research Assistant III	($41,865) R -1.00	($41,865) R -1.00

MAJOR CONTINUATION BUDGET RECOMMENDATIONS

1. Equipment Increases	$325,245	$448,245

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ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The Committee may wish to have the department discuss the following: 1) the different resources contributing to research efforts at the stations and state farms, and 2) the roles/division of responsibilities in such efforts among the department, North Carolina State University and the U.S. Department of Agriculture.

Mission Statement

To manage crop and livestock facilities that serve as a platform for agricultural research to make farming more efficient, productive, and profitable while maintaining a sound environment and providing consumers safe and affordable products.

Operations

- Assist in conducting research on fruit, row crops, and horticultural commodities in NC.
- Assist in conducting research on pasture and feed variables to adequately support livestock research efforts.
- Assist in conducting research on the efficiency of feed conversion, breeding, finishing, and facility design of both fisheries and livestock.
- Assist in conducting research on improving and maintaining forestry research sites through the implementation of best management practices.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Maintain successful operational support of research projects. *PPB: 6510*				
• Percent of agricultural research and demonstration projects successfully implemented	98%	96%	96%	98%

Attachment 13

"Working Together for One Cause"

Agriculture is N.C.'s #1 industry

NCDA&CS • NCSU • NC A&T

James A. Graham, Commissioner
Carl V. Tart Jr., Director

RESEARCH STATIONS / STATE FARMS

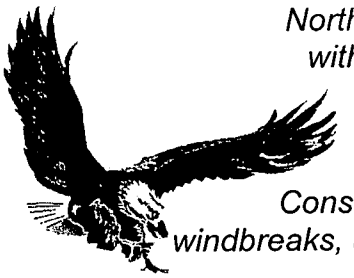
Our Mission —
To manage crop and livestock facilities that serve as a platform for agricultural research to make farming more efficient, productive, and profitable, while maintaining a sound environment and providing consumers safe and affordable products.

The U.S.D.A. has documented that publicly-funded agricultural research earns at least a 35% annual rate of return. Other sources report a 50% return.

- ❑ **One U.S. farmer produces food and fiber for 129 people** — 95 in the U.S. and 34 abroad.
- ❑ N.C.'s agriculture industry — which includes food, fiber, and forestry — contributes **more than $46 billion annually to the state's economy.**
- ❑ Agriculture accounts for **one quarter of the state's income** and **employs 22% of the work force.**

At our 18 locations across the state, we assist research staff from NCSU, NC A&T, and the U.S. Dept. of Agriculture to conduct research on:

- fruit, row crops, and the state's horticultural commodities;
- pasture and feed variables to adequately support livestock research efforts;
- the efficiency of feed conversion, breeding, finishing, and facility design of both fisheries and livestock; and to
- improve and maintain forestry research sites through the implementation of best management practices.

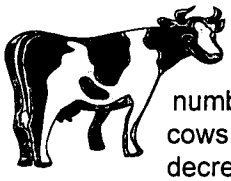


*North Carolina ranks third nationally in farm profits with **a net farm income of nearly $3.5 billion.***

*U.S. farmers provide food and habitat for **75% of the nation's wildlife**. Conservation practices — including no-till methods, windbreaks, and waterways — thus serve two important functions.*

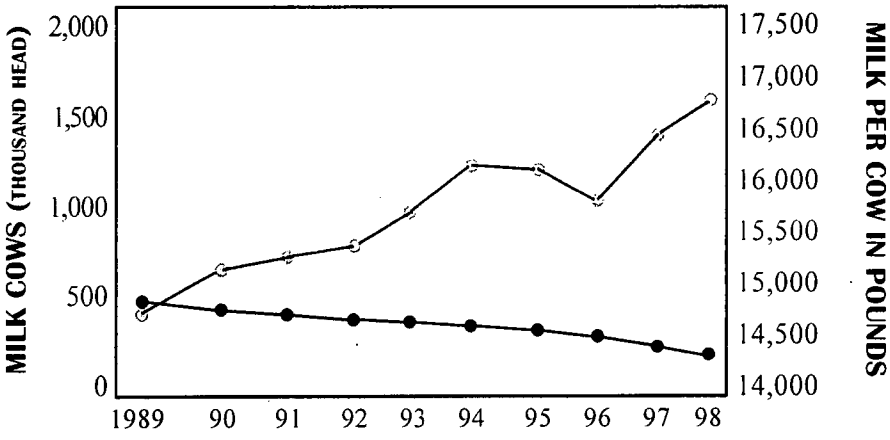
***Ninety-five percent** of U.S. farms are owned by individuals, family partnerships, or corporations with fewer than 10 stockholders. Only 4% are owned by non-family corporations.*

The 57,000 N.C. farmers grow more than 80 different commodities, using only 9 million of the state's 31 million acres to provide consumers with a dependable, affordable food supply.

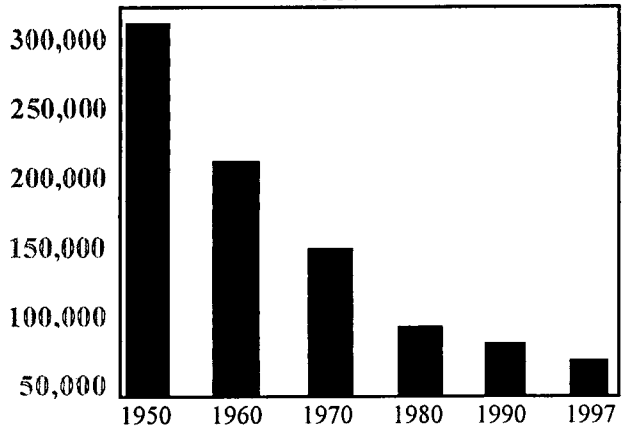


From 1953 to 1998, the number of milk cows in N.C. decreased by almost 78%. During this same period, total production pounds of milk remained fairly stable due to a consistent increase in per cow milk production. This per cow production rate is forecast to continue to increase at a rate of 2.5% per year. **The stability of the total production numbers, while cow numbers steadily decrease, is a direct result of technological and managerial strides in research.**

Milk Cows and Milk Production in N.C.
1989-1998



Number of Farms in N.C.
1950 -1997



Despite a dramatic decline in the number of N.C. farms, **net farm income over the past 25 years has increased from $7.5 million to $3.5 billion.** Research and technology are credited for this economic growth.

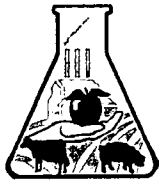
❑ Organically-grown products continue to gain in popularity with baby-boomers and the health conscious. **Research in organic agricultural methods have kept pace. CEFS and other stations are currently carrying out research to help N.C. farmers meet consumer demands.**

Today's carrots have twice the

beta carotene of those 30 years ago. Researchers expect to triple the Vitamin A content by the year 2005.

❑ Twenty million bushels of soybeans imported from China and the U.S. are processed into tofu and consumed annually by the Japanese. Domestic interest in tofu production and consumption has prompted North Carolina researchers to develop new varieties to meet the demands of this untapped and potentially profitable market.

Prepared by the Research Stations Division/NCDA&CS 3/99
Sources: NCDA & CS Statistics; American Farm Bureau; N.C. Farm Bureau; Vermont Farm Bureau; Agricultural Research Service; Herald-Sun; The News & Observer; Doane's Agricultural Report.



Our 18 strategically located Research Stations and State Farms are visited by approximately 20,000 visitors annually.

Attachment C

Department of Agriculture and Consumer Services

Standards Division							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	4,523,839	4,615,913	4,905,000	4,869,645		4,756,768	
Less Receipts	(3,424,381)	(3,649,850)	(3,765,607)	(3,693,796)		(3,600,886)	
State Appropriations	*1,099,458*	*966,063*	*1,139,393*	*1,175,849*	3.2%	*1,155,882*	1.4%
Positions	99.00	99.00	99.00	99.00		99.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

DIVISION ACTIVITIES

The Standards Division protects the purchasers and sellers of any commodity by ensuring that uniform, national standards of weights and measures are used, and protects users of petroleum products from inferior quality and inaccurate measurement, and protects the public from unsafe use, storage and transportation of liquefied petroleum and gas.

Governor's Budget, Volume 5, pp 38-41

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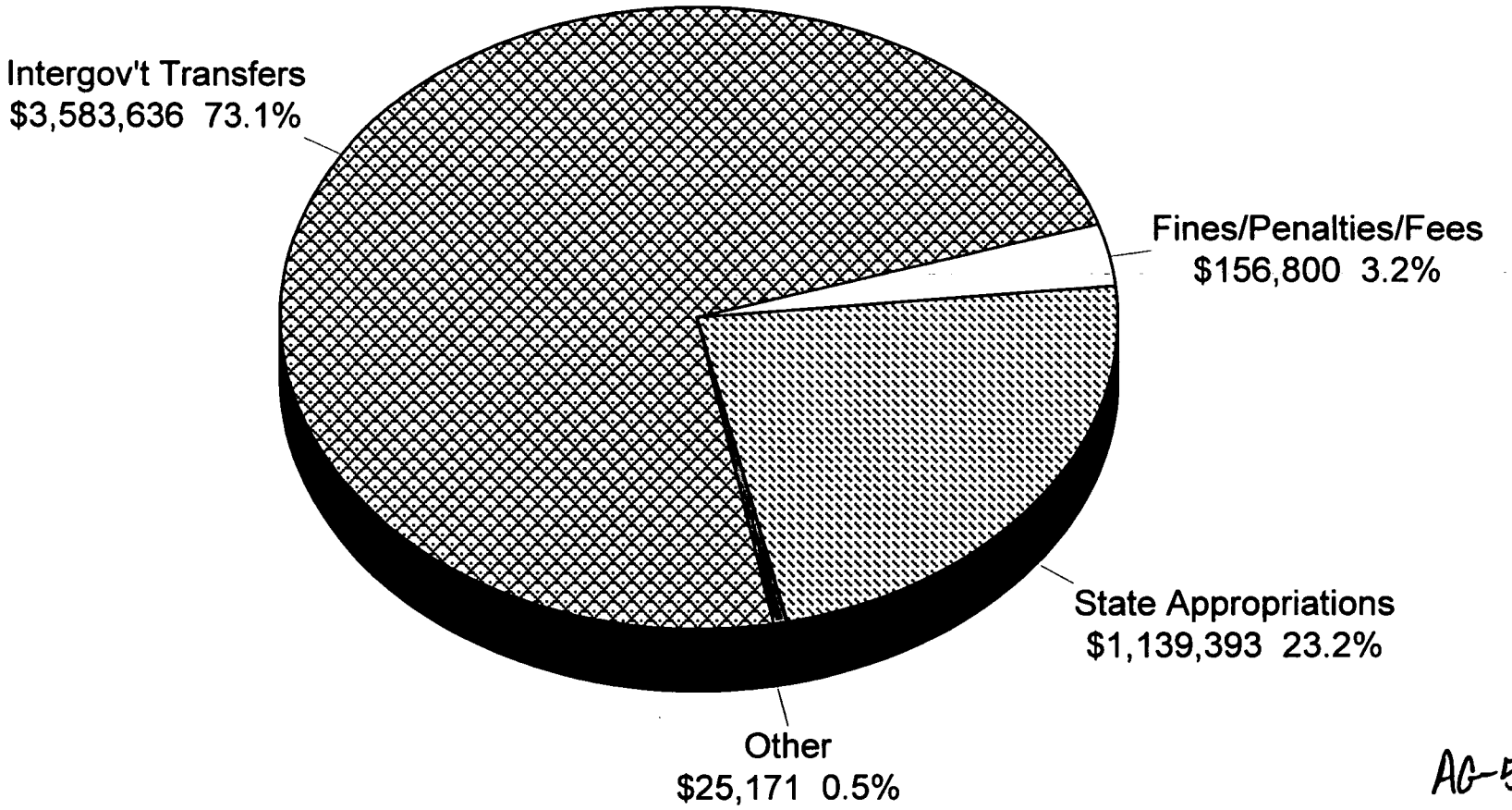
Standards Division

FY 1998-99 (Authorized) Fund Sources

TOTAL - $4,905,000



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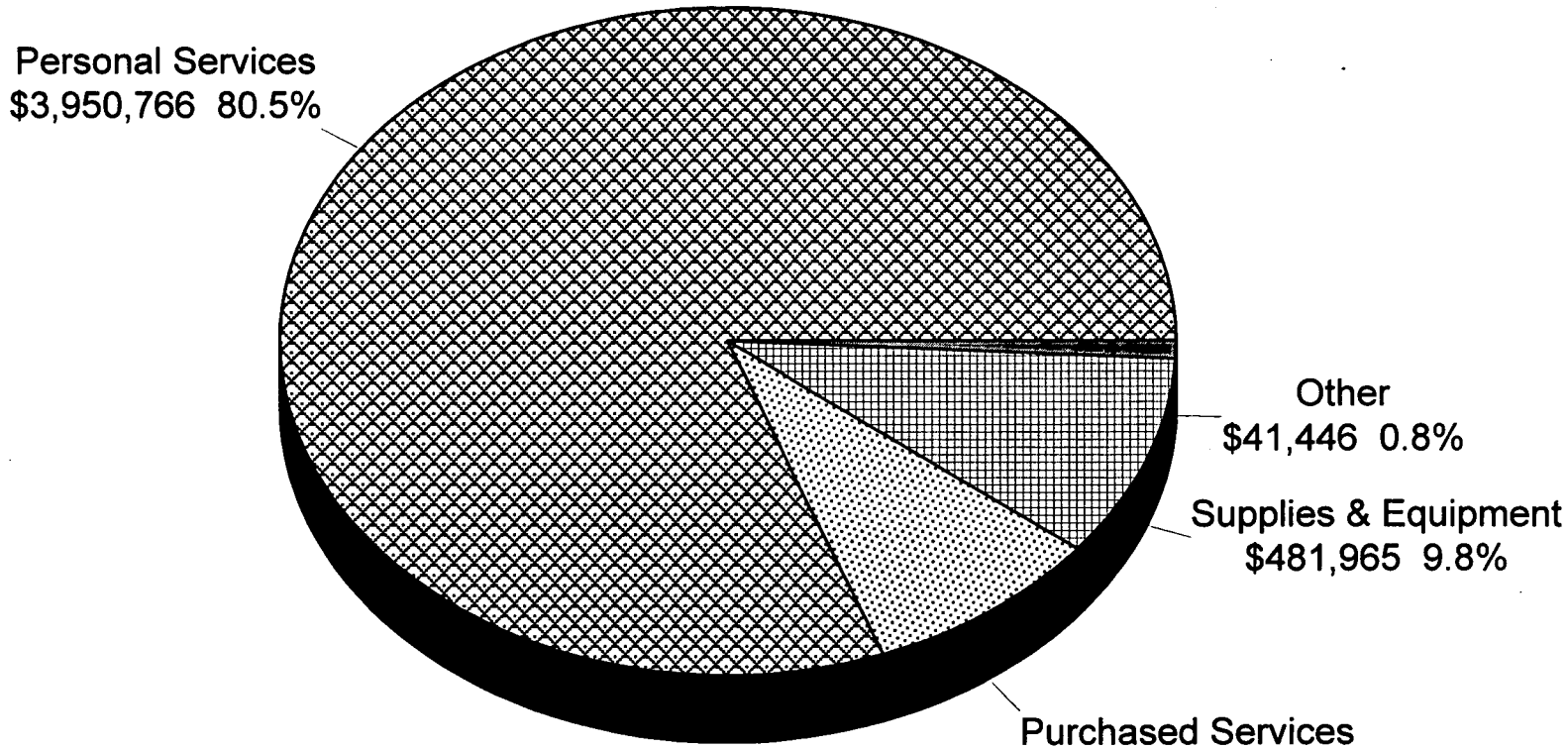
Fiscal Research Division - April 1999

Standards Division

FY 1998-99 (Authorized) Expenditures By Category

TOTAL - $4,905,000



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Fiscal Research Division - April 1999

STANDARDS DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1) Adjust underbudgeted receipts		($ 5,000) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS

None

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001

None

MAJOR CONTINUATION BUDGET RECOMMENDATIONS

General Fund		
1. Increase in equipment – autos/trucks/buses	$106,590	$ 61,745
2. Increase in equipment – scientific/medical	$118,199	$ 50,725
Receipts		
1. Increase in receipts – Transfer from Highway Fund	$145,344	$ 63,534

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Mission Statement

To protect the public from the use of inaccurate weights and measures, from the purchase of inferior petroleum products, and from unsafe acts involving the use of LP-Gas.

Operations

Measurement and Standards Laboratory

- Inspect commercial grain moisture measuring systems for accuracy.
- Inspect general purpose scales (less than 200 pounds capacity) and large capacity scales (more than 200 pounds capacity) for accuracy.
- Inspect price scanning systems for pricing accuracy.
- Inspect packages for net contents compliance.
- Calibrate weights and measures standards.
- Inspect retail petroleum meters for accuracy.
- Inspect truck-mounted petroleum meters for accuracy.
- Inspect petroleum terminal meters for accuracy.

Motor Fuels Inspection

- Sample and test gasoline, diesel, and kerosene products to identify substandard products.
- Sample and test engine oils (lube oils) to identify substandard products.

LP-Gas Inspection

- Inspect LP-Gas installations for compliance with safety standards.
- Inspect LP-Gas transportation vehicles for compliance with safety standards.

Objectives and Key Performance Measures	**1997-98 Actual**	**1998-99 Authorized**	**1999-00 Target**	**2000-01 Target**
Measurement and Standards Laboratory				
Perform calibrations in accordance with the measurement criteria mandated by the National Institute of Standards and Technology and consistent with clients' expectations. *PPB: 6920*				
• Number of precision mass calibrations which fail to conform to the measurement guidelines of the National Institute of Standards and Technology	8	5	4	3
Maintain the net contents compliance rate of packages at its historically high rate. *PPB: 6920*				
• The rate at which packaged goods are found to be in compliance with weights and measures laws and regulations	94.5%	94.5%	94.5%	94.5%
Maintain the compliance rate of weighing and measuring devices at its historically high rate. *PPB: 6920*				
• Rates of compliance for general scales, moisture meters, large capacity scales, and scanning systems	94.9%	96.0%	96.0%	96.0%

Objectives and Key Performance Measures - Continued	**1997-98 Actual**	**1998-99 Authorized**	**1999-00 Target**	**2000-01 Target**
Measurement and Standards Laboratory - Continued				
Maintain the compliance rate of petroleum measuring devices at its historically high rate. *PPB: 6920*				
• Rate of compliance for petroleum measuring devices	91.7%	92.0%	92.0%	92.0%
Reduce the overcharge error rate at establishments using price scanning technology. *PPB: 6920*				
• Percent of price scanning systems with more than a two-percent overcharge error rate	7%	7%	6%	6%
Motor Fuels Inspection				
Maintain the compliance rate of petroleum products at its historically high rate. *PPB: 6920*				
• Compliance rate of inspected petroleum products	98.4%	98.5%	98.5%	98.5%
LP-Gas Inspection				
LP-Gas safety problems corrected immediately following notification. *PPB: 6920*				
• Percent of LP-Gas safety violations corrected within six months of issuance	55.9%	60.0%	60.0%	60.0%

Attachment D

STANDARDS DIVISION

The primary purpose of the Standards Division is to enforce the Gasoline and Oil, Weights and Measures, and LP-Gas Inspection laws. The Standards Division's mission is a regulatory one, although the service function of the Standards Laboratory is closely associated with the weights and measures law. The division is divided into four sections with each section responsible for distinct activities. The division operates from two budget codes--1150 (Weights and Measures budget) and 1160 (Gasoline and Oil budget). The following is a partial list of activities and achievements associated with each section during 1997-98.

MEASUREMENT SECTION

- Inspected 90,658 motor fuel and kerosene dispensers
- Inspected 25,077 general purpose scales
- Inspected 3,269 vehicle, livestock, and other large capacity scales
- Inspected 418 taxi meters
- Inspected 1,307 businesses with price scanning systems
- Inspected 2,881,038 packages for net contents compliance
- Inspected 3,487 truck mounted petroleum meters
- Inspected 551 petroleum terminal meters
- Performed over 8600 Stage I vapor return inspections and inspections of underground fuel tank leak detection systems at retail fuel outlets for DENR
- Responded to 962 complaints and special requests concerning weights and measures issues

MOTOR FUELS SECTION

- Tested 31,124 gasoline samples
- Tested 5,336 diesel fuel samples
- Tested 5,355 kerosene samples
- Gasoline, diesel fuel, and kerosene samples are tested on-site and at the central laboratory
- Tested 3,883 engine oil samples
- Provided laboratory assistance to DMV and Revenue in the investigation and enforcement of highway fuel tax issues (primarily the use of dyed diesel fuel)
- Responded to 186 complaints and special requests concerning petroleum quality

LP-GAS SECTION

- Inspected 16,312 LP-Gas installations
- Performed 870 inspections of bulk plant emergency shutoff vales
- Performed live tests of check valves at every bulk plant in the state
- Inspected 2,454 LP-Gas truck-mounted and stationary meters
- Inspected 993 scales used in the sale of LP-Gas

- Began performing Risk Management Plan inspections of bulk LP-Gas installations for DENR

STANDARDS LABORATORY

- Certified 16,678 weights
- Certified 480 volumetric standards
- Issued 1,714 measurement traceability certificates
- Over 1300 businesses have used the services of the laboratory with half that number being regular customers
- The National Institute of Standards and Technology chose the Standards Laboratory to be the primary pivot laboratory for the Southeast because of the laboratory's facilities, equipment, staff training, and the ability to work at the highest accuracy mass calibration level
- Inspected 886 grain moisture meter measuring systems
- Inspected 1,615 scales at grain elevators

Attachment E

Department of Agriculture and Consumer Services

Plant Industry Division							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	6,914,876	7,306,314	7,496,141	6,437,122		6,381,897	
Less Receipts	(3,428,532)	(2,935,451)	(2,735,716)	(1,722,759)		(1,722,259)	
State Appropriations	*3,486,344*	*4,370,863*	*4,760,425*	*4,714,363*	-1.0%	*4,659,638*	-2.1%
Positions	115.00	116.50	116.50	116.50		116.50	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

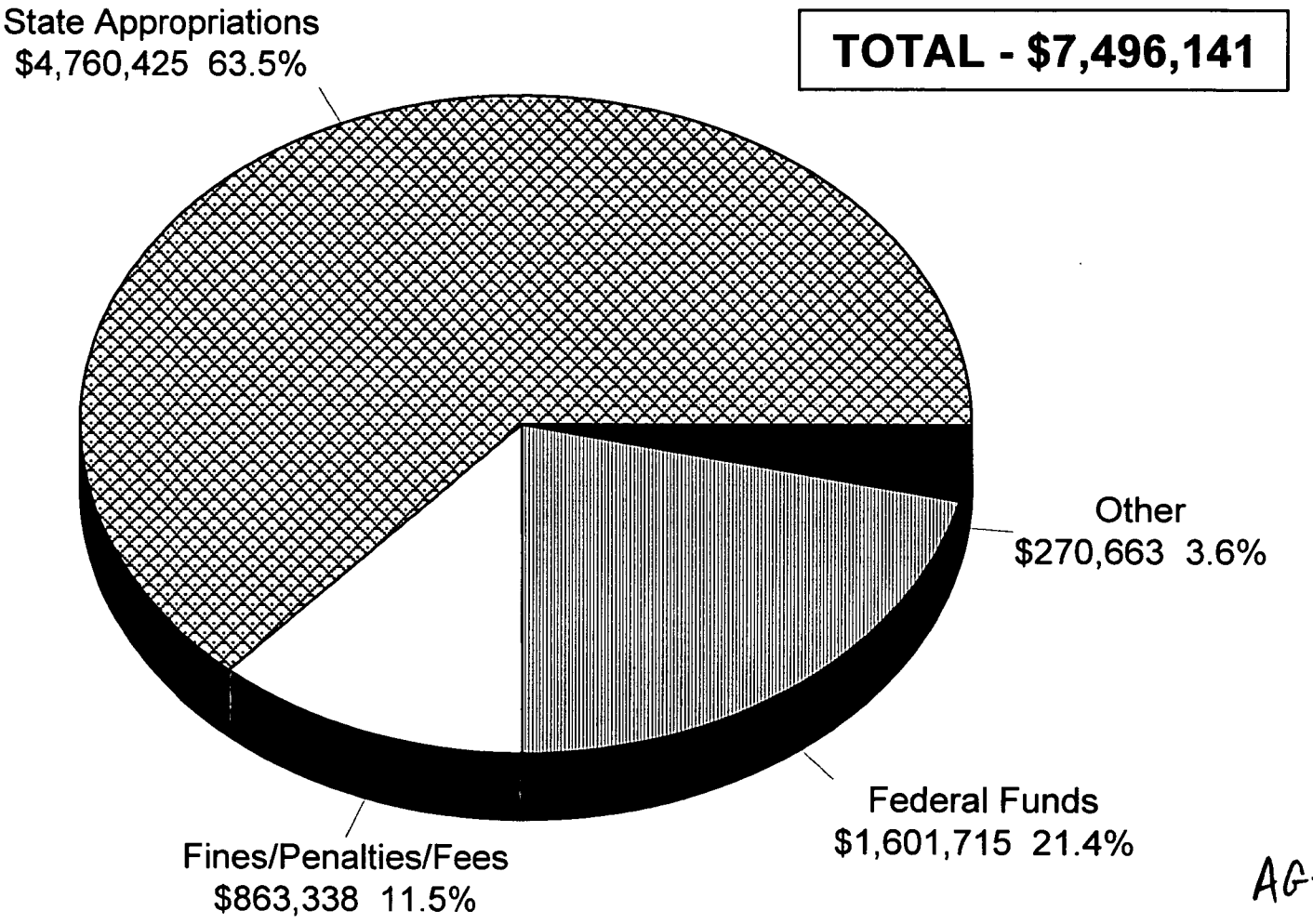
DIVISION ACTIVITIES

The Plant Industry Division protects plants, plant products and other beneficial organisms from the adverse effects of pests, conserves endangered plant species and protects honeybees and other insects. The Division operations also include fertilizer and seed inspection efforts to ensure these products are properly labeled.

Governor's Budget, Volume 5, pp 28-31

AG-60

Plant Industry Division
FY 1998-99 (Authorized) Fund Sources



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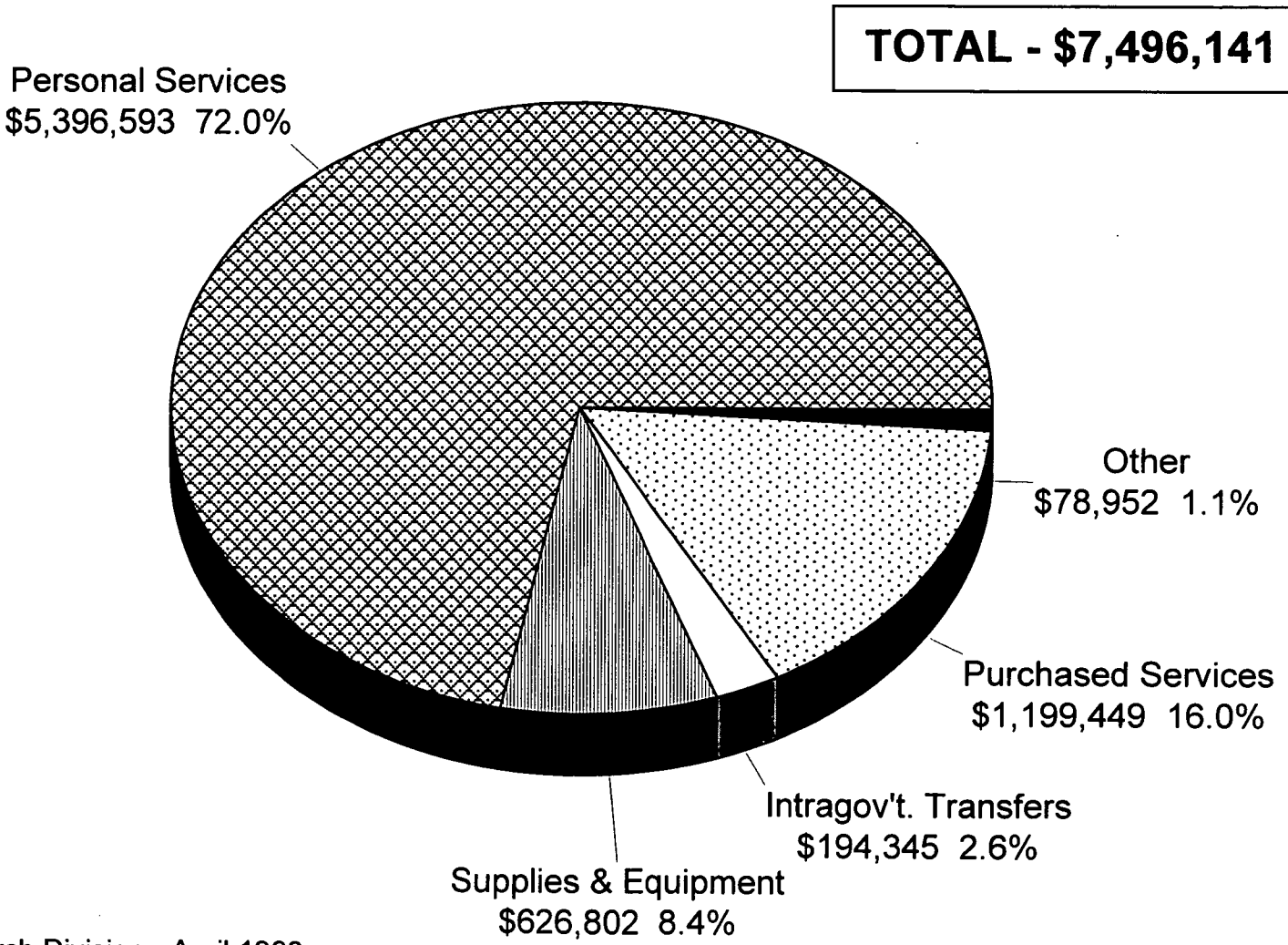
Fiscal Research Division - April 1999

Plant Industry Division

FY 1998-99 (Authorized) Expenditures By Category



Fiscal Research Division - April 1999

PLANT INDUSTRY DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Adjust underbudgeted receipts.		($ 27,000) R
SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
2. Bee Regulatory Support.	$170,212 R $ 45,894 NR 2.00	$170,212 R 2.00

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

MAJOR CONTINUATION BUDGET REDUCTIONS	1999-2000	2000-2001
1. Increase scientific/medical supplies.	$75,250	$38,025
2. Increase other equipment.	$35,550	$12,850

AG-63

Department of Agriculture and Consumer Services

Plant Industry Division **Budget Codes: 13700**

Mission Statement

To assure that seed and fertilizer and other soil additives offered for sale in North Carolina meet prescribed standards and are truthfully labeled; to inventory and protect native plants, and to protect cultivated plants, plant products; and other beneficial organisms from introduced pests.

Operations

Fertilizer Section

- Register, inspect, and randomly sample fertilizer products and liming materials.
- Bioassay fertilizer and liming material for detection of contamination.
- Register soil additives.

Seed Section

- Register seed dealers; sample, inspect, and test seed lots offered for sale in NC.
- Inspect seed lots of forage grass offered for sale and provide service testing of seed and plant tissue.
- Provide service testing of seed for producers and dealers.

Plant Protection Section

- Detect and/or monitor the spread and establishment of new pests in North Carolina.
- Maintain community assistance and integrated pest management, suppression and eradication programs, and develop where feasible, additional biological control programs.
- Conduct inventories, conservation, and restoration projects for endangered and threatened plant species.
- Conserve and enhance honeybees and other beneficial organisms through routine inspections and elimination of diseased organisms when detected.
- Monitor and regulate the introduction and spread of invasive noxious weeds in North Carolina.
- Monitor the release of genetically-engineered organisms through participation in the federal permitting process.

AC-105

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Fertilizer Section				
Fertilizer, lime, and soil additives sold in NC comply with state laws and regulations. *PPB: 6720*				
• The percentage of fertilizer samples collected which are not in compliance with their guarantee	20%	20%	< 20%	< 20%
• Number of business locations inspected	3,500	3,550	3,600	3,650
• Number of fertilizer, lime, and soil additive samples collected	6,700	7,000	7,100	7,200
Seed Section				
Seeds offered for sale in NC comply with seed laws and regulations. *PPB: 6720*				
• The percentage of lots inspected which are in compliance with the NC Seed Law and regulations	98.7%	98.4%	95%	95%
• Number of seed lots inspected	20,030	22,000	25,000	25,000
• Number of seed dealer inspections	4,800	5,150	5,250	5,250
Plant Protection Section				
Prevent introduced plant pests from reaching economically damaging levels in North Carolina. *PPB: 6710*				
• Number of exotic plant pests newly established in NC	1	2	< 4	< 4
• Number of regulatory and plant quarantine inspections	6,200	6,300	6,400	6,500
Maintain inventory and protect endangered and threatened plant species to prevent the extinction of populations. *PPB: 6710*				
• Rare plant species with restoration projects in progress	24	25	15	18

Attachment F

North Carolina Department of Agriculture and Consumer Services

Plant Industry Division

W. A. Dickerson, Director

Fertilizer Section

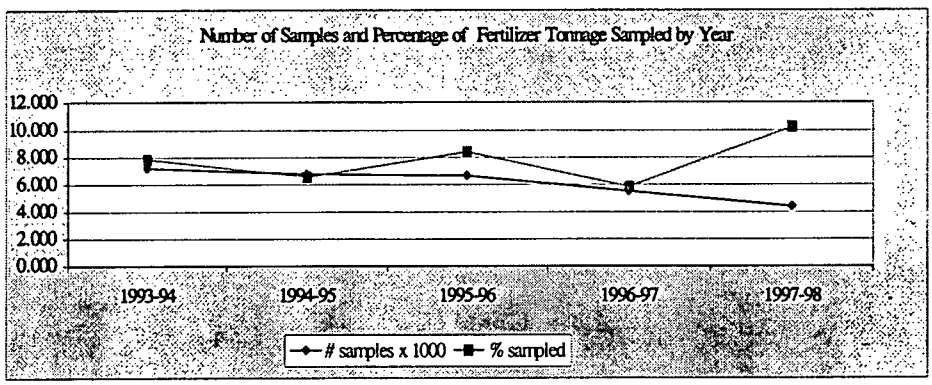
Susan S. Baker, Administrator

Purpose

The purpose of the Fertilizer Program is to assure consumers, distributors, and manufacturers of the quality of fertilizers, liming materials, and soil additives offered for sale in North Carolina.

Program Activities

To satisfy this charge, the section registers fertilizers, lime products, and soil amendments for sale. Manufacturing permits for fertilizer and lime products are also regulated. Fertilizers are monitored for possible contaminants harmful to plants through a bioassay program. Samples of fertilizers, liming materials, and soil additives are taken and submitted to the State Chemist for analyses. Over the past five years, the amount of fertilizer reported in NC has increased to 1,704,031 tons. The percentage of fertilizer tonnage sampled has increased from 7.83 to 10.24 [see figure below]. The current number of fertilizers and liming materials registered in NC is 5,623, and the number of soil amendments registered is 23.



Issues

A major issue facing this industry is the decline in use of tobacco fertilizers. Fertilizers are used at all stages of tobacco production, and the blends are specific for tobacco and its stages of growth. This trend is already being observed as farmers decrease the amounts they use. Finally, with the increase in precision agriculture technologies, new sampling methods must be implemented to satisfy regulatory requirements for "blend on the go" applications. Section staff is working with a national task force to find and develop satisfactory methods.

North Carolina Department of Agriculture and Consumer Services

Plant Industry Division

W. A. Dickerson, Director

Seed Section

James M. Warren, Administrator

Purpose

To assure that seed offered for sale and planting in North Carolina meet prescribed standards and are truthfully labeled; to assure the availability of high quality seeds to meet production needs of food and fiber for the citizens of the State.

Program Activities:

The Seed Program serves all citizens of North Carolina including seed companies, seed dealers, seed producers, farmers, gardeners, homeowners, and other individuals who plant seeds. The scope of operations covers the entire state.

- **Regulatory Program:** Five Seed Specialists inspect seed offered for sale by approximately 3,200 resident North Carolina seed dealers. A total of 20,030 seed lots were inspected in 1998. Seed quality labels are reviewed and seed samples collected for analysis in the NCDA&CS Seed Testing Laboratory. Seed not in compliance with the North Carolina Seed Law are placed under Stop Sale Order.

- **Seed Testing Laboratory:** The laboratory receives regulatory seed samples for testing in enforcement of the N. C. Seed Law and Regulations. Service seed samples are tested to provide labeling and quality information for seed producers and dealers and to provide quality information to other citizens. In excess of 115 resident North Carolina seed producers are served by the laboratory. In 1998, 21,990 individual tests were conducted on 16,822 samples.

- **Seed Pathology Laboratory:** The laboratory tests seed and pasture grass tissue samples to provide farmers and livestock owners with information on the presence of Tall Fescue Endophyte, a health issue for livestock producers. Testing is available for other seed borne and transmitted plant pathogens (i.e. Phomopsis seed decay of soybeans, loose smut of small grains, etc.).

- The **North Carolina Seed Board** was established by legislation enacted by the General Assembly in 1998. The legislation sets forth a program by which users of seed may petition for arbitration when seed performance does not meet consumer expectations based on seed analysis labels and seed package representations. Seed consumer expectations have risen with the advent of value added traits resulting from biotechnology. In some cases seed product costs have also risen sharply.

- **New developments in plant biotechnology** continue to revolutionize certain segments of the seed industry. This technology, which uses seed as the delivery system for value added traits, places additional demands on seed regulatory and testing programs including the need for development and implementation of new seed testing protocols.

North Carolina Department of Agriculture and Consumer Services

Plant Industry Division

W. A. Dickerson, Director

Plant Protection Section

Gene B. Cross, Plant Pest Administrator

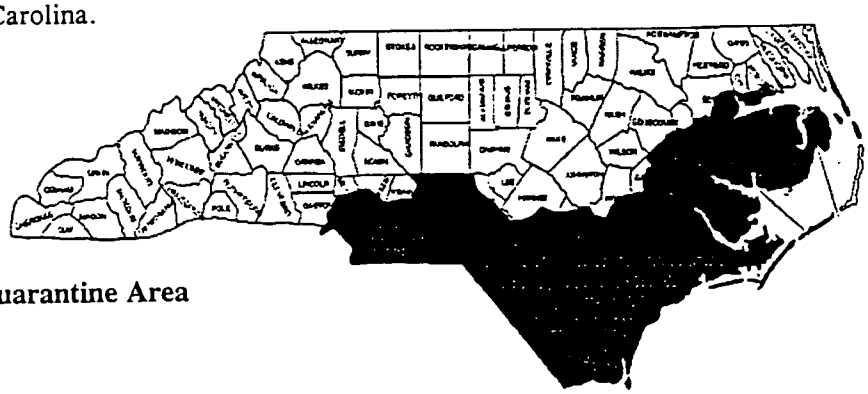
Purpose

The Plant Protection Section is responsible for implementing laws and regulations to detect, intercept, and eradicate plant and honeybee pests threatening North Carolina's agricultural and horticultural industries. The Plant Protection Section is also responsible for conserving endangered or threatened plants and enhancing honeybees and other beneficials.

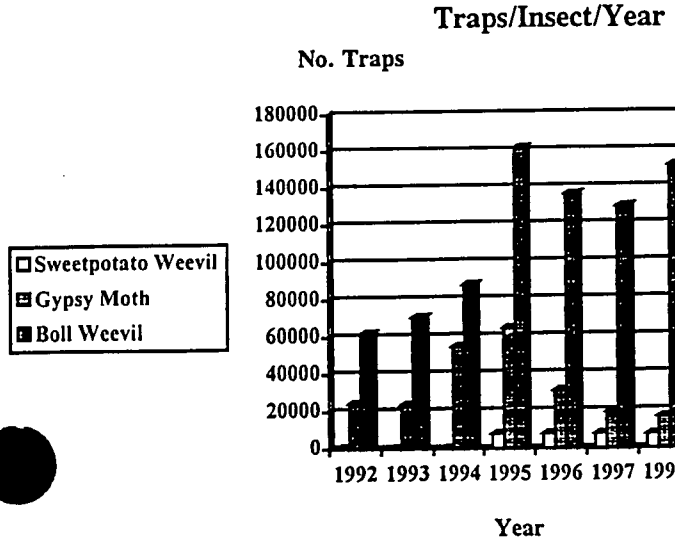
Plant Protection Section Activities:

Plant Pest Quarantines

Plant pest quarantines are commonly established to restrict the movement of regulated pests or other regulated articles from quarantined areas into non-quarantined areas. Mandatory and voluntary compliance with these quarantines limits the introduction and possible establishment of plant pests in North Carolina.

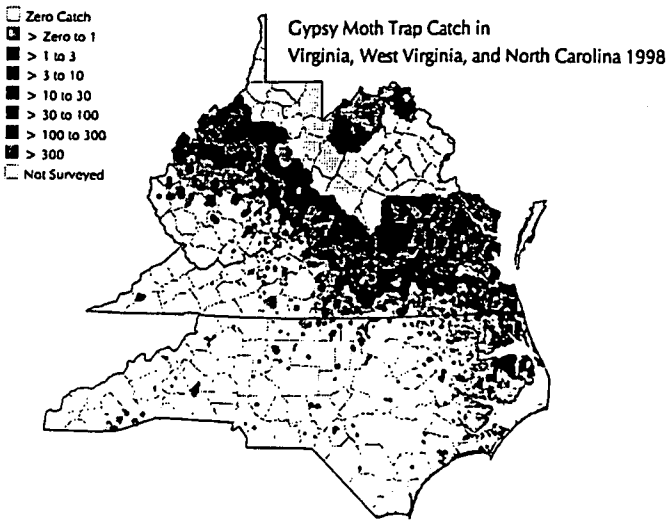


1999 Imported Fire Ant Quarantine Area



Insect Survey Programs

Extensive insect survey and trapping programs including taxonomic identifications are designed to detect new pests and to establish the need for control activities. On a yearly basis, traps are deployed for insect programs including the gypsy moth, boll weevil, and the sweetpotato weevil. Review and analysis of insect trapping data ensures best management decisions are made in treatment programs.



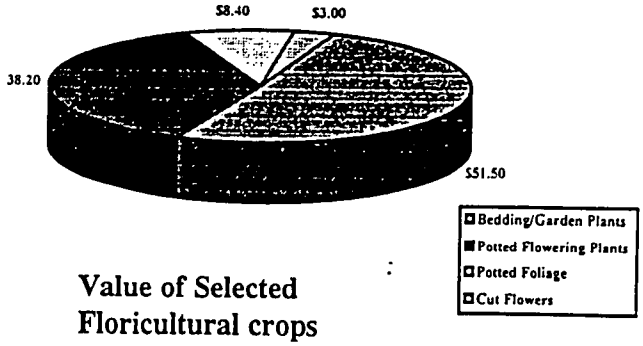
Gypsy Moth Program

The gypsy moth is considered to be one of the most serious pests of forest and ornamental trees and now threatens the northern portions of the state as it moves in from Virginia. The Gypsy Moth Slow the Spread Program began as a pilot project in this area of the state to demonstrate that management of gypsy moth in transition areas can significantly reduce the rate of spread thus delaying management costs and impacts that occur as this pest infests new areas. Several treatments to eradicate spot infestations of this pest are planned for this year including a major treatment in Highlands in Macon County.

Plant Certification Programs

The movement of plant material into and within the state provides a direct pathway for the introduction of plant pests. Plant certification programs help to ensure plant material such as nursery stock, tobacco and vegetable plants offered for sale and distribution in the state have been inspected and are apparently free from quarantined pests.

The greenhouse/nursery industry has rapidly expanded in recent years and now ranks fourth in the state with 1997 agricultural cash receipts of $943 million. Nationally, North Carolina ranks third in greenhouse/nursery cash receipts and is only exceeded by California and Florida. The North Carolina nursery certification program now includes 1,975 nurseries and over 10,600 acres throughout the state. The number of garden centers and plant dealers now totals over 2,200. This rapid expansion has led to increased risk of introduction and subsequent spread of injurious plant pests.

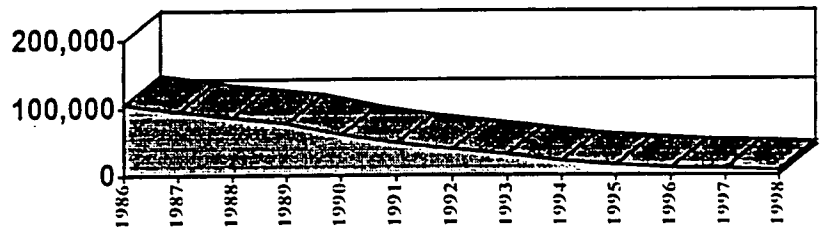


Value of Selected Floricultural crops (in millions)

Regulatory Weed Program

The purpose of the Weed Regulatory Program is to prevent the establishment and premature spread of noxious weeds into and within the state. While several weed eradication projects are underway, the Witchweed Eradication effort remains the largest. Of the original 354,312 infested acres in North Carolina, remaining acreage is now under 7,000.

Witchweed Eradication Project
Summary of Infested Acreage 1986-1998

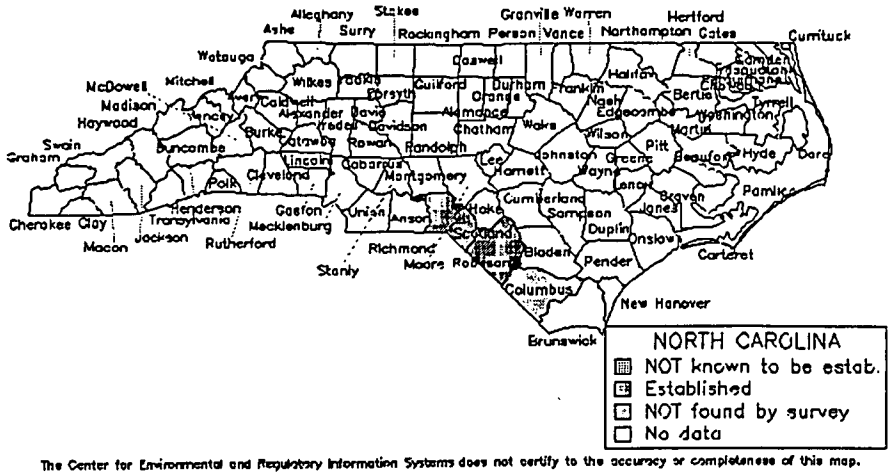


Bee Inspection Program

Field staff are responsible for monitoring bee pests and regulating the movement of bees and equipment to protect the bee and honey industry of the state. The small hive beetle, a new honey bee pest, was recently detected in the state. Intensive surveys promptly identified the extent of the infestation and have allowed for follow-up educational and treatment activities.

Reported Surveys for Small Hive Beetle, Aethina tumida

1999-03-18 Data retrieved from National Agricultural Pest Information System
CLICK in legend box
for additional explanations.



The Center for Environmental and Regulatory Information Systems does not certify to the accuracy or completeness of this map.

Shown is *Anaphes flavipes*, a minute wasp which lays its eggs inside the eggs of the pest Cereal Leaf Beetle

Biological Control Program

The Beneficial Insect Lab is involved with classical biological control projects where natural enemies of pest insects and weeds are released into the environment with the objective of stabilizing pest populations below their economic threshold of damage. This laboratory includes a quarantine facility certified by the U. S. Department of Agriculture. Program staff review current scientific research and develop protocols necessary for implementing this research at a local level. Key programs include ash whitefly, cereal leaf beetle, fall cankerworm, gypsy moth, imported fire ant, and noxious weeds including non-native thistles.

Plant Conservation Program

The Plant Conservation Program is responsible for protecting all North Carolina native endangered and threatened plant species. Projects include research, monitoring, management, and habitat restoration for 12 of the 27 federally-listed endangered species in the state. Program interests now include augmenting wild populations of rare native plants in locations where the species originally existed.

At right: *Sarracenia jonesii*, an endangered plant species in North Carolina

For additional information on North Carolina Department of Agriculture and Consumer Service, Plant Industry Division, Plant Protection's programs, please visit our web site at:
http://www.agr.state.nc.us/plantind/plant.htm

Cultivate an AGRI-TUDE!
NORTH CAROLINA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES

Attachment G

Department of Agriculture and Consumer Services

Marketing Division*							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	7,887,695	8,554,288	9,166,417	7,830,675		7,833,785	
Less Receipts	(2,073,014)	(1,104,107)	(1,360,418)	(1,039,450)		(1,039,450)	
State Appropriations	*5,814,681*	*7,450,181*	*7,805,999*	*6,791,225*		*6,794,335*	
Less State 1998-99 NR			*(850,000)*	-		-	
Adjusted Appropriation			*6,955,999*	*6,791,225*	*-2.4%*	*6,794,335*	*-2.3%*
Positions	119.00	116.00	123.00	123.00		123.00	

* *INCLUDES GENERAL FUND BUDGET CODES ONLY*

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

DIVISION ACTIVITIES

The mission of the Marketing Division is to improve the marketability of North Carolina agricultural products to ensure the economic success of production agriculture and the availability of an adequate supply of wholesome food and natural fiber.

Governor's Budget, Volume 5, pp 10-12

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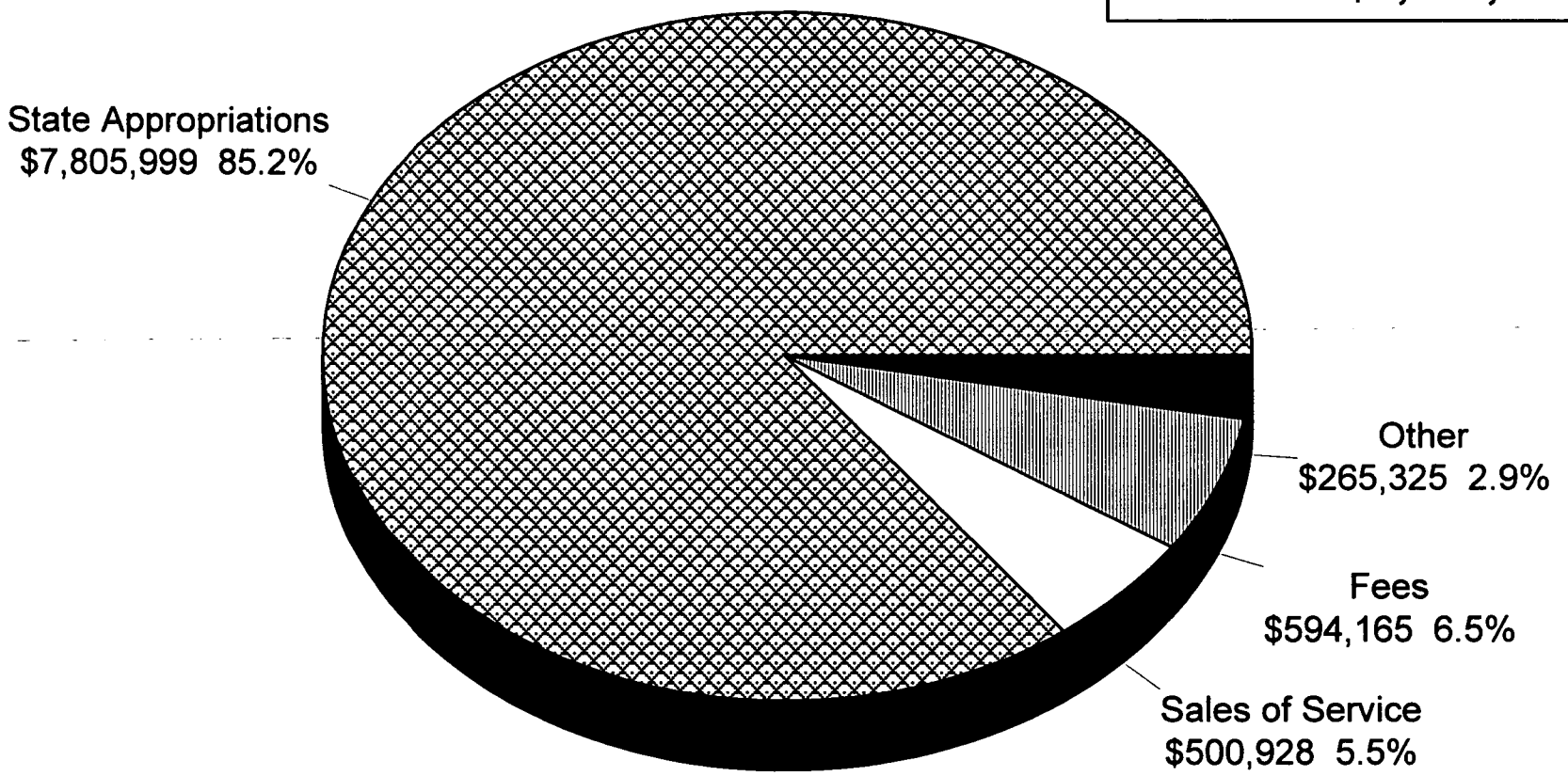
Marketing Division

FY 1998-99 (Authorized) Fund Sources

TOTAL - $9,166,417

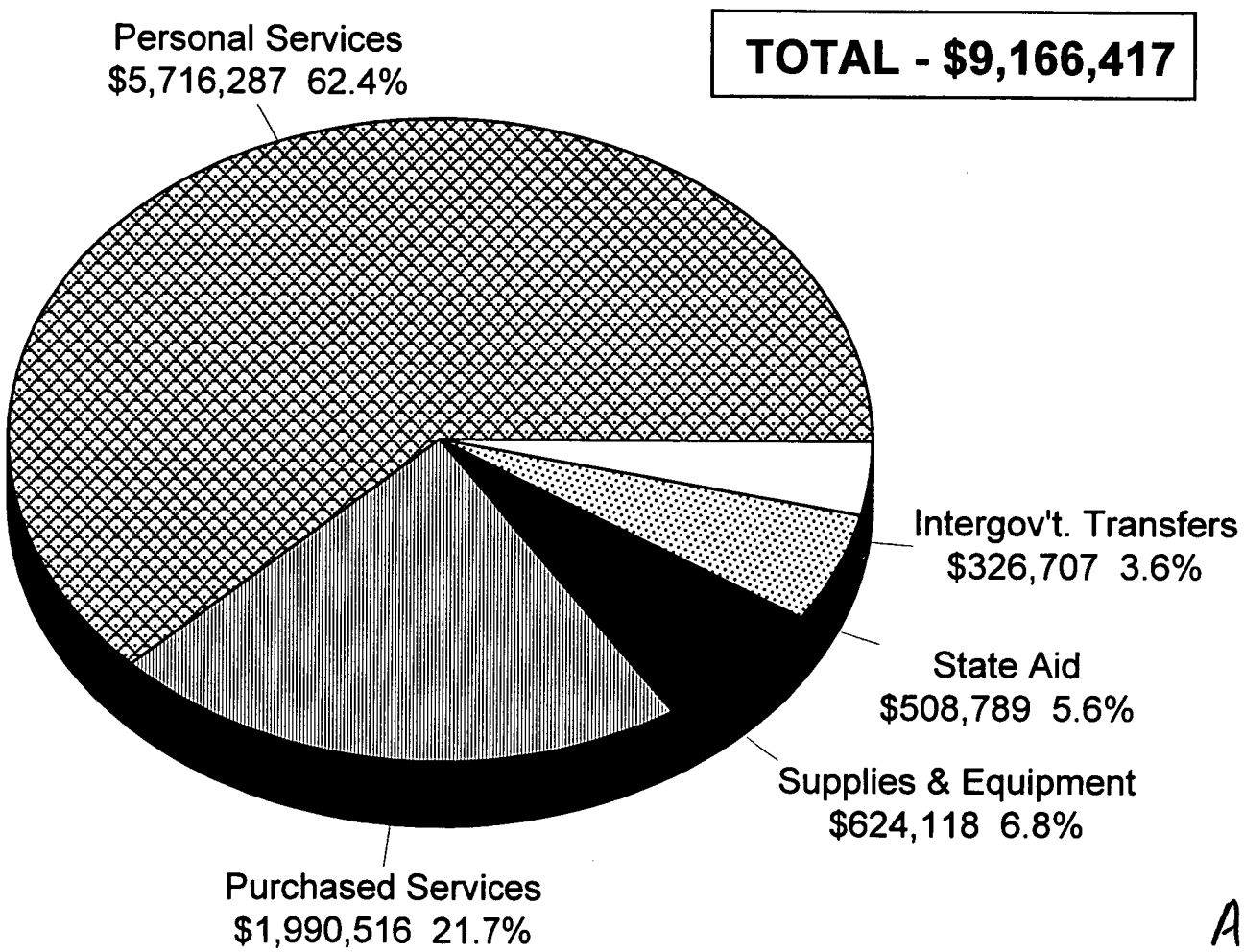


AG-67

Fiscal Research Division - April 1999

Marketing Division

FY 1998-99 (Authorized) Expenditures By Category



AG-68

Fiscal Research Division - April 1999

MARKETING DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	FY 1997-98	FY 1998-99
1. Adjust underbudgeted receipts.		($ 8,500) R
SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Increase grant-in-aid to the Western NC Development Association.	$ 37,000 R	$ 37,000 R
2. Grant-in-aid - Stanly County Agri-Center.	$ 50,000 NR	
3. Grant-in-aid - Haywood County Agri-Center.	$ 200,000 NR	
4. Grant-in-aid - Fair and Exhibition Center – Duplin County.	$1,000,000 NR	
5. Local Farmers' Markets Funds.		$ 250,000 NR
6. Jacksonville-Onslow Farmers' Market.		$ 50,000 NR
7. Albemarle Farmers' Market.		$ 50,000 NR
8. Seafood and Aquaculture Marketing.		$ 300,000 NR
9. Goodness Grows in North Carolina funds.		$ 200,000 NR
10. State Fair Multi-Purpose Building.	$1,000,000 NR	$3,000,000 NR
11. Piedmont-Triad Farmers' Market.	$3,444,400 NR	
12. Southeastern Farmers' Market.	$1,000,000 NR	$ 500,000 NR
13. NC State Fairgrounds – Conservation Education Center.		$ 500,000 NR

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

AC-69

Department of Agriculture and Consumer Services

Marketing Division **Budget Codes: 13700 / 53700 / 53725**

Mission Statement

To improve the marketability of North Carolina agricultural products to ensure the economic success of production agriculture and availability of an adequate supply of wholesome food and natural fiber.

Operations

- Implement various marketing strategies and promotional campaigns to increase consumer awareness of products available from NC producers.
- Implement strategies to increase the number of users of farmers' markets.
- Increase the number of agricultural products graded.
- Administer the laws and regulations relating to grading, resulting in the orderly marketing of products.
- Sponsor research and promotional programs to stimulate growth of NC grape and wine industry.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Increase the current utilization level of marketing programs by producers, processors, and buyers of agricultural products. *PPB: 6510*				
• The number of producers, processors, and buyers of agricultural products that participate in NCDA Marketing Division programs	6,962	6,962	6,987	7,012

Attachment H

North Carolina Department of Agriculture & Consumer Services

DIVISION of MARKETING

5 YEAR

Program Performance Measures

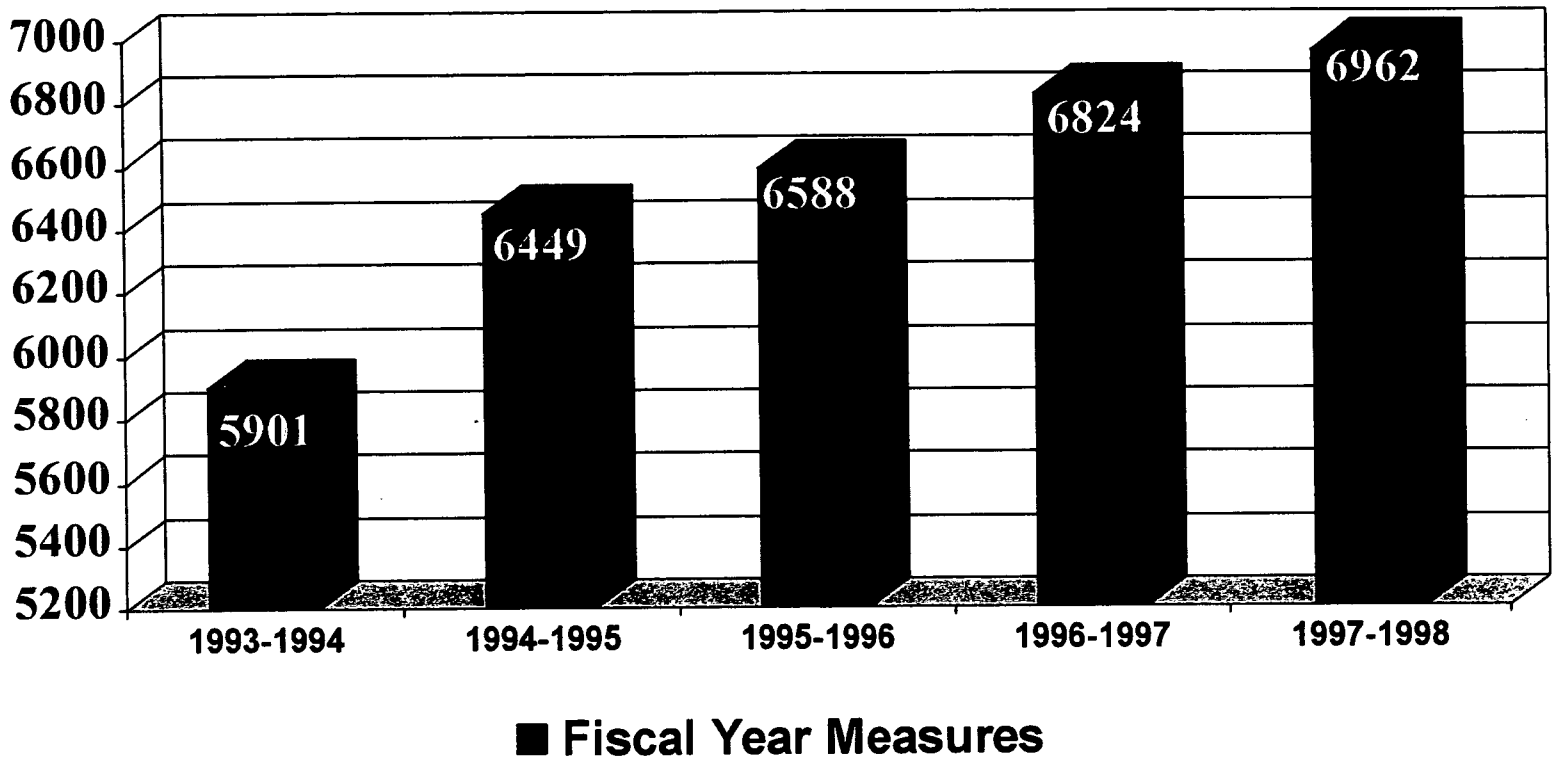
Mission Statement

To improve the marketability of North Carolina agricultural products to ensure the economic success of production agriculture and availability of an adequate supply of wholesome food and natural fiber.

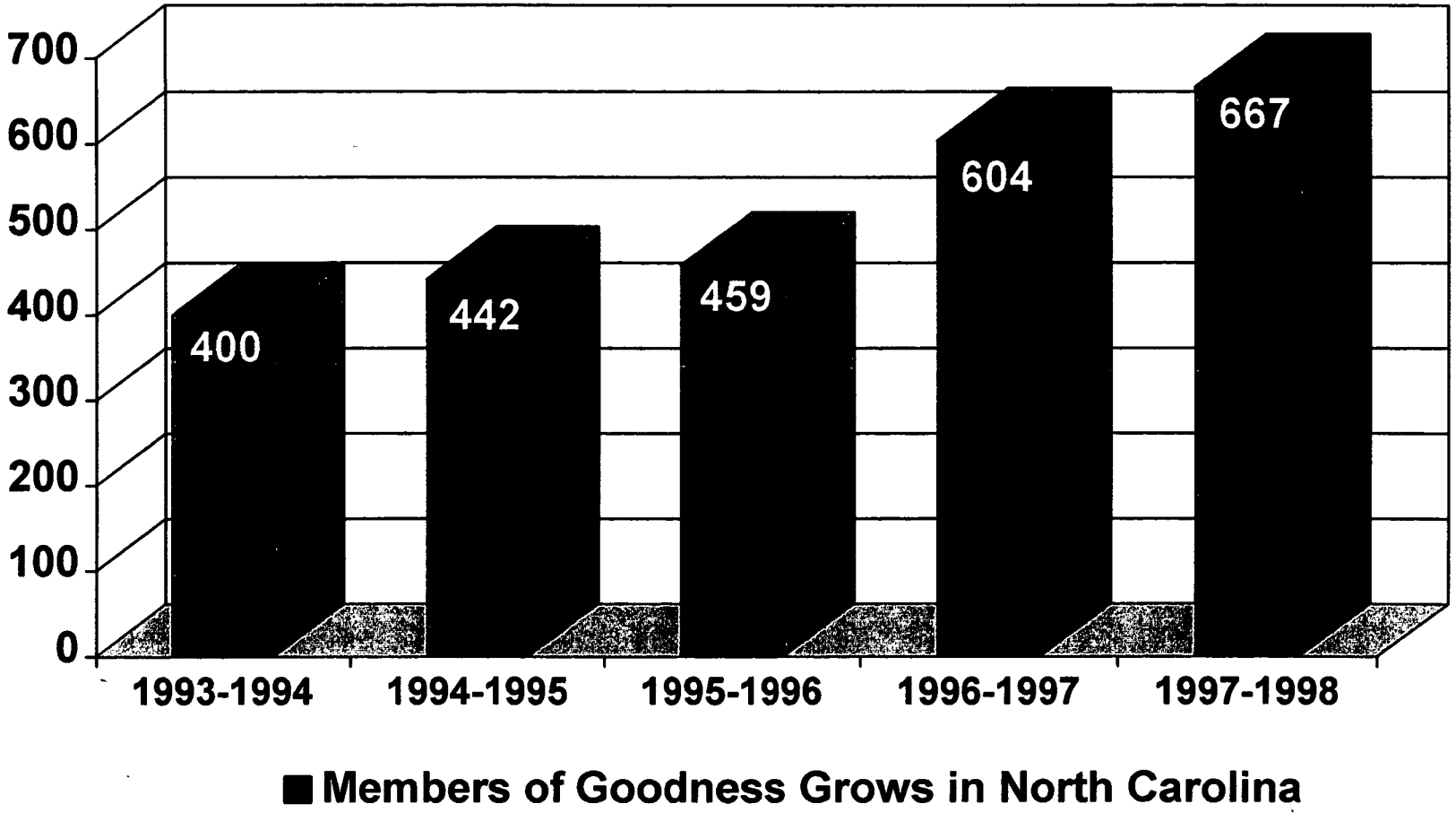
Objective

Increase the current utilization level of marketing programs by producers, processors and buyers of agricultural products.

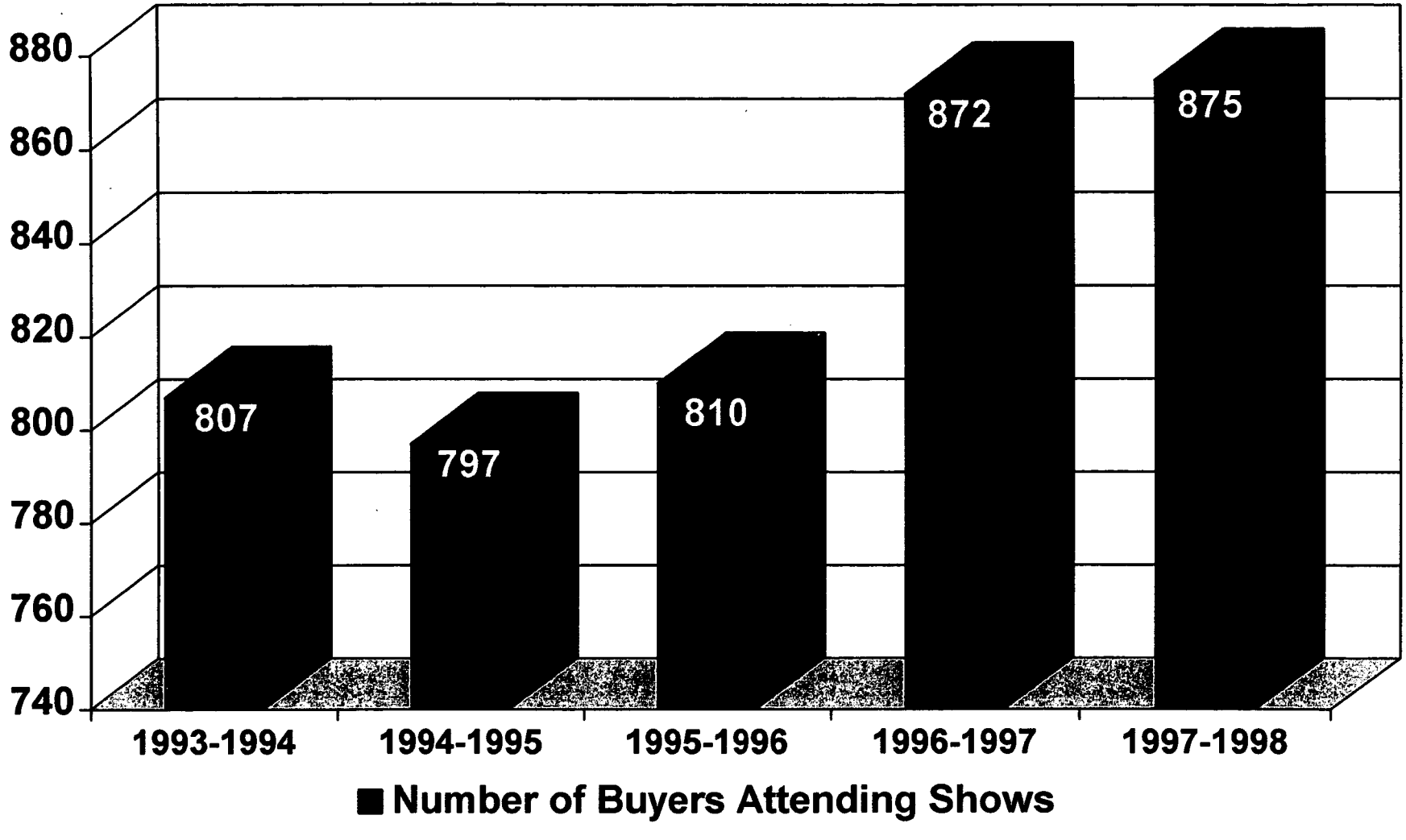
Performance Measures



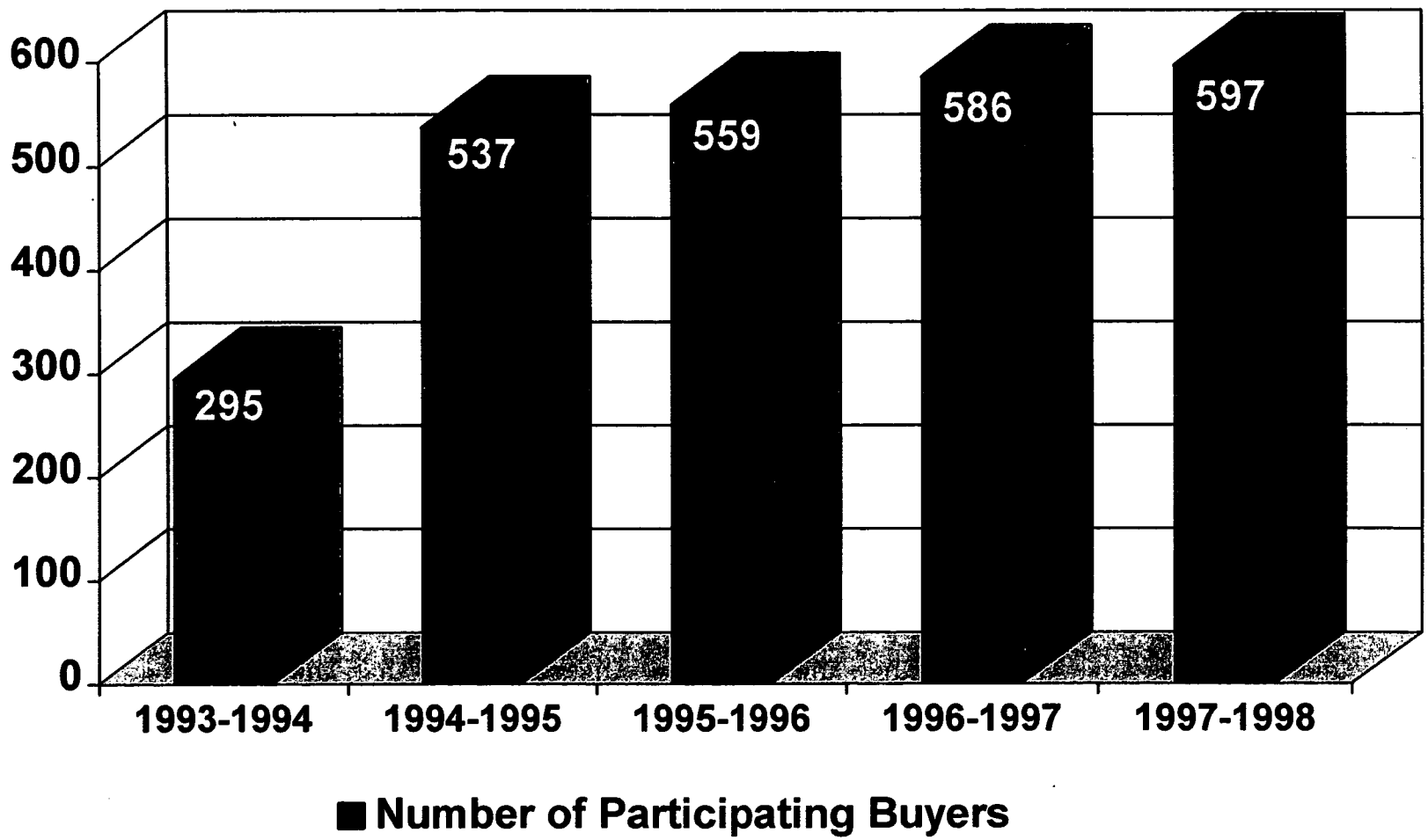
Goodness Grows In North Carolina



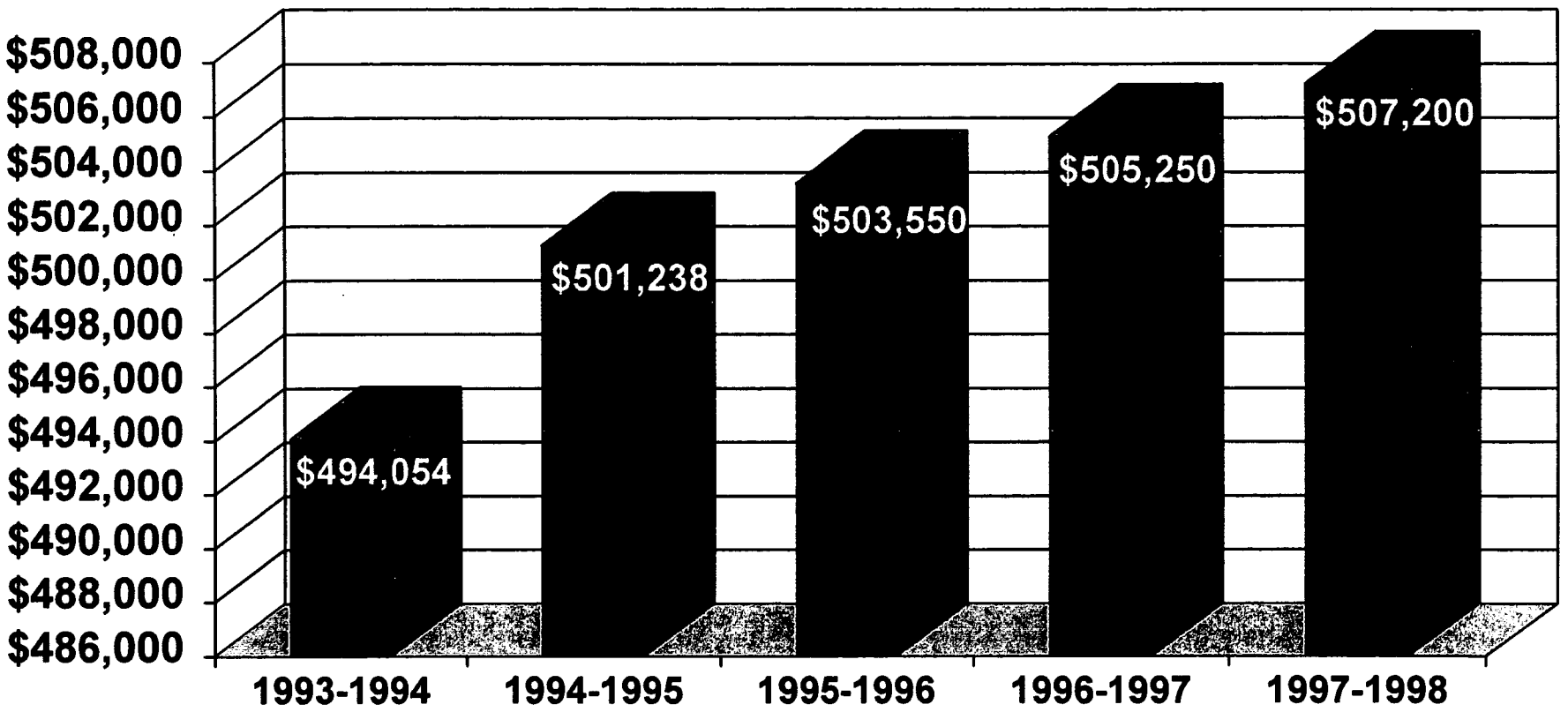
Flavors of Carolina



Commodity Promotions

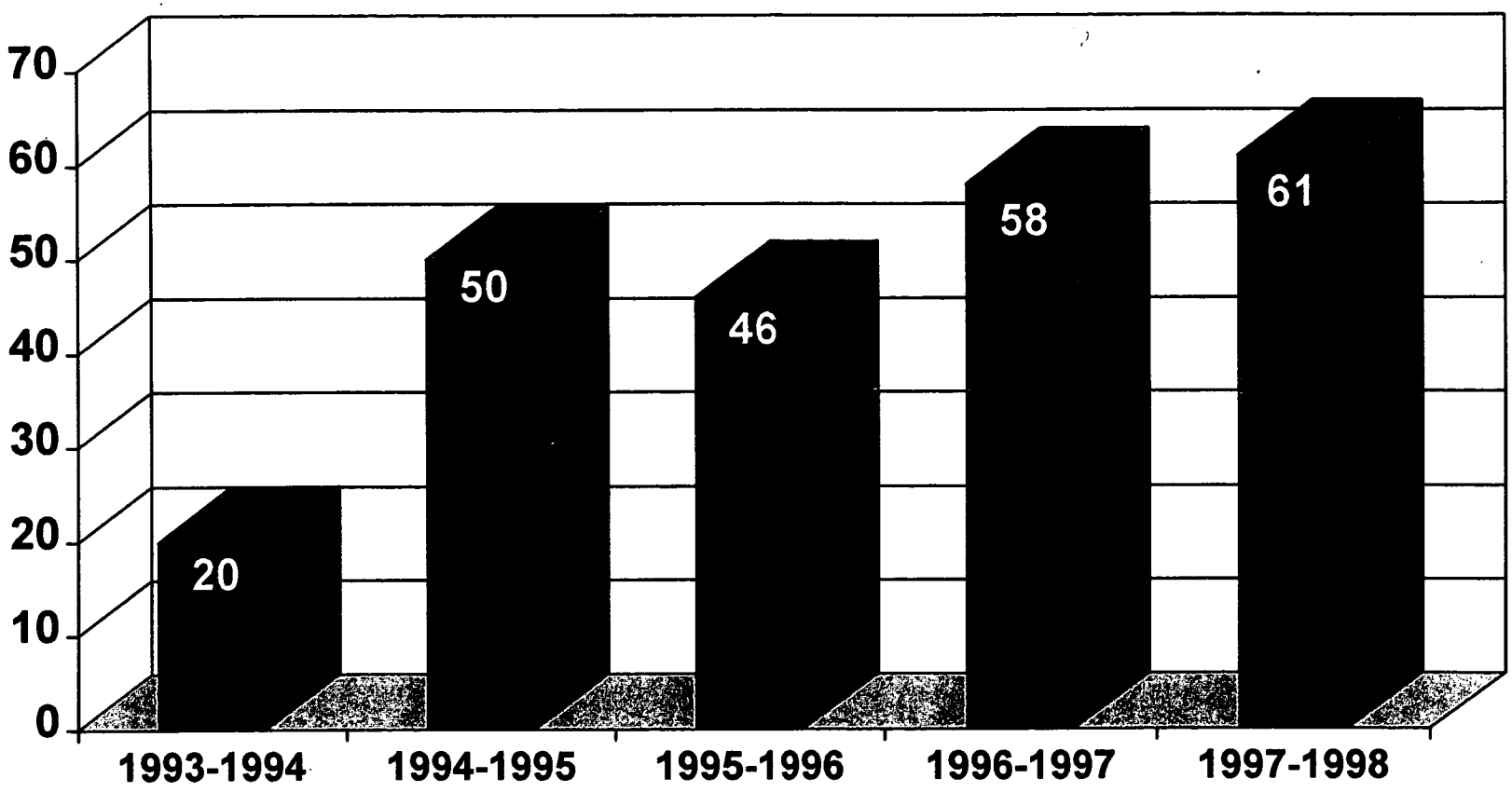


Promotional Funding

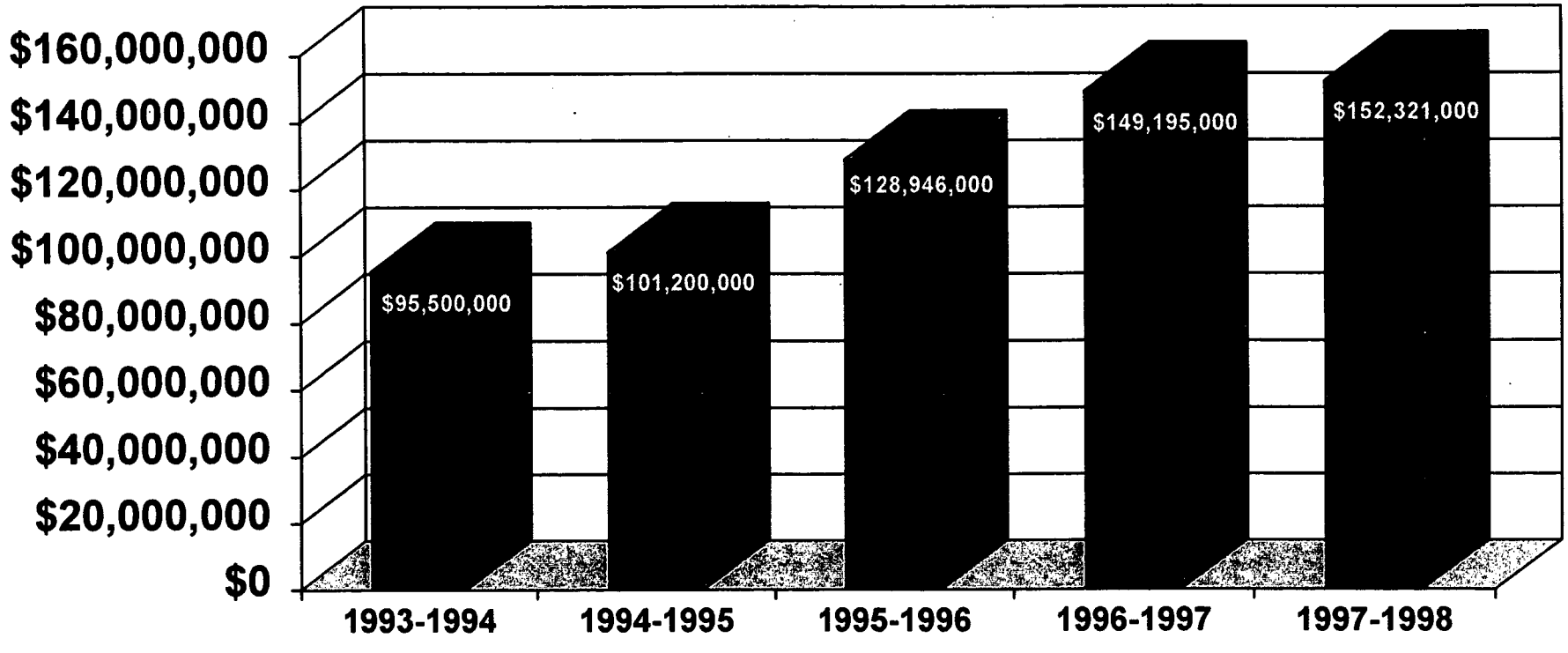


■ Amount for Promotional Funds Provided by Commodity Groups and Food Companies

International Trade Shows



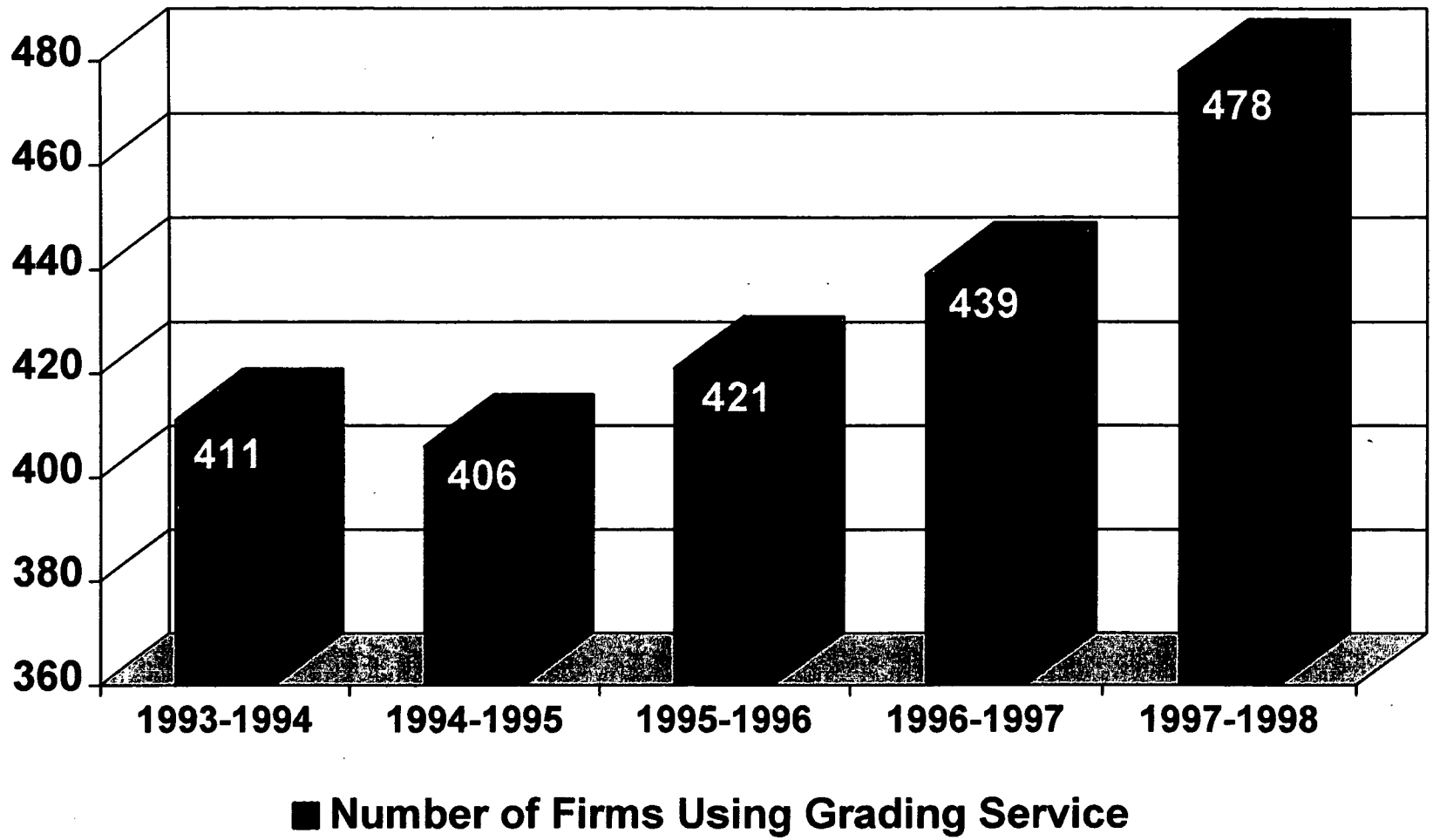
N.C. Farmers Markets



■ **Estimated Value of Goods Marketed at the Raleigh, Charlotte, Western and Triad Farmer's Markets**

Triad Farmer's Market began in FY95-96.

Grading Services



Attachment I

Department of Agriculture and Consumer Services

Food and Drug Protection							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	9,402,424	9,742,925	11,063,600	10,375,858		10,511,643	
Less Receipts	(2,533,569)	(2,228,542)	(2,450,000)	(2,009,059)		(2,009,059)	
State Appropriations	*6,868,855*	*7,514,383*	*8,613,600*	*8,366,799*	-2.9%	*8,502,584*	-1.3%
Positions	183.00	183.00	183.00	183.00		183.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 Authorized budget.

The Food and Drug Protection Division assures consumers that foods, feeds, drugs, cosmetics, pesticides and automotive antifreezes are safe, wholesome and properly labeled. Statewide inspections and chemical analysis offer protection against unsafe, deceptive and fraudulent products.

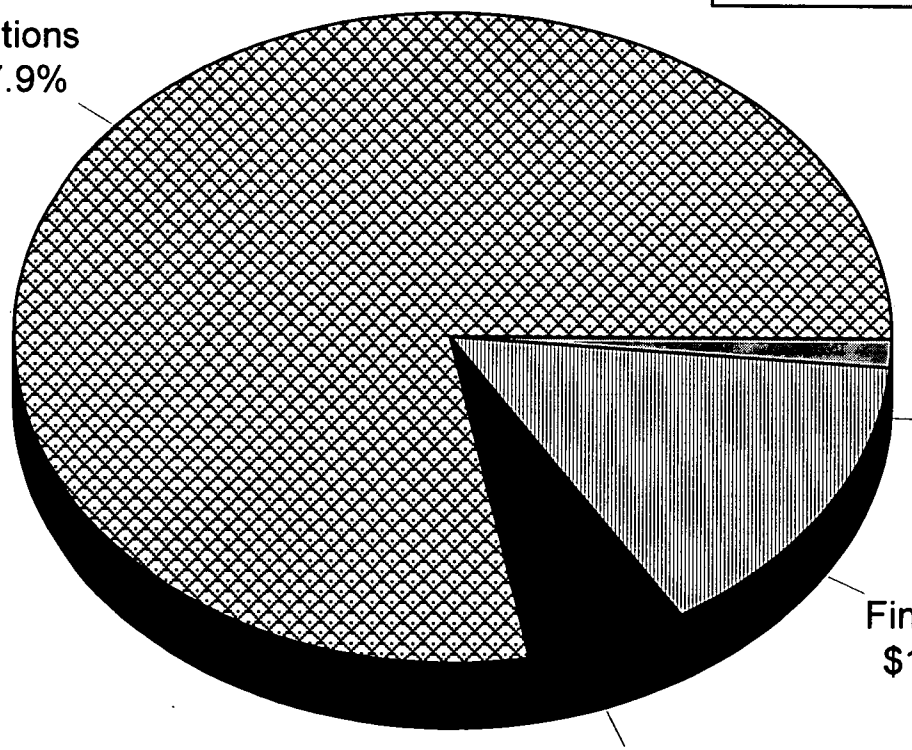
DIVISION ACTIVITIES

- Commercial Feed and Pet Food Branch
- Food and Drug Branch
- Pesticide Branch
- Laboratory Services

Governor's Budget, Volume 5, pp 22-26

Food and Drug Protection Division
FY 1998-99 (Authorized) Fund Sources

TOTAL - $11,063,600

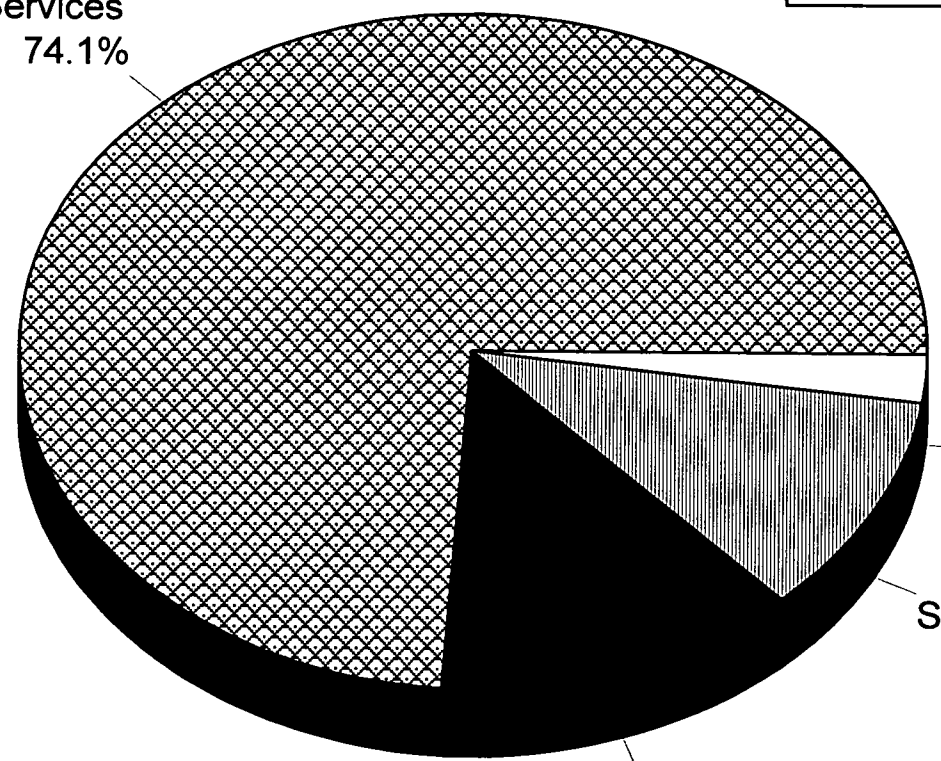


AG-72

Fiscal Research Division - April 1999

Food and Drug Protection Division
FY 1998-99 (Authorized) Expenditures By Category

TOTAL - $11,063,600



AG-73

Fiscal Research Division - April 1999

FOOD AND DRUG PROTECTION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Adjust underbudgeted receipts		($ 12,500) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
1. Food Related Facilities Funds.	$113,994 R 4.00	$113,994 R 4.00
2. Environmental Protection in Pesticide Applications.	$179,039 R $ 23,100 NR 3.00	$179,039 R 3.00

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

GOVERNOR'S RECOMMENDED REDUCTIONS	1999-2000	2000-2001
1. Increase equipment – scientific and medical.	$59,898	$97,898

Mission Statement

To protect consumers of foods, animal feeds, drugs and devices, cosmetics and automotive antifreezes, and to protect those who purchase and apply pesticides, as well as the environment.

Operations

Feed Section

- Inspect medicated feed manufacturers on a two-year cycle to ensure compliance with current good manufacturing practices.
- Inspect feed manufacturers' operations and collect samples for laboratory analysis.
- Survey the marketplace for unregistered, improperly labeled and/or improperly stored products.
- Evaluate sampling methods, especially from bulk shipments, to determine accuracy and reliability for official analysis purposes.
- Participate in allied associations to stay abreast of changing technology and to gain a forum for influencing regulatory philosophy to enhance the Commercial Feed program.

Pesticide Section

- Develop management plans for each specific pesticide identified by EPA.
- Monitor groundwater to determine the effectiveness of management plans.
- Conduct state/federal compliance inspections of pesticide applicators/operators and storage facilities.
- Investigate all incidents of pesticide misuse and apply appropriate regulatory remedies where violations are detected.
- Conduct competency testing and license only qualified pesticide applicators, dealers, consultants, and workers.
- Conduct complementary subprograms, such as container management/recycling, pesticide registration, formulation sampling, and disinfectant testing.

Food and Drug Section

- Inspect food and drug firms to ensure compliance with current laws and regulations.
- Collect and analyze food and drug samples from manufacturers, wholesalers, and repacking operations to detect contaminants.
- Evaluate food and drug product labels to determine compliance with labeling guidelines.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Feed Section				
The compliance rate among manufacturers of commercial feed will remain at, or be greater than 85 percent. *PPB: 6720*				
• Percent of feed supply inspections in compliance with state standards and regulations	96%	96%	96%	96%
Pesticide Section				
Increase overall compliance with pesticide laws, regulations, and standards of North Carolina. *PPB: 5620*				
• Pesticide compliance rate	95.27%	95.00%	95.00%	96.00%
• Pesticide inspections (annual)	14,672	14,800	15,200	15,500
Food and Drug Section				
Improve the compliance rate with food and drug laws. *PPB: 6920*				
• Percentage of food and drug firms inspected that are found to be in compliance with food and drug laws	85%	85%	85%	85%
• Number of inspections for contaminated food and drugs	9,425	9,800	9,800	9,800

Attachment 5

A BRIEF OVERVIEW OF THE ACTIVITIES OF THE FOOD AND DRUG PROTECTION DIVISION OF THE NORTH CAROLINA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES FOR 1998

Food Branch

The Food and Drug Protection Division's Food and Drug Branch performed over 9,600 establishment inspections to assure a safe food and drug supply for consumers in North Carolina. More than 13,000 inspection and market survey samples were collected for analysis during the year. The Branch also received and investigated approximately 500 consumer complaints related to food and drug products.

The Branch initiated a Seafood Inspection Partnership with the U. S. Food and Drug Administration whereby the two agencies coordinate inspection activities of the seafood industry in North Carolina. This initiative promotes uniform regulation and more efficient use of government resources. The Branch also renewed a similar partnership with FDA for the inspection of medical gas distributors in North Carolina.

Pesticide Branch

Expansion of the Pesticide Environmental Trust Fund was one of the highlights of the Division's Pesticide Branch. The program now covers 78 North Carolina counties and received the Environmental Service Award from the Agricultural Container Research Council.

A bilingual pesticide specialist was selected to enhance the North Carolina Worker Protection Program. In conjunction with the North Carolina Department of Labor and North Carolina State University, bilingual safety publications "Pesticides and Human Health" were developed for the major hand-labor intensive North Carolina crops.

Pesticide application training was increased to assure coverage of vital pesticide safety, human health, and environmental protection information. Field inspection programs were expanded with the greatest increases being worker protection, pesticide use recordkeeping, and outreach activities.

Commercial Animal Feed and Canned Pet Food Branch

The Division's Commercial Animal Feed and Canned Pet Food Branch inspected medicated feed establishments to assure compliance with governing rules and regulations. Market surveillance and sampling of commercial feed and canned pet food were continued to assure these products were properly labeled and registered with the Department of Agriculture. Official samples were assigned for laboratory analysis to make certain they met the manufacturer's guarantee and were free from harmful contaminants. Investigations of illegal residue in animal tissue that may have been the result of misuse of animal feed were conducted. The Farm Feed Testing Service program continued to provide analysis of nutrient content of farm-grown and farm-mixed feed to producers to assist in balanced rations for more efficient products.

In 1998, 6,947 feed inspections were performed; 3,914 samples were collected; and 11,985 products were registered. One hundred twenty-one stop sale orders were issued, and 367 non-registered commercial feeds were detected in the marketplace. An additional 3,168 samples were analyzed under the Farm Testing Service Program. Penalties assessed manufacturers of deficient feeds amounted to $31,054.21.

Pesticide Disposal Assistance Program

The Division's Pesticide Disposal Assistance Program supervised the collection and disposal of 102,173 pounds plus 30 drums of banned, outdated, or unwanted pesticides. These pesticides were disposed of at an average of $0.93/lb. The efforts of the program help to keep pesticides out of our groundwater, streams, and rivers for a safer and cleaner environment.

Laboratory Branch

The Laboratory Branch performed 254,373 analyses on 40,437 samples in support of the Division's regulatory and service programs. The types of samples vary from ready-to-eat processed foods tested for disease causing organisms to pesticide residue analysis of fresh commodities. The laboratory also performed analyses in support of the Department's Plant Industry Division and Veterinary Division in addition to analytical support for the Alcoholic Beverage Control Commission and the SBI. Analysis reports for other agencies are forwarded to the agencies for action.

Attachment K

Department of Agriculture and Consumer Services

Structural Pest Division							
			Current Fiscal Year	Governor's Continuation Request			
	1996-97 Actual	1997-98 Actual	1998-99 Authorized (February)	1999-2000 Recommended	%Δ	2000-2001 Recommended	%Δ
Expenditures	932,088	972,705	1,442,760	1,249,337		1,256,422	
Less Receipts	(490,170)	(398,140)	(492,895)	(396,252)		(396,252)	
State Appropriations	*441,918*	*574,565*	*949,865*	*853,085*		*860,170*	
Less State 1998-99 NR			*(80,350)*	-		-	
Adjusted Appropriation			*869,515*	*853,085*	*-1.9%*	*860,170*	*-1.1%*
Positions	21.00	21.00	28.00	28.00		28.00	

%Δ = Percentage change in budget over/under Current Fiscal Year 1998-99 adjusted state appropriation.

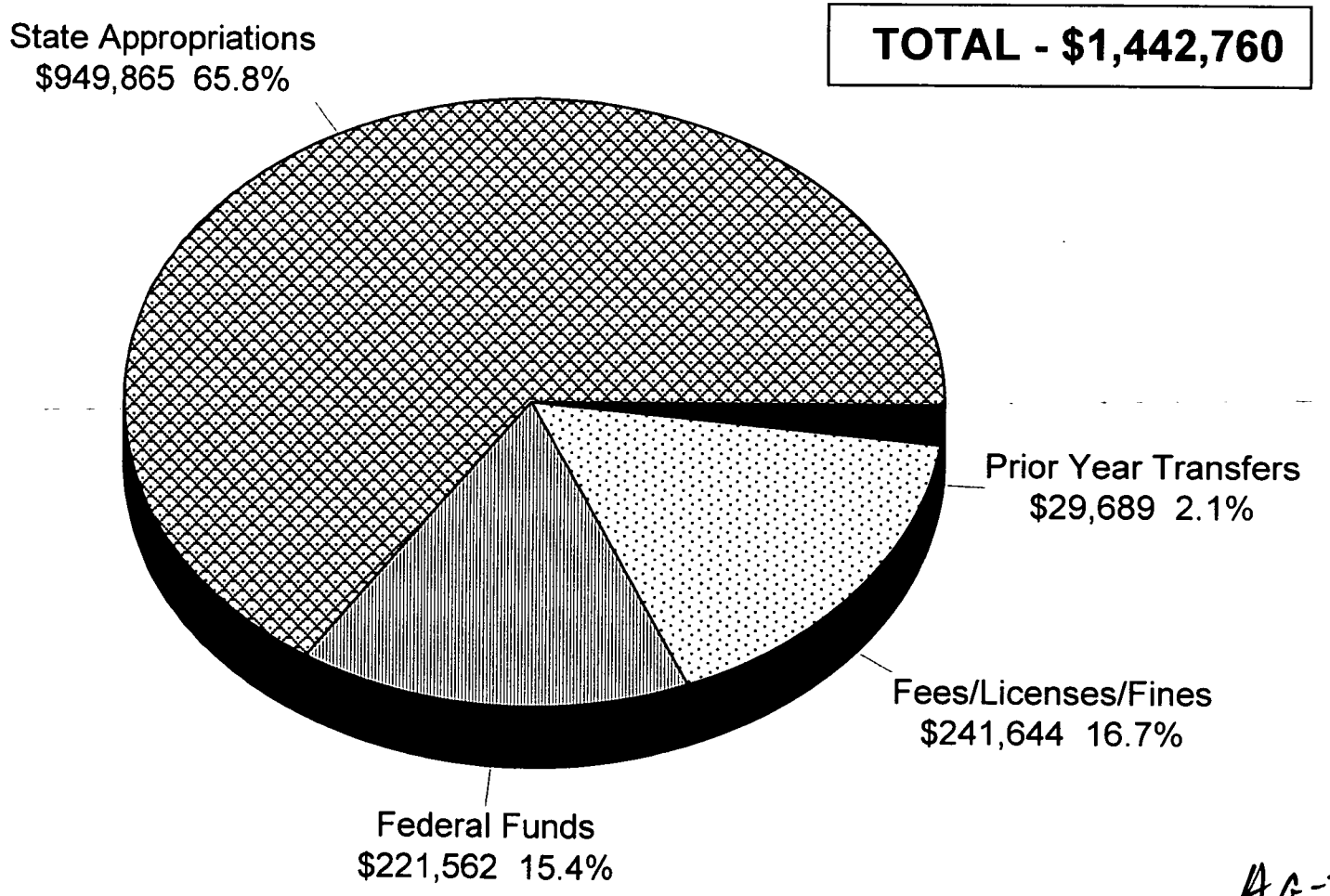
DIVISION ACTIVITIES

The Structural Pest Control Division protects consumers and the environment by regulating the application of pesticides used to control structural pests.

Governor's Budget, Volume 5, pp 32-33

AG-77

Structural Pest Division
FY 1998-99 (Authorized) Fund Sources



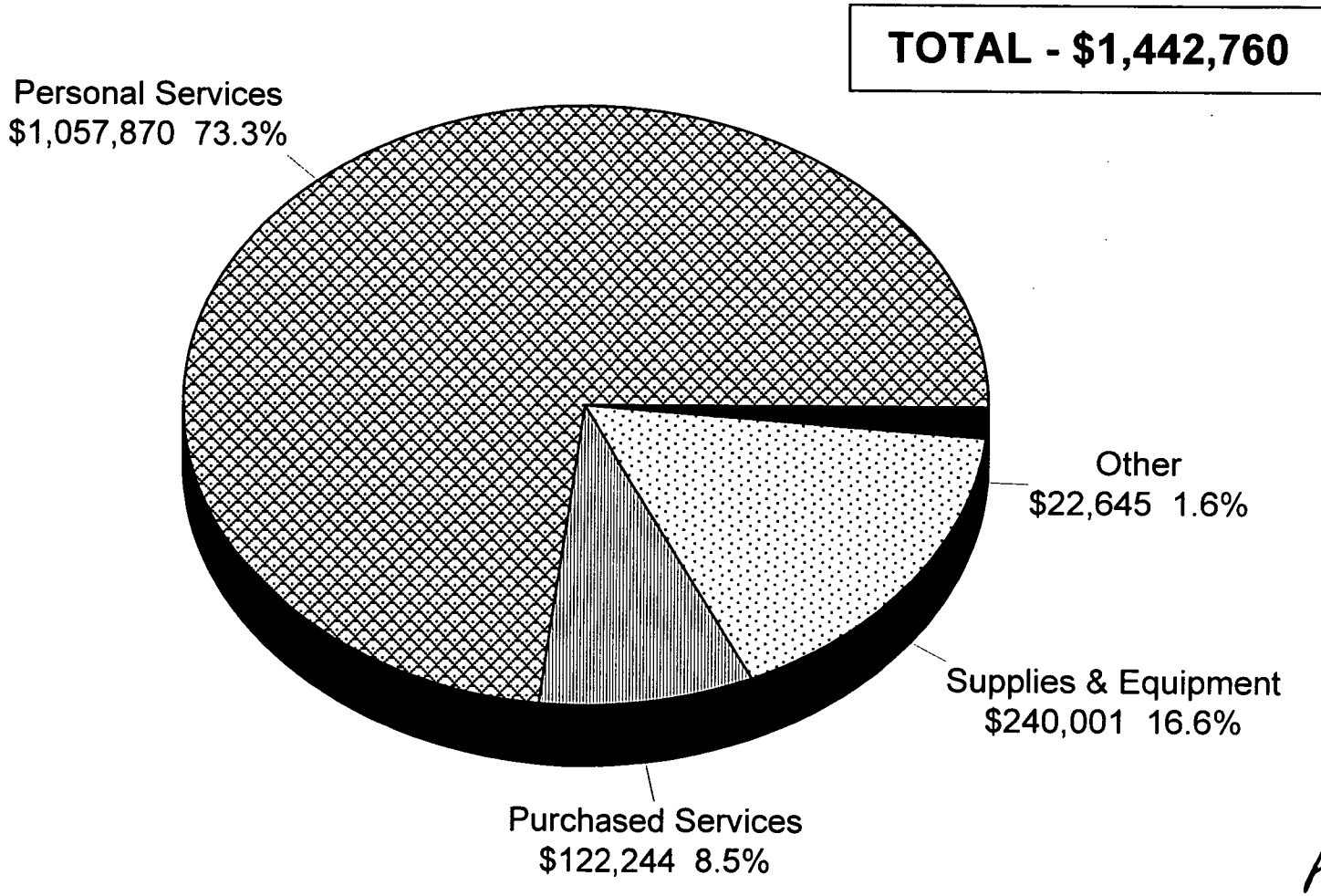
AG-78

Fiscal Research Division - April 1999

Structural Pest Division

FY 1998-99 (Authorized) Expenditures By Category

TOTAL - $1,442,760



AG-79

Fiscal Research Division - April 1999

STRUCTURAL PEST DIVISION
OVERVIEW OF BUDGET ACTIONS

CURRENT BIENNIUM 1997-99

SELECTED REDUCTIONS	1997-98	1998-99
1. Adjust underbudgeted receipts		($ 23,600) R

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS		
2. Structural Pest Control Program Improvements		$262,650 R $ 80,350 NR 7.00

PROPOSED RECOMMENDATIONS FOR THE 1999-2001 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS

None

AG-80

Department of Agriculture and Consumer Services
Structural Pest Division **Budget Codes: 13700**

Mission Statement

To protect the health and economic well-being of the general public, the safety of structural pesticide applicators, and the quality of environment through the regulation of the professional structural pest control industry.

Operations

- Monitor compliance through routine and unannounced inspections of the work performed by the structural pest control industry.
- Test operators and license only those who demonstrate an adequate knowledge of structural pest rules and the principles of good application practices.

Objectives and Key Performance Measures	1997-98 Actual	1998-99 Authorized	1999-00 Target	2000-01 Target
Improve the level of compliance among pest control operators with work standards, structural pest control law and rules governing the use, storage, and disposal of pesticides. *PPB: 6920*				
• Rate of compliance with Structural Pest Control rules	89%	87%	87%	88%
• Number of wood destroying organism jobs inspected	7,653	9,100	9,100	9,100
• Number of pesticide equipment and records inspections	1,502	1,900	1,900	1,900
• Number of pesticide storage inspections	1,086	1,200	1,200	1,200

Attachment L

STRUCTURAL PEST CONTROL DIVISION
Program Overview

The Structural Pest Control Division (SPCD) is a regulatory agency responsible for the administration of the Structural Pest Control Law and the Rules adopted thereunder by the Structural Pest Control Committee (SPCC). The SPCD is also responsible for the implementation of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) as it relates to structural pest control under a cooperative agreement with the U. S. EPA. The Division's primary purpose is to protect the health and safety of the public and the environment by regulating the structural pest control industry and the pesticide products used, to improve the quality of structural pest control services and reduce fraudulent, unscrupulous activities.

To accomplish its purpose, the SPCD focuses its resources in two principle areas: (1) Assuring the competence of structural pest control practitioners through the licensing, certification and registration of structural pest control applicators; and, (2) compliance monitoring activities.

Structural Pest Control Credentials

The Structural Pest Control Law divides structural pest control into three specialized areas or phases: Household Pest Control (P); Wood-Destroying Organisms Control (W); and, Fumigation (F). In addition, it establishes three classes of structural pest control applicators: licensees; certified applicators; and, registered technicians. Each class of applicator must qualify for the credential he or she desires through training, experience, and/or examinations depending upon the credential desired. All licenses and cards expire annually on June 30 and must be renewed prior to that date if the applicator is to continue working without interruption.

License

An individual wishing to perform structural pest control for hire or on property other than his own or that of his employer must be licensed in the appropriate phase of structural pest control or be employed by a licensed individual. To obtain a license, the applicator must: have two years of experience; qualify as a certified applicator in the phase in which he/she wishes to become licensed; and, pass an examination in that phase. The fee for each phase license exam is $25.00. The fee for a structural pest control license is $125.00 for the first phase plus $50.00 for each additional phase. In addition, all licensees must provide proof of insurance before the license is issued.

Certification

All applicators of Restricted Use Pesticides for structural pest control purposes must be certified by the Division in the appropriate phase of structural pest control or work under the direct supervision of a certified applicator. To become certified the applicant must attend the 8 hour *Registered Technician School,* pass the Core (general competency) examination plus examinations in each of the three phases of structural pest control in which certification is desired. Certification does not allow the applicator to perform structural pest control services for hire. The fee for each of the phase exams is $10.00. The Core exam is administered free. The fee for the issuance of the certified applicator's identification card is $30.00.

Registration

All employees of certified applicators or licensees who perform structural pest control must be registered with the Division within 75 days of their employment. Prior to the issuance of a registered technician's identification card, each employee must complete the Registered Technician Training Program or an approved equivalent training program. This program includes three components: 1) Introductory training of approximately five (5) days; 2) On the job training; and, 3) Completion of eight (8) hour Registered Technician School. The fee for a registered technician's identification card is $25.00.

Compliance Monitoring Program

The Structural Pest Control Division maintains a very active compliance monitoring program. The compliance monitoring staff is made up of fourteen Structural Pest Control Inspectors, strategically located throughout the state, and three Field Supervisors, responsible for approximately one third of the state each.

Routine Inspections

Inspectors are responsible for the performance of "routine" compliance monitoring inspections of all licensed pest control operators and non-commercial certified applicators operating within their respective geographic territory. Licensed structural pest control operators are inspected at least twice annually; non-commercial certified applicators are inspected once annually. During routine inspections, the inspector examines the records, pesticide storage area, and treating equipment maintained by the licensee, as well as a random sample of the wood-destroying organism treatments performed by the operator since the previous inspection. Records are inspected for compliance with structural pest control law and rules and to ensure appropriate pesticides are used in performing pest control services. Pesticide storage areas and equipment are inspected to ensure safety and compliance with applicable rules. Wood-destroying organism treatments, primarily subterranean termite treatments, are inspected for compliance with minimum treatment standards and to ensure control of the pest.

Pesticide Incidents and Consumer Complaints

In addition to the performance of routine compliance inspections, each inspector is responsible for the investigation of consumer complaints and incidents involving structural pest control treatments or applicators. Consumer complaints typically involve quality control issues, disputes concerning damage by wood-destroying organisms and/or differing opinions between pest control operators concerning inspections. Although an infrequent occurrence, investigation and criminal prosecution of unlicensed individuals is a very high priority. Incidents investigated by the Division include pesticide spills, drift, disposal and alleged misapplication, among others.

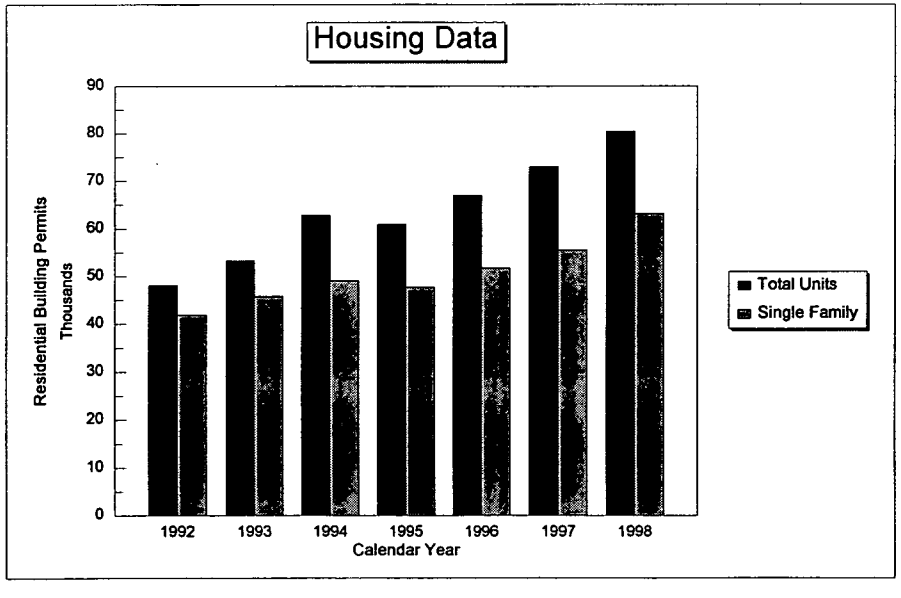
Enforcement Activities

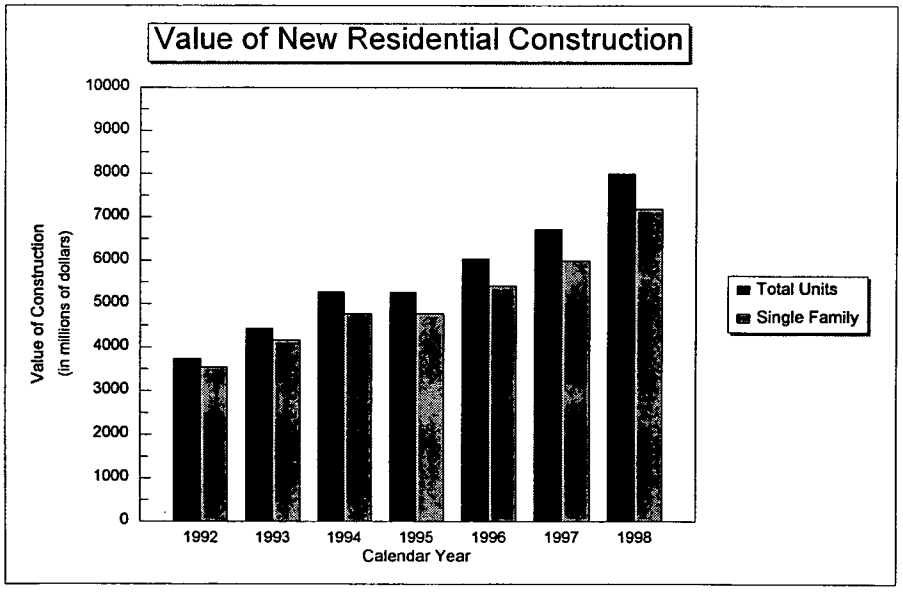
Violations by industry members are prosecuted primarily through civil administrative action with the great majority disposed of through settlement agreements. Failing negotiated settlements, formal hearings are conducted before the Structural Pest Control Committee. Administrative penalties include suspension and revocation of credentials and/or assessment of civil penalties up to $2,000 per violation. Criminal violations are taken before the District Court. Penalties include up to six months in jail and/or a fine of up to $1,000.

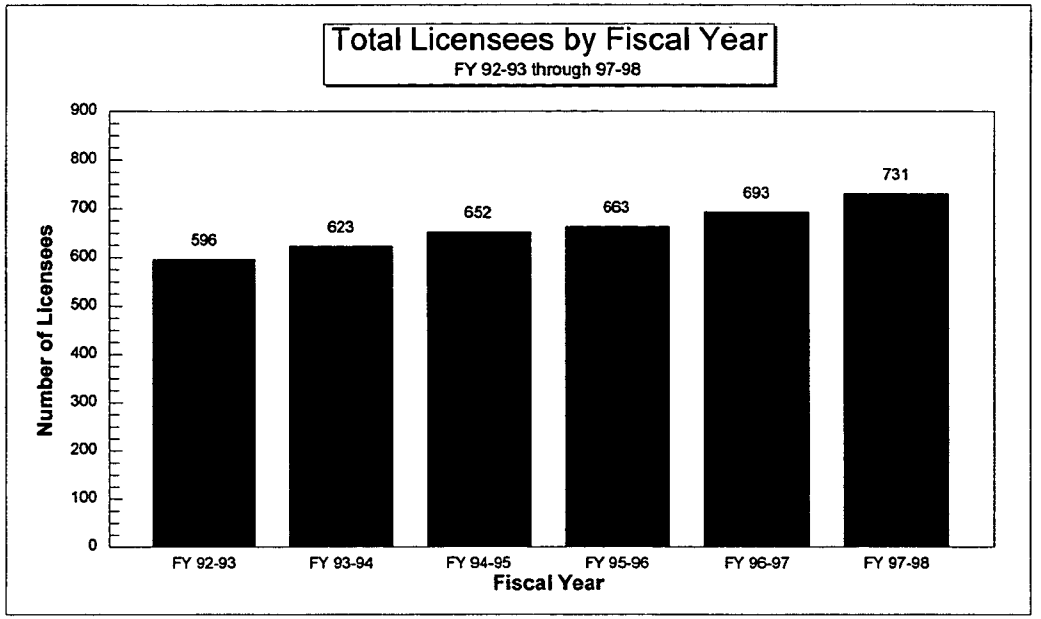
Structural Pest Control Division
Program Summary Data

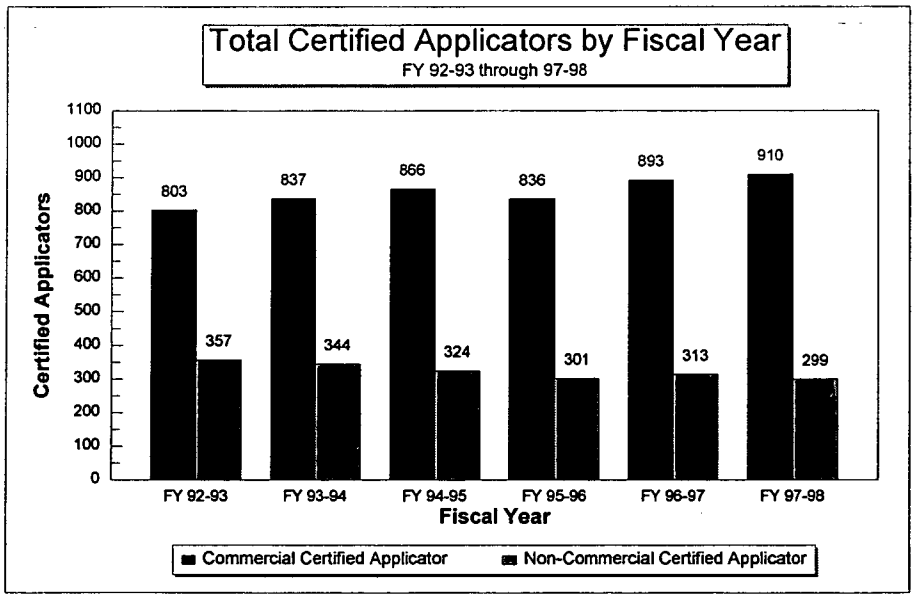
Summary of Inspection Activities

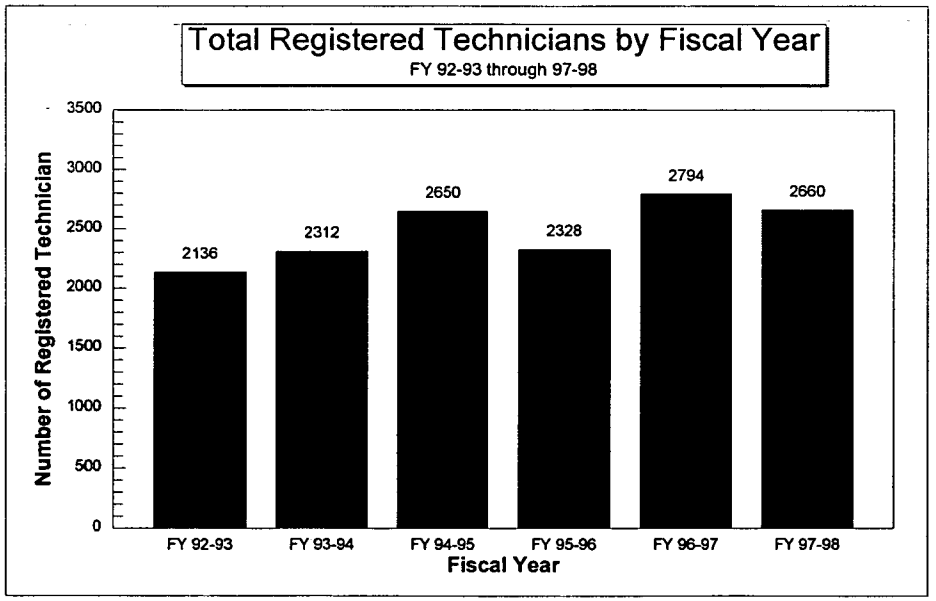
	FY 92-93	FY 93-94	FY 94-95	FY 95-96	FY 96-97	FY 97-98
Request Inspections / Incident Investigations						
Household Pest Control	61	38	36	42	41	29
Wood-Destroying Organism	711	840	778	688	750	671
Fumigation	2	1	3	2	1	2
Total	**774**	**879**	**817**	**732**	**792**	**702**
Routine Inspections						
Household Pest Control	64	46	41	44	42	30
Wood-Destroying Organism	5223	5087	5787	5569	5520	4971
Fumigation	12	11	9	9	7	11
Pesticide, Equipment and Records	1547	1508	1774	1763	1778	1563
Pesticide Storage	1202	1158	1292	1257	1273	1134
Total	**8048**	**7810**	**8903**	**8642**	**8620**	**7709**






Total Licensees by Fiscal Year
FY 92-93 through 97-98
Number of Licensees
900
800
700
600
500
400
300
200
100
0
596
623
652
663
693
731
FY 92-93
FY 93-94
FY 94-95
FY 95-96
FY 96-97
FY 97-98
Fiscal Year


Total Certified Applicators by Fiscal Year
FY 92-93 through 97-98
Certified Applicators
1100
1000
900
800
700
600
500
400
300
200
100
0
803
357
837
344
866
324
836
301
893
313
910
299
FY 92-93
FY 93-94
FY 94-95
FY 95-96
FY 96-97
FY 97-98
Fiscal Year
Commercial Certified Applicator
Non-Commercial Certified Applicator


Total Registered Technicians by Fiscal Year
FY 92-93 through 97-98
Number of Registered Technician
3500
3000
2500
2000
1500
1000
500
0
2136
2312
2650
2328
2794
2660
FY 92-93
FY 93-94
FY 94-95
FY 95-96
FY 96-97
FY 97-98
Fiscal Year

VISITOR REGISTRATION SHEET

4/7/99
DATE

APPROPRIATIONS ON NATURAL & ECONOMIC RESOURCES
NAME OF COMMITTEE

VISITORS: Please sign below and return to secretary

NAME	FIRM OR STATE AGENCY AND ADDRESS
Carl Tart	NCDA+CS
Weldon Denny	NCDA+CS
Ross Williams	NCDA+CS
Maurice Weaver	NCDA&CS
N. DAVID SMITH	NCDA&CS
Shelle Altieri	OSBM
JW Reel	OSBM
Johnny Gray	OSBM
Bill Dickerson	NCDA+CS
GENE CROSS	NCDA&CS
SUSAN BAKER	NCDA&CS
JAMES M. WARREN	NCDA&CS
[illegible]	OSBM
Doug Johnston	[illegible]
George McAuley	Farm Bureau
Bobbie Williams	NCFB
Richard Renegar	NCFB
Lionel Mera	NC Am [illegible]

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, April 14, 1999
Sen. Bob Martin, Presiding

1. **Chairman's Comments**

2. **Department of Environment and Natural Resources - Governor's Recommended Expansion**

3. **Committee Discussion**

4. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, April 14, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday April 14 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, and Tolson, were present.

Senator Martin called the meeting to order. Chairman Martin said the Committee would hear the Governor's recommended expansion budget for the Department of Environment and Natural Resources. Mr. Mike Williamson, Deputy Secretary of Operations for DENR, presented to the Committee the Governor's budget for this Department. He gave a brief overview of their budget and then gave an item by item description by category. This is Attachment A of these minutes. Committee members has some questions on item 8, page 4. Senator Martin asked that this item be flagged.

The meeting recessed at 10:00 a.m. to reconvene at 2:30 p.m.

The Committee convened at 2:30 p.m. Mr. Mike Williamson was asked to continue with the budget request for DENR. The afternoon session began on page 9 with the Regulatory Reform and customer Service category.

The meeting adjourned at 3:00 p.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Attachment A

Department of Environment and Natural Resources
1999-2001 Expansion Budget

Mission: To provide leadership, education and advocacy for the responsible stewardship of North Carolina's environment and natural resources.

Vision: North Carolina's abundant natural resources, healthy environment, and vibrant economy make it the best place to live, work, and visit.

Budget Categories

I. Clean Water
   - A. River Basin Management
   - B. Monitoring and Research
   - C. Reduce Non-point (Urban and Agricultural Runoff) Pollution
   - D. Improve Compliance with Water Quality Laws
   - E. Improve Marine Fisheries Management

II. Natural Resources Stewardship

III. Environmental Education Outreach

IV. Regulatory Reform and Customer Service

V. Other Critical needs

Department of Environment and Natural Resources

Governor's Recommended Budget for 1999 Session	DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
I. CLEAN WATER			
A. RIVER BASIN MANAGEMENT			
1. District Matching Funds			
a. Data Management Initiative Enables DENR to implement quality data management practices across the department. The inability to access complete and comprehensive data on key issues is a frequent complaint from customers of DENR as well as the source of frustration of managers and employees of the department. The current system of incompatible databases makes it difficult, if not impossible, to respond to information requests from Legislators, the press, or citizens in a timely manner and does not provide departmental management with the data to understand and control key functions. This request will enable DENR to implement quality data management practices across the department.	Admin	$ 243,464 1 position	$ 243,464 1 position
b. Information Technology Initiative Continues the implementation of the Marine Fisheries Information Technology Initiative. Prior funding provided the License System Development phase and the Year 2000 non-compliant application redeployments. This request allows the completion of the system design and implementation of the remaining high priority applications including: participant information; Licensing and Appeals; Permits; Trip-Ticket Data Management; Shellfish Leases and Production; Artificial Reef Buoy; Recreational Fishing Surveys; and Biological Data Research and Analysis.	DMF	$ 310,960 1 position	$ 310,960 1 position
c. ITS Operations Support Provides 1.0 position to reduce response time (currently 30 days) and improve operational efficiency through additional computer support for the many computer-controlled operations at the Zoo.	Zoo	$ 44,253 1 position	$ 44,253 1 position
d. Management Infrastructure Improvements Provides a data base manager to improve the management of information and databases to help reform the regulatory process. Three important results will be better performance measures to support the Performance Agreement-Key Performance Measures and Targets, an identification of those x-ray and tanning registrants that warrant closer and more frequent inspections, and a lessening of the regulatory burden for the responsible and low-risk x-ray and tanning registrants. Also provides permanent Accounting Clerk III position to assist in collecting and processing receipts from registrants and licensees.	DRP	$ 65,929 2 positions	$ 84,084 2 positions

Governor's Recommended Budget for 1999 Session	DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
2. Infrastructure and Data Management Initiatives			
a. State Infrastructure Council/Water/Sewer Database Provides 1.0 position to provide staff support to the State Infrastructure Council, recently created by public referendum and 1.0 position to maintain the Water/Sewer database being transferred from the Rural Center.	DWQ	$ 247,215 2 positions	$ 247,215 2 positions
b. Data Management Initiative Provides funding to continue the modernization of information technology systems in the Division of Water Quality supported during the last legislative session. The initiative will convert existing systems from a language which is obsolete to a format that can allow greater access and use by the public, other agencies and DENR employees.	DWQ	$ 1,136,000	$ 853,000
3. Soil and Water Basin Positions Provides funding to support one position to work within the Tar-Pamlico Basin to reduce nitrogen loading. Current funding by the Tar-Pamlico Basin Association and the USEPA has exceeded the agreed time frame and state action is needed to continue this work on rivers designated as nutrient sensitive.	S&WC	$ 70,000 1 position	$ 70,000 1 position
4. Integrated Water Resources Management Allows the Division of Water Resources to prepare water quantity and water supply information about each river basin into form effective basin water management plans that can guide the state's growth in a more environmentally sound manner. Will allow the state to make wise decisions on all aspects of water quality management, including interbasin transfers, hydroelectric relicensing, water supply allocation, instream flow needs, and regulation of water withdrawals.	DWR	$ 413,450 5 positions	$ 413,450 5 positions
5. Department GIS Coordination Initiative Provides 2 positions to create a comprehensive departmental GIS system and provides 2 positions for the Division of Parks and Recreation to design a GIS system that will serve the Division's needs as well as to share information effectively with others.	Admin	$ 278,669 4 positions	$ 297,252 4 positions
Subtotal for A		**$ 2,809,940**	**$ 2,563,678**
B. MONITORING AND RESEARCH			
1. Recreational Water Quality Monitoring Expansion Expands the recreational water quality monitoring of coastal waters to the remainder of the state, focusing health.	DEH	$ 516,151 6 positions	$ 516,151 6 positions

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
2.	Rivers Assessment and Outreach Allows Division of Water Resources to develop a GIS system to manage , analyze and distribute the large amount of data sent in by citizen volunteers and technical work teams who inventory and assess 5,000 miles of rivers and streams in the state. In addition, a full-time person will manage project WET (Water Education for Teachers) to double the number of teachers receiving training in water resources.	DWR	$ 155,877 3 positions	$ 155,877 3 positions
3.	Monitoring Enhancement Funds monitoring enhancement that is essential in providing sufficient and quality information to make both technical and policy decisions for the protection of our water quality, fisheries, and drinking water.	DWQ	$ 1,410,500 9 positions	$ 1,410,500 9 positions
	Subtotal for B		**$ 2,082,528**	**$ 2,082,528**
C.	**REDUCE NONPOINT (URBAN AND AGRICULTURAL RUNOFF) POLLUTION**			
1.	District Matching Funds Funds additional $2,000 to be used as a 50:50 match for each Soil and Water Conservation Districts. Funds are for administrative assistance due to increased responsibility to reduce non-point pollution.	S&WC	$ 200,000	$ 200,000
2.	Conservation Reserve Enhancement Program (CREP) Establishes staff for Conservation Reserve Enhancement Program (CREP). USDA has committed $221 million to enroll cropland and pasture to be set aside for riparian buffers in Chowan, Neuse and Tar-Pamlico river basins and the Lake Jordan watershed. The Clean Water Management Trust Fund provided start-up and the state's 20% match for first year.	S&WC	$ 353,044 4 positions	$ 353,044 4 positions
3.	**Wetlands Restoration**			
a.	Wetlands Restoration Program Assistance Provides funds to handle substantial increase in programs involved in the acquisition of property and conservation easements for the purpose of restoration, enhancement and preservation. The volume of property transactions requests is expected to increase dramatically with the full implementation of the CREP and Wetlands Programs. In order to process these requests and to allow these programs to fulfill their mandates, one position is needed in the State Property Office.	DWQ	$ 114,075 1 position	$ 114,075 1 position

Governor's Recommended Budget for 1999 Session	DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
b. Wetlands/Buffer Restoration Establishes funds for wetlands buffers through the Wetlands Restoration Program for projects less than one acre. Funds will restore approximately 120 acres of wetlands and remove approx. 7,500 pounds of nitrogen annually to protect and enhance our water.	DWQ	$ 1,000,000	$ 2,000,000
4. Coastal Management Representatives Adds staff to handle 56% increase in volume of permit applications since 1991. Staff will better serve the public by coordinating consistent permitting decisions among local, state and federal agencies.	DCM	$ 342,669 4 positions	$ 342,669 4 positions
5. Sediment Control Plan of Action Continues expansion of field staff to perform erosion and sediment control inspections at commercial and residential development sites to determine compliance with required management practices to minimize impacts of land disturbing activities on water.	DLR	$ 1,010,396 15 positions	$ 1,010,396 15 positions
6. Soil and Water District Supervisor's Travel Provides additional funds for local Soil and Water Conservation Districts for travel and per diem of district supervisors. The 496 Soil and Water District Supervisors serve as the mechanism for the the delivery of the soil and water conservation program in NC. They are currently reimbursed for a limited number of meetings per year and many pay expenses out-of-pocket to carry out their duties.	S&WC	$ 150,000	$ 150,000
7. Protect Buffers and Wetlands Provides funds to implement the riparian area (streamside area) protection enacted by the General Assembly to establish a compensatory buffer mitigation program. Provides alternatives to protection of the streamside area if no practical alternative exists to impact the buffer. Also funds positions in the 401 Water Quality Certification project to increase compliance and better protect our water resources..	DWQ	$ 339,467 6 positions	$ 339,467 6 positions
8. Groundwater Protection Provides funds to characterize Piedmont and Mountain area hydrogeology of aquifers and to begin to develop a long-term groundwater protection effort.	DWQ	$ 566,020 8 positions	$ 700,020 8 positions
Subtotal for C		**$ 4,075,671**	**$ 5,209,671**

Department of Environment and Natural Resources

Governor's Recommended Budget for 1999 Session

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
D.	**IMPROVE COMPLIANCE WITH WATER QUALITY LAWS**			
1.	Training Environmental Health Specialists Continues annual centralized training programs for new environmental health professionals at the local level resulting in cost savings through coordination of environmental health services across the state and well trained inspectors which help their customers reduce costly mistakes.	DEH	$ 100,000	$ 100,000
2.	Safe Wells Enables Department to work with county health departments to establish local programs. Currently 22 county health departments regulate construction of private drinking water wells.	DEH	$ -	$ 1,538,193 8 positions
3.	On-Site Wastewater Expansion Adds social scientists to On-Site Wastewater Program to better serve the 575 Environmental Health Specialists employed by the local health departments. Also adds an environmental engineer to provide quality assurance for components and devices of septic tank systems.	DEH	$ 362,283 4 positions	$ 362,283 4 positions
4.	Straight Pipe Elimination Expands program to reduce illegal sewage and wastewater discharges directly from straight pipes and from overland flow of failing septic systems in the western part of the state. Focus will be on streams used for public water.	DEH	$ 145,399 2 positions	$ 145,399 2 positions
5.	Pollution Prevention Technical Assistance to Priority Sectors Provides funds for a cost-effective and non-regulatory approach to improve water quality and air quality, to prevent ground water contamination, and to reduce the rate of ground water withdrawal in critically impacted areas. Program focuses on assisting industries during production process to prevent pollution.	DPPEA	$ 252,935 4 positions	$ 252,935 4 positions
6.	Coastal Management Local Permit Program Manager Funds position responsible for ensuring the proper administration for the CAMA minor permit program by providing technical training to local permit staff and assistance to local governments.	DCM	$ 59,053 1 position	$ 59,053 1 position

	Governor's Recommended Budget for 1999 Session	DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
7.	Evaluation of Economic Impact of Environmental Programs Funds Economist to prepare economic and cost-benefit analyses under the rulemaking process. This complies with new APA process that requires economic analyses.	DWQ	$ 62,876 1 position	$ 62,876 1 position
8.	Increase Compliance - Restore Water Quality Funds Municipal Compliance Initiatives to assist municipalities in evaluating the entire wastewater system and to provide technical assistance to address their compliance problems.	DWQ	$ 378,929 6 positions	$ 378,929 6 positions
9.	Solid Waste Landfills Funds 2 technical positions to review and evaluate of water quality assessments and corrective measures at solid waste landfills which are potential threats to the waters of the state.	DWM	$ 110,205 2 positions	$ 140,000 2 positions
10.	Hazardous Waste Compliance Funds 1.0 position to assist industry and the community up-front with training workshops and through continual on-site compliance assistance to help increase regulatory awareness and compliance.	DWM	$ 54,600 1 position	$ 70,000 1 position
	Subtotal for D		**$ 1,526,280**	**$ 3,109,668**
E.	**IMPROVE MARINE FISHERIES MANAGEMENT**			
1.	Enhance Maintenance Section Funds maintenance section consistent with recommendation in 1997 Performance Audit of Division to encompass current, immediate, long term and emergency maintenance. Current staff provides minimal maintenance for Division's vessels, aircraft, helicopters, vehicles and heavy equipment. This funding would allow for a program of scheduled, preventative maintenance.	DMF	$ 195,058 3 positions	$ 195,058 3 positions
2.	Administrative Support Addresses State Auditor's performance audit finding that the Division had inadequate internal controls and that its personnel and fiscal management functions should be separated.	DMF	$ 114,451 3 positions	$ 114,451 3 positions

Department of Environment and Natural Resources

Governor's Recommended Budget for 1999 Session	DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
3. Fishery Management Plan Program Continues phased in expansion of FMP's to guide coastal fisheries management and to ensure the long-term viability of stocks. Plans are to be developed for 31 commercially and recreationally significant species. Plans are underway for: River Herring, Red Drum, Shellfish, and Blue Crab. Plans must be revised every 3 years.	DMF	$ 672,995 5 positions	$ 1,226,664 15 positions
4. Coastal Fisheries Habitat Continues phased in expansion to conduct research on the relationship of coastal habitats, water quality and fisheries production and to develop Coastal Fisheries Habitat Protection Plans. Plans must be developed in cooperation with the 3 commissions (CRC, EMC, and MFC) and rules adopted must be consistent with plans to protect habitats and water quality.	DMF	$ 359,988 6 positions	$ 359,988 6 positions
5. Marine Fisheries Commission Staff and Operations Provides staff for Marine Fisheries Commission and its eight advisory committees created under the 1997 Fisheries Reform Act. Committees assist Commission in development of Fishery Management Plans. Commission and its advisory committees have increased the number of meetings estimated in the fiscal note by 50% in one year.	DMF	$ 217,476 2 positions	$ 217,476 2 positions
Subtotal of E		**$ 1,559,968**	**$ 2,113,637**
II. NATURAL RESOURCES STEWARDSHIP			
1. Increase Fire Suppression Capability Funds staff to increase fire suppression activities. Forest fire suppression capabilities in North Carolina has not expanded to provide adequate protection for housing developments intermixed with forest settings.	DFR	$ 95,417 2 positions	$ 95,417 2 positions
2. State Park Natural Resource Protection and Planning Funds staff to more adequately preserve and protect the valuable natural resources contained within the State Parks System. To be eligible for the State Parks System, the property must have unique natural features. These features must be protected and monitored.	P&R	$ 99,369 2 positions	$ 102,548 2 positions
3. Improve our Natural Heritage Program Funds natural heritage inventories to provide information and assistance to the public in the conservation of NC's natural heritage. To date 53 counties have been inventoried and information has helped with regional planning and in assessing environmental impacts.	P&R	$ 99,370 2 positions	$ 102,548 2 positions

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
4.	Land Use Planning Coordination and Outreach Provides staff to assist local governments in the development and implementation of land use plans and use of planning tools. Planning staff will review state and federal development proposals for consistency with local land use plans. In addition, educational materials on land use planning with be provided to the public.	DCM	$ 76,179 1 position	$ 154,829 3 positions
5.	Buckridge Site Manager Provides on-site management and educational programs at the newly acquired Buckridge Coastal Reserve approx. 18,000 acres in Tyrrell County). With the addition of the Buckridge tract, the Coastal Reserve will more than double the area currently managed by the Division.	DCM	$ 48,426 1 position	$ 48,426 1 position
	Subtotal of II		**$ 418,761**	**$ 503,768**
III.	**ENVIRONMENTAL EDUCATION/OUTREACH**			
1.	Environmental Education Library Grants - Project Tomorrow Establishes grants to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers.	ENV. ED	$ 350,000 1 position	$ 350,000 1 position
2.	**Zoological Park**			
a.	ZooLINC Educator Expands educational program called "ZooLINC" (Learning about Issues in Natural Resource Conservation) from 5 schools to 10 schools. Program establishes partnerships with elementary schools and assists teachers so that students have a better understanding of ways in which humans, other animals, plants and the environment are interconnected.	Zoo	$ 31,328 1 position	$ 31,328 1 position
b.	Graphics Technician Provides one additional graphics technician to increase the Zoo's ability to develop new signage for animal and plant identification, maintenance of signage, special events and installation, emergency signage such as construction, and educational and programming signage. This work has more than doubled since the opening of the N. American Region in 1995.	Zoo	$ 30,491 1 position	$ 30,491 1 position

Governor's Recommended Budget for 1999 Session	DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
3. Environmental Education and Safety Increases availability of trained staff during operating hours to increase participation in environmental education opportunities through community outreach programs and hands on learning experiences and provides for a safety officer for the Division.	P&R	$ 158,058 3 positions	$ 158,058 3 positions
Subtotal of III		**$ 569,877**	**$ 569,877**

IV. REGULATORY REFORM AND CUSTOMER SERVICE

1. CAMA Compliance

b. CAMA Compliance Technical Assistance Specialist Funds 1.0 position to provide technical assistance strategies and materials as well as training and oversight to Division staff in support of the CAMA minor permitting program to ensure consistency.	DCM	$ 53,653 1 position	$ 53,653 1 position

2. Summary

a. Water Resources Development and Beach Erosion Response Funds 3.0 positions to allow the Division o adequately handle development projects that have increased from less that 20 in 1993-94 to over 50 projects in 1997-98. The Division will implement a state strategy for beach protection, to increase technical and financial assistance to local governments and to remove dams needed to improve fish habitat.	DWR	$ 159,063 3 positions	$ 159,063 3 positions
b. Beach Nourishment/Hazard Areas Acquisition Program Funds 2.0 positions to: 1) work cooperatively with the Division of Water Resources in evaluating and setting priorities for beach nourishment projects; 2) establish criteria for a state coastal hazard area acquisition program, and 3) coordinate with the Division of Emergency Management and local governments in identifying coastal high hazard areas and establishing priorities for acquisition.	DCM	$ 103,370 2 positions	$ 103,370 2 positions
c. Environmental Geologic Atlas for NC Coast Provides funding to perform a basic inventory of geologic environments, resources, processes, and hazards which does not currently exist for most of the coast. The request also includes contract money to videotape the coast before and after hurricane landfall. A coastal geologic inventory is needed to provide information for evaluating hazards, land and water use, emergency responses, permit applications, and quantifying shoreline erosion.	DLR	$ 318,282 3 positions	$ 318,896 3 positions

	DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
d. Environmental Geologic Atlas for NC Coast Provides technical assistance and oversight to the Division of Land Resources in their efforts to: 1) develop an environmental geologic atlas for the coast; and 2) generate video footage before and after a hurricane landfall event.	DCM	$25,433	$ 25,500
3. Regulatory and Resource Reinvention Provides two positions to develop and test innovative processes and approaches that provide industry and local governments the tools, flexibility and incentives needed to achieve and exceed compliance, and develop measurement tools to track the effectiveness of the approaches. The request would create a Grants Development position to identify additional resources outside of state government.	Admin/BPA	$ 184,394 3 positions	$ 184,394 3 positions
4. Solid Waste File Room Provides 1.0 position to maintain an up-to-date, orderly and accurate file room for the Division of Waste Management. Currently, temporary employees are being used for this service which provides little continuity and constant training.	DWM	$ 50,000 1 position	$ 50,000 1 position
5. Brownfields Initiative Provides 3 positions for the Superfund Section Inactive hazardous Sites Program to monitor the new privately-supported cleanup programs, implement the recent Brownfields legislation and to address imminent hazards presently affecting NC's citizens.	DWM	$ 215,774 3 positions	$ 490,000 7 positions
6. Plan Review Efficiency Provides funding and 4 positions to centralize review of all plans for franchised and chain food operations, rather than by county health departments. This request will increase efficiency and improve customer service by removing the inconsistencies which industries encounter under individual county review.	DEH	$ 237,259 4 positions	$ 237,259 4 positions
Subtotal for IV		**$ 1,347,228**	**$ 1,622,135**

Department of Environment and Natural Resources

Governor's Recommended Budget for 1999 Session

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
V.	**OTHER CRITICAL NEEDS**			
1.	Electronic Mail Initiative Provides funds to comply with the Information Resource Management Commission's (IRMC) recently passed mandate to have a state-wide electronic mail initiative/mandate endorsing consistent and centralized operation of the e-mail message infrastructure by June, 2000.	DENR	$ 73,200	$ 73,200
	Subtotal for V		**$ 73,200**	**$ 73,200**
	TOTALS		**$ 14,463,453**	**$ 17,848,162**

VISITOR REGISTRATION SHEET

NER — 0830 — 4/14/99

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Diane Beasley	Forestry
Clarence & Libby Wiggins	Farm Bureau (Swain County)
Anita McNeal	DENR B&PA
Richard Shaw	DENR Coastal Management
RJ	NCDA
Donna Young	Fletcher, N.C.
Morgan & Ruth Nesbitt	Fairview NC.; Farm Bureau Haywood County
Barbara Ross	Waynesville, N.C. Farm Bureau
Jimmy Young	Fletcher, N.C. " "
Louise P. Ross	Clyde N.C. (Haywood County F/B)
Stan Adams	Division of Forest Resources
Gary Adams	Dir. Pollution Prevention & Env. Assistance
Linda Sewell	DEH, DENR
CAROL TINGLEY	Division of Parks & Rec (DENR)
David Herring	State Planning
Gary Hutchins	Farm Bureau Buncombe
Marina Earley	Farm Bureau Cherokee Co.
Anne Taylor	Office of Env. Ed, DENR
Charles Gardner	DENR/DLR
John Morris	ENR
Doug Lassiter	NC Septic Tank Assoc.
RANDY MOODY	NC ENR ITS
Tommy Stevens	DNQ

VISITOR REGISTRATION SHEET

NER 0830 4.14 99

Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Bill Meyer	DENR - DWM
Cathey Cottle	DENR - DWQ
Coleen H. Sullins	DENR - DWQ
Ed Burt	DENR - DRP
Lyla Uyrock	Commerce
Shelee Altieri	OSBM
Johnny Gray	"
Jack Earley	N.C. Farm Bureau
Mae Clay	N.C. Farm Bureau Cherokee Co.
Max Morgan	N.C. Farm Bur. Buncombe Co
Juanita F. Johnston	N.C. Farm Bureau
Ruth G Morgan	N.C. Farm Bureau Co
Carlyle R. Ferguson	3625 Iron Duff Road Waynesville, NC (NC Farm Bureau
Marie D. "	" " "
Sherrill Harris	DENR
Dewey Bott	DENR
Jane Smith	"
Richard Rogers	"
Michael Williamson	"
Juanita B. Downs	105 Daniel Lane Waynesville N.C. 28786
Virginia B. Medford	PO Box 214 Lake Junaluska, NC. 28745

VISITOR REGISTRATION SHEET

NER 0630 4-14-99

Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Nat Musick	Conservation Council of NC
Angie McMillan	The Nature Conservancy, NC Chapter

VISITOR REGISTRATION SHEET

NCR — afternoon — 4/14/99

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
[illegible]	DENR
Carol Tingley	DENR
Linda Sewell	DEH, DENR
RANDY MOODY	DENR ITS
C. Porter	Bome & Associates
Ed Burt	DENR - DRP
Richard Wooten	DENR - DLR
Anita McNeil	DENR
Diane Bradley	" - Forestry
Richard Shaw	DENR Coastal Mangmt
John Morris	DENR
[illegible]	DENR
R. ROGERS	DENR Lib
Jane Smith	DENR
Sheild Hair	DENR

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

April 14, 1999

The Joint House Appropriations / Subcommittee on Natural and Economic Resources met on Tuesday, April 13, 1999 in Room 423 of the Legislative Office Building at 8:30 A.M. The following House Members were present: Representative Owens, Chairman, Representatives Fox, Warren, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, and Tolson. Six Senate Committee Members were present. Mona Moon, Jennifer Hoffmann, and Jennifer Herrera, Fiscal Staff members were in attendance. . A Visitor Registration list is attached and made part of these minutes.

The Chairman called the meeting to order. He informed the Committee they would be continuing with the Department of Commerce – Governor's Recommended Expansion Budget.

- Land Loss Prevention Project was presented by Mr. Stephon Bowers (*Attachment 1*)
- NC Coalition of Farm and Rural Families was presented by Ms. Carolyn Prince (*Attachment 2*)
- NC Institute of Minority Economic Development was presented by Ms. Andrea Harris (*Attachment 3, 4*)
- NC Minority Support Center was presented by Mr. Linwood Cox (Attachment (*Attachment 5*)
- NC Association of Community Development Corporations was presented by Ms. Rhonda Raney (*Attachment 6*)

There was discussion by the Committee members with the Division personnel and guests. A question and answer period followed.

There being no further business, the Chair adjourned the meeting at 10:00 A.M.

Respectfully submitted,

Representative W. C. Owens, Jr.
Chairman

Judith M. Veorse
Legislative Assistant

VISITOR REGISTRATION SHEET

April 13, 1999
DATE

APPROPRIATIONS ON NATURAL & ECONOMIC RESOURCES
NAME OF COMMITTEE

VISITORS: Please sign below and return to secretary

NAME	FIRM OR STATE AGENCY AND ADDRESS
Steve Woodson	NC Farm Bureau
JULIAN PHILPOTT	"
David Jones	DENR. Zoological Park
Doug Lassiter	NC Septic Tank Assoc
Carolyn A. Prince	NC Coalition of Farm & Rural Families
[illegible]	DENR ITS
Jim Speed	Bone & Associates
Dianne Reasley	ENR - Forestry
Stan Adams	ENR - Forestry
Dewey Beck	DENR
Carl Rupert	CCNC
GARY HUNT	DENR
Kathy Ashcroft	Energy Division
Linda Sundell	DENR, DEH
Buck LATTIMORE	NC Industrial Commission
Anne Taylor	DENR - Env. Ed.
John Morris	DENR
Phil McKnelly	DENR/DPR
Ed Burt	DENR/DRP
CHARLES GARDNER	DENR/DLR
Tommy Stevens	DWQ
Cathey Cottle	DWQ
[illegible]	NCMSC

VISITOR REGISTRATION SHEET

Appropriations on Economic & Natural Resources — April 13, 1999

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Coleen Sullins	DWQ
Bethany Chaney	NC Minority Support Center 316 W Edenton St 2nd Fl
Becky Brown	Labor
Dana Cope	"
Shelle Altieri	OSBM
Johnny Gray	OSBM
Shirell Harris	DENR
Lisa Unruh	Commerce
Rhonda Raney	NCACDC
Andrea Harris	NCIMED
Sheri Harris Stanton	DENR
Michael Williamson	"
Jane Smith	DENR
Anita McNeil	DEDR
Susan Perry Cole	Commerce
Pat Yancey	RLPP
Linda Gunn	REPC
Dale Mott	ENR Div. of Waste Management

LAND LOSS PREVENTION PROJECT

Stephon Bowens, Esq.,
EXECUTIVE DIRECTOR

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HANDOUTS
TO THE
JOINT HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEE
ON NATURAL AND ECONOMIC RESOURCES
FROM THE
LAND LOSS PREVENTION PROJECT
April 13, 1999

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PROJECT ACTIVITIES	3
CASEWORK	4
CASE DEMOGRAPHIC CHARTS	6
BUDGET CHARTS	10
STAFF AND OFFICES	14

A member of:
NORTH CAROLINA COMMUNITY SHARES

LAND LOSS

PREVENTION

PROJECT

WORKING TO PRESERVE FAMILY FARMS

Stephon Bowens, Esq.,
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- The Land Loss Prevention Project (LLPP) is a not-for-profit organization created to utilize its legal expertise and skills to address legal and economic problems associated with the loss of small farmers and rural landowners.
- Agriculture represents 28% of the state's income, 21% of the state's workforce, and adds $42 billion annually to the state's economy. Fifty five percent of North Carolina's farmers are small farmers.
- Between 1980 and 1996, North Carolina lost 35,000, or 38 percent, of its farms - from 93,000 to 58,000. "We cannot afford to lose any more farms."
- During the same period, total farmland declined 2,500,000 acres - from 11,700,000 acres to 9,200,000 acres.
- Between 1978 and 1992, more than half the minority-operated farms in North Carolina closed down, reducing the number from 6,966 to 2,498.
- Droughts, natural disasters, decreased availability of affordable operating credit, higher production costs, and lower commodity prices have drastically reduced farm incomes, forced farmers to incur onerous debts, and have eventually resulted in farm failures.
- There are several legal options available to farmers to assist them in reorganizing their farm operations -- to remain in business and retain their homesteads, including: Farmer Service Agency Primary Loan Servicing and Preservation Loan Servicing programs; Debt Restructuring and Right of First Refusal under Farm Credit System law; family farmer reorganization bankruptcies are available under the Federal Bankruptcy Code; informal negotiations/workouts with creditors; and federal crop insurance and disaster assistance programs. However, to use these options, farmers need highly specialized legal representation from lawyers knowledgeable in agricultural law, debtor/creditor law, and farm management. Sadly, there are not enough lawyers who have this expertise and most family farmers cannot afford to hire such a lawyer.
- LLPP legal staff provides legal representation in farm credit and land loss cases. This legal representation includes advice and counsel, negotiation of repayment plans, and assistance in seeking all legal options available to keep the farmer in business and/or save the homestead.

LAND LOSS PREVENTION PROJECT

PROJECT'S PURPOSE AND ACTIVITIES

The Land Loss Prevention Project (LLPP) specializes in providing free legal assistance to financially distressed family farmers and its attorneys have the requisite expertise in agricultural law, debtor/creditor laws and farm management. The organization was founded in 1983 to address the legal and economic problems associated with the rapid decline in the number of small farmers and minority landowners in North Carolina.

PROJECT'S PROGRAM DESCRIPTIONS

LEGAL ASSISTANCE - Provides legal assistance and representation that includes advice and counsel, negotiation of repayment plans and assistance to keep the farmer in business and/or to save the homestead. Other legal options include: negotiation of farm loans with the Farm Service Agency (formerly Farmers Home Administration), Farm Credit System banks and private banks; acquiring primary loan servicing, net recovery value buyout, preservation loan servicing, debt restructuring, debt settlement, right of first refusal, family farmer reorganization bankruptcy, federal crop insurance, and federal disaster assistance; and cooperative development. Representation is provided before federal agencies and in state and federal courts.

COMMUNITY EDUCATION - Conducts workshops and provides speakers for community groups, professional associations, and churches on issues such as resolving problems with federal farm loans, landowner rights, organizing farmer cooperatives or rural community development corporations, federal sustainable agriculture and conservation programs, and estate planning. In addition LLPP provides legal education to non-attorneys on ways to prevent the loss of land.

TRAINING AND TECHNICAL ASSISTANCE - Provides training and technical assistance in agricultural law to other attorneys handling farm loss cases -including 250 North Carolina attorneys who volunteer to take case referrals from LLPP, some at no fee to the client.

SUSTAINABLE AGRICULTURE - Administers a sustainable agricultural project consisting of the state's two land grant universities, four nonprofit organizations, and four local communities, to promote sustainable agriculture, sustainable economic development, and integrated farming systems in North Carolina by forging partnerships between farmers, rural communities, grassroots and non-government organizations, and university researchers. Key to this project are the comprehensive farming and community economic development activities initiated by the four local community sites. The work done at the community sites is duplicable in other North Carolina communities. This project has been funded by a grant from the W. K. Kellogg Foundation.

LAND LOSS PREVENTION PROJECT

FIVE EXAMPLES OF CASEWORK

- Several elderly, low-income and minority residents of a recently annexed section of a Northeastern coastal city were facing excessive bills of assessment on unimproved properties. The city chose to provide water and sewer to these unimproved and unoccupied areas in the absence of any justifiable public need. Many of the elderly residents' property values were substantially less than the proposed assessment. After attempting to appeal to the city council on their own, the residents contacted LLPP.

  Through community involvement and fundamental legal research, LLPP convinced the city attorney and ultimately the city council that serious violations of due process of the law and a potentially unconstitutional taking of property would occur in several cases. Therefore, the city council agreed to reduce the assessment in part, hold the payment of the assessment in abeyance for 10 years, and allow individuals to pay the assessment on a 5 year payment plan at the conclusion of the 10 year abeyance or when the owner makes use of the improved property. Those persons who had made payments on the assessment were offered the opportunity to obtain a refund.

  LLPP's presentation to the city council was so convincing that the council agreed to provide the same relief offered to LLPP's elderly clients to 5 other areas annexed at the same time.

- LLPP is working with a former poultry farmer in Western North Carolina who is attempting to reorganize his farming operation into the cultivation of hydroponic vegetables. The farmer has several potential buyers through local grocery chains. In the meantime LLPP continues to assist this farm with various civil rights claims which resulted in substantial delinquencies and loss income intentional perpetuated by employees of USDA.

- LLPP handled a Chapter 12 Family Farmer Bankruptcy on behalf of a family farmer in Northeastern North Carolina. This case provide LLPP with the opportunity to obtain a judgment in bankruptcy court affirming a basic principle of contract law. Farm Service Agency (FSA) attempted to retain AMTA and other payments owed to the family farmer by FSA through a process called administrative offset. The bankruptcy court held that the family farmer was entitled to the payments because FSA signed the contract after the debtor filed bankruptcy thus extinguishing their right to retain those funds outside of the bankruptcy proceeding. The family farmer used the funds for the continued operation of his farm and to repay FSA pursuant to his debt reorganization plan.

- LLPP successfully represented over 115 Black farmers by filing objections to the proposed Consent Decree in the class action lawsuit against USDA for discrimination. USDA and class council have agreed to adopt six of the recommendations contained in the objections filed by LLPP prior to the court issuing a ruling regarding the reasonableness of the proposed settlement.

  The federal district court in Washington, DC. permitted attorneys for LLPP to argue for almost an hour longer than any other objector to the proposed Consent Decree. Regardless of the ultimate decision by the court, the Black farmers have had the opportunity to have their tragic story of discrimination heard by the American public and North Carolina farmers were in the forefront. The two lead plaintiffs in the class actions, Tim Pigford and Cecil Brewington are North Carolina farmers, both men and their families have endured years of discrimination by USDA officials who refused to offer credit and access to benefit programs afforded to similarly situated White farmers.

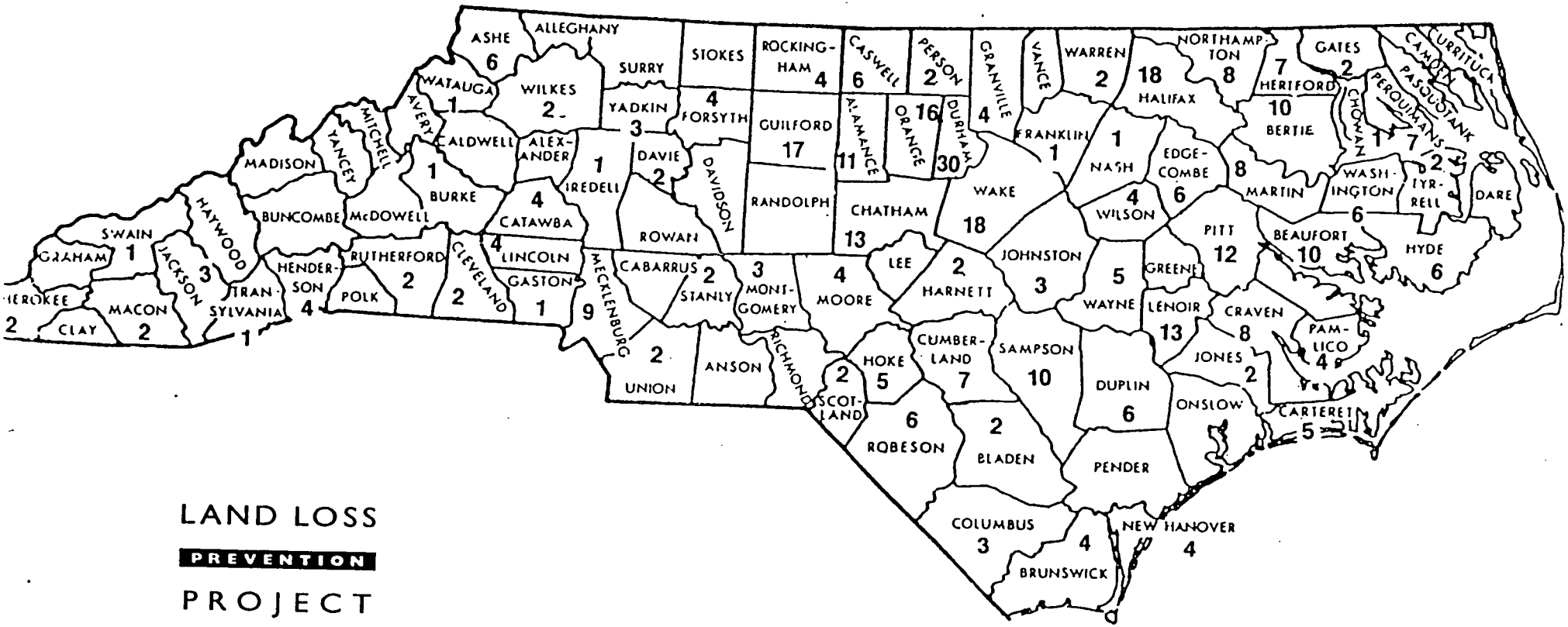
  Currently, USDA does not intend to dispute the acts of discrimination because they have been well documented by its own internal reports. However, the objectors claim that there is no process in place to prevent USDA from discriminating in the future and that the monetary relief offered under the terms of the proposed settlement is insufficient to compensate Black farmers who lost their farms, homes, families and dignity as a direct result of USDA employees discriminatory acts. Therefore, a large number of Black farmers have requested that federal district court judge reject the entire settlement until USDA agrees to systematically change its discriminatory practices.

- LLPP performed the legal work for a group of family farmers in the North Central Piedmont who have established a marketing cooperative that benefits farmers within their community and at seven counties. With this cooperative in place, the farmers are now able to leverage their combined resources to grow more of the same products, directly market these products, and increase their profit margins.

THESE ARE A FEW EXAMPLES OF MANY YEARS AND THOUSANDS OF CASES. MORE CASE SUMMARIES ARE AVAILABLE FROM THE LLPP OFFICE OR REPORTS FILED WITH THE JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS.

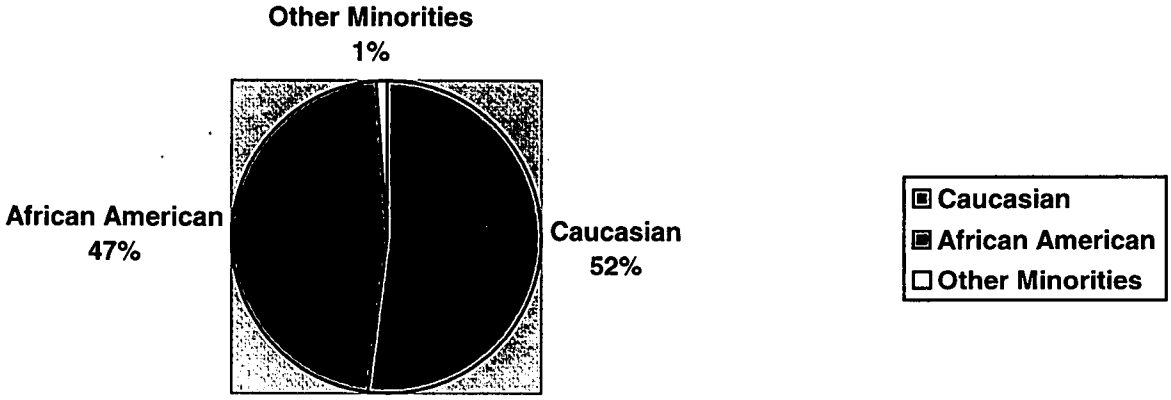
FOR ADDITIONAL INFORMATION OR ASSISTANCE CALL TOLL FREE: 1 (800) 672 - 5839.

1997-98 LOCATION MAP OF NEW CASES OPENED

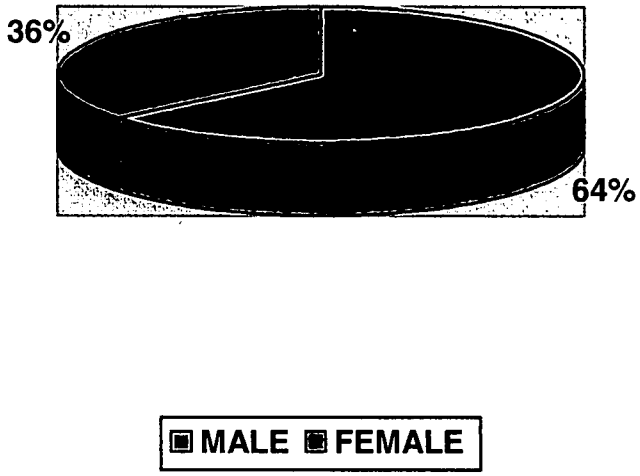


LAND LOSS
PREVENTION
PROJECT

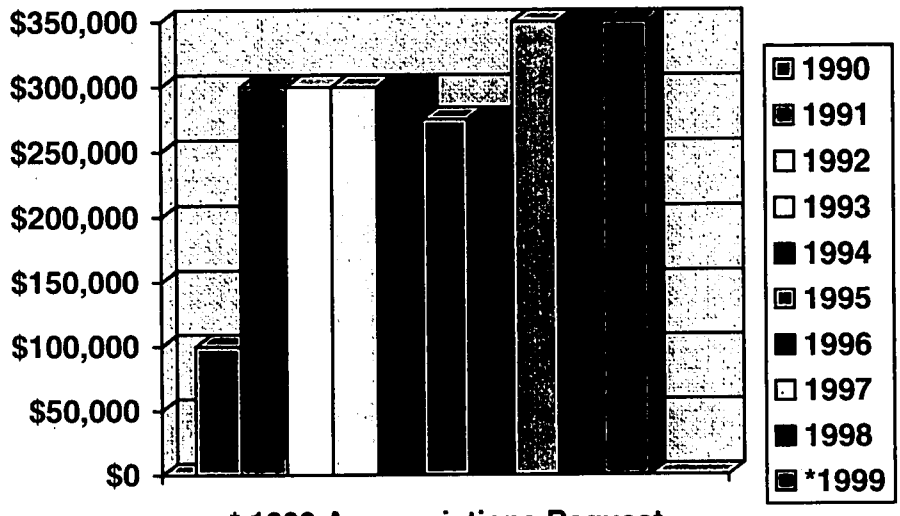
LAND LOSS PREVENTION PROJECT DISAGREGATION OF CLIENTS SERVED BY RACE 1997-98



NEW CASE INTAKE DISAGREGATED BY GENDER 1997-98

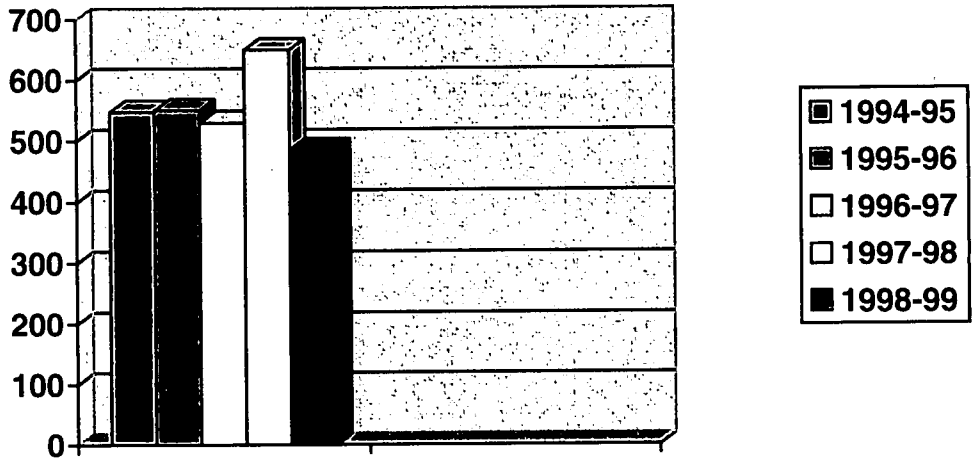


Historical Analysis of State Funding To The Land Loss Prevention Project



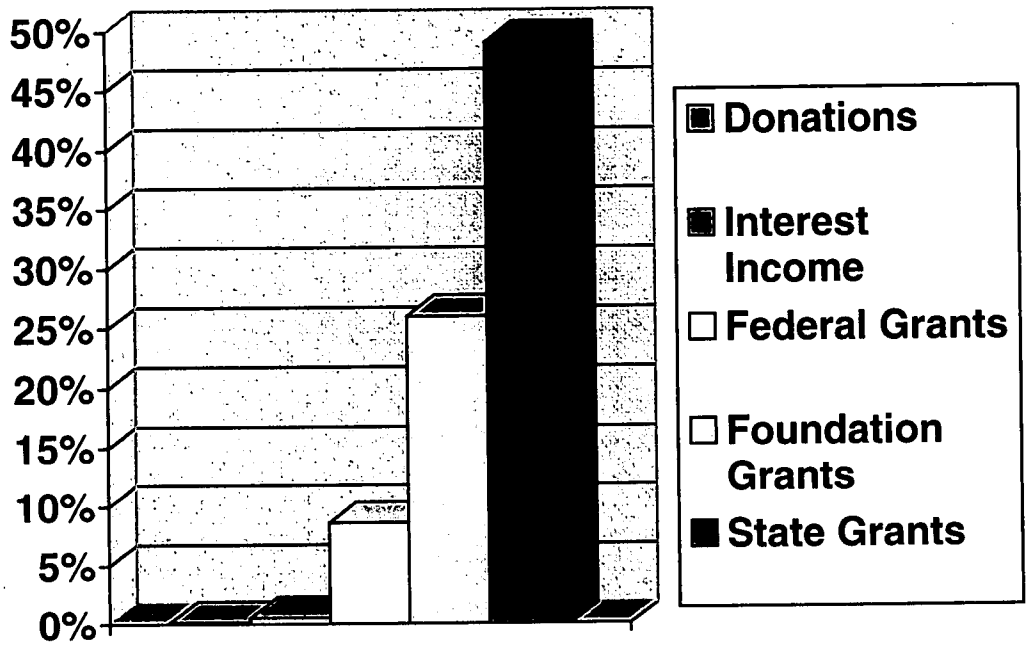
* 1999 Appropriations Request

Historical Analysis of Annual New Case Intake

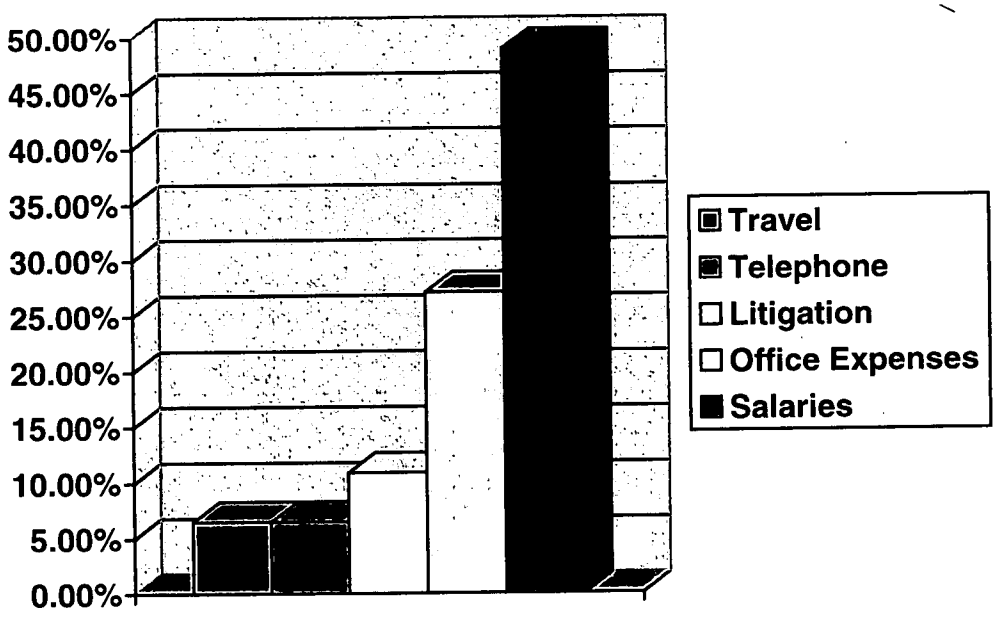


Note: Due to the fluctation in staff, the number of new cases accepted during 1998 declined slightly as the requests for assistance exceeded organizational capacity.

LAND LOSS PREVENTION PROJECT
Projected 1998-1999 Support



Projected 1998-1999 Expenditures



APPENDIX A
LAND LOSS PREVENTION PROJECT
OPERATIONAL BUDGET

Support

	1997-98 TOTAL	1997-98 STATE	1998-99 TOTAL	1998-99 STATE
Carryover	75,266		39,355	
State of North Carolina	350,000	350,000	350,000	350,000
Federal Grants	45,820		46,609	
Foundation Grants	177,360		101,736	
Interest Income	10,142		3,000	
Donations	2,208		1,000	
TOTAL	$660,796	$350,000	$541,700	$350,000

Expenses

	1997-98 TOTAL	1997-98 STATE	1998-99 TOTAL	1998-99 STATE
Accounting Fees	12,779	12,000	15,000	12,000
Bank Charges	135	76	200	200
Board Expenses	1,996	335	2,000	1,000
Community Education	7,998	5,000	15,000	5,000
Consultants *1	43,580	10,495	28,000	
Dues & Subscriptions *2	3,742	2,183	6,000	3,000
Equipment Leases	7,578	6,791	6,000	2,000
Equipment Purchase	1,208	402	15,000	12,000
IFS Subgrant/Payments *3	222,131			
Insurance	4,118	4,118	6,000	4,000
Library	1,802	190	2,500	
Licenses *4				
Litigation	15,006	10,000	35,000	10,000
Litigation Consultants			24,000	20,000
Miscellaneous Expense *5	63	36		
Office Expense and Storage	6,213	3,765	7,500	3,500
Office Supplies	4,284	3,280	6,000	3,500
Personnel	241,058	222,249	265,500	215,719
Postage and Shipping	4,125	3,096	6,000	3,000
Printing	1,703	207	5,000	2,500
Recruitment *6	1,237	696		
Rent & Support (Branch Office)	2,975	2,975	15,000	12,581
Repair/Maintenance	4,818	4,307	2,000	
Telephone and Communications	27,215	25,008	35,000	20,000
Training and Conference	8,825	2,791	10,000	
Travel	36,207	30,000	35,000	20,000
TOTAL	$660,796	$350,000	$541,700	$350,000

*1. For 1998-99 budget and beyond, Legal Consultant fees will be distinguished from other consultant fees.

*2. Note that for the 1998-99 year, the catagories of "Dues & Subscriptions" and "Licenses" have been combined.

*3. IFS Subgrant/Contract Payments are required by the grant from the Kellogg Foundation.

*4. See note *2.

*5. This catagory is being deleted from the 1998-99 budget.

*6. This catagory is being deleted from the 1998-99 budget.

APPENDIX B
LAND LOSS PREVENTIO
OPERATIONAL BUI

Support

	1999-2000 STATE
Carryover	
State of North Carolina	$350,000
Federal Grants	
Foundation Grants	
Interest Income	
Donations	
TOTAL	$350,000

Expenses

	1999-2000 STATE
Accounting Fees	10,000
Bank Charges	100
Board Expenses	100
Community Education	5,000
Consultants	1,000
Dues, Subscriptions & Licenses	1,500
Equipment Leases	4,000
Equipment Purchase	1,000
Insurance	5,400
Library	1,000
Litigation	29,400
Litigation Consultants	1,000
Miscellaneous Expense	
Office Expense and Storage	3,500
Office Supplies	3,500
Personnel	225,000
Postage and Shipping	3,000
Printing	1,000
Rent & Support (Branch Offices)	7,500
Repair/Maintenance	2,000
Telephone and Communications	20,000
Training and Conference	3,000
Travel	22,000
TOTAL	$350,000

LAND LOSS PREVENTION PROJECT LAND LOSS
SALARIES 1998-99

	1998-99
Executive Director	$52,500.00
Managing Attorney	$40,000.00
Senior Staff Attorney	$40,000.00
Director of Community Education	$40,000.00
Contract Attorney	$14,000.00
Senior Legal Assistant	$28,000.00
Administrative Assistant	$23,000.00
Administrative/Financial Officer	$28,000.00
Total Salaries	$265,500.00

LAND LOSS PREVENTION PROJECT
STAFFING AND OFFICES

PROJECT'S STAFF

Number & Position	1996 Actual	1997 Actual	1998 Current	1999 Anticipated
Executive Director	1	1	1	1
Managing Attorney	1	1	1	1
Staff Attorneys	3	1		2
Development Director	1		1	1
Legal Assistants			1	1
Administrative Assistant	0.5			1
IFS Project Director*	1	1	1	
Office Manager**	0.5	1		1
Administrative/Financial Officer				1
Total Number of Staff	8	5	5	9

*IFS = Integrated Farming Systems Project

**Office Manager position created after Administrative Assistant departed from the program

PROJECT'S OFFICES

Location	1996 Actual	1997 Actual	1998 Actual	1999 Current
Durham (Main Office)	Open	Open	Open	Open
Ahoskie***	Open	Closed	Re-opened	Open
Wilson***	Open	Closed	Closed	Closed

***Local offices are staffed by an attorney only.

CAROLINA HARVEST PACKING SHED

"Quality Produce and Specialty Products from NC's Small Family Farms"

The North Carolina Coalition of Farm and Rural Families
342 Wagoner Drive, Suite 208, Fayetteville, NC 28303
910.860.9948 (Voice) · 910.860.9951 (Fax) · nccfrf@mindspring.com

BOARD OF DIRECTORS

Phillip Bazemore
Ron Fisher
Archie Hart, Secretary
Carl Hodges, Treasurer
Savi Horne
Dorothy Johnson
Hernando Palmer, Chairman
James Shackelford

STAFF

Charnell T. Green, Secretary
Johnnie Jones, Farm Coordinator
Carolyn A. Prince, Executive Director

The North Carolina Coalition of Farm and Rural Families

MISSION:

The NC Coalition of Farm and Rural Families is a nonprofit organization that promotes self-economic development and a higher standard of living for small, part-time and limited resource farmers and rural families in North Carolina.

PROGRAM OBJECTIVES:

- To make available and encourage the adoption of **technical** and **marketing information**.
- To promote **agribusiness** opportunities in rural communities for families, adults, and youth.
- To develop opportunities for **non-traditional crops** and **value-added processing.**
- To increase the budgeting and **financial management skills** of farmers and rural families.
- To encourage farmers and rural families to function as honest and ethical citizens.

CURRENT ACTIVITIES:

- Irrigation Demonstrations
- Greenhouse Tomato Production
- Cooperative Purchasing and Marketing
- Cucumber Contract

TARGETS:

- Cooperative and Entrepreneurial Development
- On-Farm Demonstrations
- Value-Added Processing
- Niche Marketing

RESOURCES:

- Refrigerated Trucks and Loading Dock
- Greenhouse and Cucumber Grading Shed
- Ice, Hydrocooling, and Cold Storage Room
- Conference Room and Enclosed Work Rooms
- Production Equipment

Minority Technical Assistance Program (MTAP)

MANAGING STRATEGIC GROWTH FOR EMERGING MINORITY BUSINESSES

MTAP is a comprehensive business development strategy that has a substantial positive impact on the minority business community. The MTAP process, which requires a 9-12 month commitment, encompasses a comprehensive three-phase analysis and implementation plan. Dynamic and sustainable growth has been realized by exposing the client to increased market and financial opportunities, building stronger internal management systems, and establishing meaningful partnerships. By creating the needed management systems, MTAP consultants become catalysts for growth and success. ***ALL INFORMATION SHARED DURING THE CONSULTING PROCESS IS KEPT IN THE STRICTEST CONFIDENCE.***

The programs consist of three interconnecting phases designed to assist clients with managing sustainable and profitable growth in an ever-changing business environment.

PHASE 1 ORGANIZATIONAL AUDIT

In Phase 1, consultants conduct a comprehensive organizational audit, interviewing the entire staff and producing a detailed financial analysis of the business. A written report will reflect this analysis and discuss specific recommendations.

PHASE 2 INDUSTRY ANALYSIS AND STRATEGIC PLANNING

During Phase 2, consultants conduct an in-depth industry and competitive analysis and identify local and national business opportunities. Using the information gained through the organizational audit and the industry analysis, consultants facilitate a series of strategic planning sessions that focus on measurable goals and action steps for the next three years.

PHASE 3 IMPLEMENTATION OF STRATEGIC GROWTH PLAN

Consultants function as part of a management team to prioritize and implement recommendations. This team launches the organizational change process. Examples of Phase 3 projects include: developing cash-flow projections, annual budgets, scheduling, job costing systems, incentive programs, quality control procedures, and marketing plans. In some cases, consultants work with management to diversify product lines, strengthen employee relations, conduct market research among potential customers, or develop pricing strategies. In addition to implementing systems, consultants may assist the firm in obtaining additional financing.

CRITERIA FOR PARTICIPATION IN THE MTAP PROGRAM:

- Annual sales of $500,000 or more
- Minimum of 3 employees
- Two years in existence as a business entity
- Completion of formal application
- Full disclosure of all financial statements
- One-year commitment to program
- Strong commitment on behalf of CEO/President
- There is a $900 fee for participation in the MTAP Program
  ($300 per phase, due at the end of each phase)

General Managerial Assistance

PROVIDING MINORITY BUSINESSES WITH PROJECT-SPECIFIC CONSULTING SERVICES

MTAP is a comprehensive business development strategy that has had a substantial positive impact on the minority business community. General Managerial Assistance (GMA) is an integral part of the MTAP Program. Recognizing that a large percentage of North Carolina's MBEs are firms with sales of less than $500,000, and in an effort to provide managerial services to firms that might not be seeking our longer-term MTAP services, the Institute created GMA.

All of the Institute's current Business Development Team Specialists are involved in GMA. Our team has valuable combined work experience of over 60 years in a wide range of industries that is complemented by graduate MBA studies.

GMA assists minority-owned firms that are seeking specific project assistance. Our business development specialist will typically join with management for 1-2 months to provide high quality consulting services in a broad range of functional areas. Projects include building financial reporting systems, strategic planning assistance, market analysis, developing operations, managing human resources and locating financing sources. With the business owner, we identify work that is most important to the business' overall growth.

All projects must be well-defined. In order to facilitate this, we complete a project engagement contract prior to starting. Willingness to provide relevant financial information is also essential. The profile of most GMA clients is a firm in existence for at least 3 months and with strong potential for increased sales and job growth.

Our overall goal in GMA is to play a vital role in fulfilling MTAP's mission which is to "increase the internal capacity of minority owned firms to encourage sustainable growth and job creation".

Minority Contractors Technical Assistance Program

SUSTAINABLE GROWTH FOR MINORITY CONSTRUCTION BUSINESSES

Minority Contractors Technical Assistance Program (MCTAP) was created to address the unique issues faced by firms in the construction industry. The construction industry has many financial hurdles which limit the growth of minority owned firms. As with most minority businesses, the lack of access to capital paralyzes and stymies the full potential of minority contracting firms. Without access to credit, minority contractors can not efficiently grow their firms and lack the financial capacity to perform larger jobs or obtain bonding. This results in minority contractors being unable to perform projects efficiently and profitably due to cashflow difficulties.

Central to the success of the MCTAP is providing minority contractors with access to project opportunities. Despite the program's intentions of providing valuable assistance to minority contractors, these efforts are futile without viable marketing opportunities. By developing formal relationships and coordinating our efforts with various state agencies and commercial entities, the program provides a conduit to market opportunities for the minority contracting community.

MCTAP provides intensive consulting support and is complemented by "nuts & bolts" technical assistance. Without access to this business assistance and "nuts & bolts" technical assistance, many minority contractors would face problems in positioning and growing their firms to increased profitability - and possibly even remaining in business. In order to effectively provide full package "nuts & bolts" technical assistance to minority contractors, the program includes both pre-bid and post-bid services.

In addition, the program has adopted a basic format and methodology of standard practices and procedures that are universal for all construction businesses. This includes, but is not limited to the following: basic bookkeeping/accounting and cost management training utilizing "off the shelf" software packages as well as providing limited CPA consulting services; providing scheduling training; and offering classes and training sessions that will teach simple computer skills as well as the creation of spreadsheets which are vital to estimating specific trades.

Administrative Staff

ANDREA L. HARRIS
President

JULIAN D. BROWN
Vice President

FARAD ALI
Vice President for Business Development

NICOLE R. BROOKS
Program Assistant

Business Development Staff – Areas of Expertise

MANAGERIAL & TECHNICAL ASSISTANCE
Wic Ware, Director
BA in English, The University of Virginia
MBA, Kenan-Flagler Business School, University of North Carolina-Chapel Hill
Over ten years of small business and finance services experience

EDUCATION & TRAINING
LaShon A. Harley, Director
JD/MBA, Georgia State University
B EE, Georgia Institute of Technology
Expertise in taxation, law and telecommunications with prior consulting services experience

FINANCE & SMALL BUSINESS ADMINISTRATION
David A. Willis, Director
BA in Accounting, North Carolina State University
Pursuing an MBA, Kenan-Flagler Business School, University of North Carolina-Chapel Hill
Work experience includes general management, corporate banking, real estate finance, entrepreneurship, and military experience

CONSTRUCTION
T. Michael Crum, Director
BS in Management, Virginia Tech
Pursuing an MBA, Virginia Tech
Utilizes work experience to focus on technical assistance for construction companies

Fayetteville Office

COMMENTS from our Associates...

"The Institute's work in minority economic development is of broad value to the state. They recently provided Wachovia Bank with key statistical data that will facilitate development of a new small business product for the North Carolina market."

—WILLIAM C. MANN, Senior Vice President,
Wachovia Bank of North Carolina

"The Institute has an excellent history of creating partnerships with institutions to help improve the economic climate of the low-income and moderate-income areas of the state."

—JAMES L. MEBANE, Senior Vice President, Corporate CRA Officer
First Citizens Bank

"We are moving forward with defined goals and a solid business plan...MTAP gets us much closer to leveling the playing field. This year, working with MTAP, we have put together a three year strategic plan. This has never been done by the company before. With these strategic goals and a solid business plan for 1997, we should do even better than last year."

—WARREN H. ARRINGTON, President
American Safety Products

"MTAP is a much needed resource for companies such as mine. As we all know, the more successful minority companies can become, the bigger economic contribution they will be able to make."

—JULIO CORDOBA, CEO
VALCOR, Inc.

"We knew that IHC could not continue to run daily in such a haphazard fashion.... Now, with MTAP, we have finally charted a course to take us into the twenty-first century!"

—PEACHES BROWN, President
International HealthCare, Inc.

"We realize that MTAP is a mandatory element in achieving the professionalism, growth and future success of [our company] and that is our goal."

—YVONNE ANDERSON, President
Antronix Distribution & Supply, Inc.

"Three members of the MTAP team worked on the agency evaluations and the costs savings to us were at least $25,000."

—KATHY CHAPMAN, President
Assistant Care Providers, Inc.

"MTAP has assisted in putting systems in place to accommodate growth. We will use the business plan created through MTAP in our presentations to banks for financing."

—WALTER B. DAVIS, President
WBD Construction Company

MARK YOUR CALENDARS!

NC MINORITY BUSINESS SUMMIT

Wednesday, April 21,1999
10:00 a.m. – 2:00 p.m.
Sheraton Downtown Raleigh
Raleigh, North Carolina

COME AND LEARN ABOUT THE

Current NC MBE Environment and Challenges

New Initiatives in the State of North Carolina's Historically Underutilized Business Office

Minority Managerial and Technical Assistance Programs

New SBA Pre-Qualification Loan Programs

National MBE Certification Process

Sponsored by the
NC Institute of Minority Economic Development, Inc.

TO REGISTER, PLEASE CALL (919) 831-2467

The Institute
Post Office Box 27806
Raleigh, NC 27611

Mark Your Calendars!

the Institute

Mission: **To reverse the erosion of the asset base within low-wealth populations and underdeveloped neighborhoods through business development, entrepreneurial training and education, and expanded economic development activities.**

Goals: **Build the base of historically underutilized firms with paid employees to at least one-half of all firms and to initiate efforts to build untapped market opportunities among special populations.**

Projects and Initiatives

- ***Business Development*** — **Technical assistance to businesses representative of underdeveloped sectors of the population. Short term and long term assistance provided. SBA Pre-qualification for minorities, women, and veterans. Entrepreneurial training/education.**

- ***Program Development*** — **Build local business capacity through technical assistance and support to local business development initiatives and special opportunities.**

  Charlotte Minority Contractors Resource Center

  Triangle Minority Contractors Resource Center

  Fayetteville Regional Technical Assistance & Support Center

- ***Special Projects*** — **Princeville Heritage Tourism Development Initiative**

  NCCU/Institute Journal

  Black & Hispanic Buying Power Analysis

  MBE Recruitment Initiative

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Cumulative Productivity Summary
&
Fiscal Year 1998/99 Projections

Activity	Cumulative thru 1996/97	Productivity for 1997/98	Projected for 1998/99	Estimated Outcomes thru 1999
Total of MBEs receiving technical assistance	4,140	216	175	4,531
Technical assistance to non-profits	202	4	5	211
Total technical assistance hours	4,861	13,041	10,000	27,902
Workshop / Training Participants	7,731	951	500	9,182
Data and Information Analysis	180	26	10	216
M/WBE Contracts/Sales	$116,180,000*	$17,000,000	$4,000,000	$137,180,000
Construction Jobs Created		23	46	69

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THE EDUCATION AND TRAINING SERIES

The Education and Training Series provides entrepreneurs with the tools needed to create and maintain successful companies. By using these tools, entrepreneurs will be able to stabilize their companies, enhance their companies' infrastructure, create jobs, generate sustainable profits, and participate in the economic development of their communities. Programs in the series help the aspiring to become established entrepreneurs. Programs range from half-day sessions to our premier 5-modules program, Tri-Link. For more information, please contact LaShon Harley at 919/831-2467 or access our web page (www.ncimed.com).

NCIMED, INC.
Business Development Education and Training Series

Art of Bidding

Participants will be given information to help them within the construction industry. Some of the topics to be covered: Tips for reading and understanding drawings and specs, understanding overhead and profit, negotiation, scheduling, marketing, personal development, management techniques, etc.

Business 101

Participants will be given information on professional development and business fundamentals. Some of the topics to be covered: Business Etiquette, Business Presentation, General Business Finances, etc.

Cash Management

Participants will be given information about the importance of managing the company's cash flow by developing and utilizing financial systems.

Church Law

Participants working within the faith base community will be given information about the legal issues affecting them regarding community development. Seminar will be conducted by licensed NC attorneys.

E-Commerce

Participants will be given information on how electronic commerce (e-commerce) has the potential to significantly change the way business is conducted. Questions to be addressed include What is e-commerce and Internet marketing? How does your company view e-commerce? What questions do you have? How to proceed?

Legal Issues for Small Business

Participants will be given information on the variety of legal issues affecting businesses, especially small businesses. Topics include incorporation laws, tax laws, employee withholdings, etc. Seminars will be conducted by licensed NC attorneys.

Presentation

Participants will be given information on the importance of professional presentations, how presentation affects the company's image, and how presentations can affect the bottom line.

Show Me the Money

Participants will learn how to interpret financial statements (Balance Sheet, Income Statements, and Cash Flow Statement as well as key Financial Ratios) and effectively use this information to manage growth and development of the business.

Strategic Planning

Participants will be introduced to the importance of strategic planning and the essential steps involved in developing and implementing a strategic plan. Participants will also learn the difference between strategic planning and other forms of business planning.

Wealth/Equity Building

Participants will address the problems of access to capital that most business owners confront. Participants will be given tips on how to build equity in the business and discuss the definition of wealth. Participants will learn how the net income from the business impacts wealth, how to better understand the value of fixed assets and real estate, and the relationship between debt and equity.

Tri-Link™: *Linking Management, Markets, and Money*

Participants will participate in five modules (20 - 26 weeks) designed primarily for new and aspiring businesses. Through workshops, participants will gain an understanding of management, markets, and money (The "3-M's") as well as how they are linked together. Some of the topics to be covered: the profile of a successful business owner, the essential elements of a good business plan, loan packaging, planning (budgeting, marketing, project, and strategic), technology (benefits and training), etc. Participants completing the five modules will be awarded a certificate at a graduation ceremony.

MCTAP

MINORITY CONTRACTORS TECHNICAL ASSISTANCE PROGRAM

SUSTAINABLE GROWTH FOR MINORITY CONSTRUCTION BUSINESSES

The Minority Contractors Technical Assistance Program (MCTAP) was created to address the unique issues faced by minority businesses in the construction industry. While North Carolina's construction industry continues to experience record growth, many minority contractors are not sufficiently positioned to exploit these opportunities. Without access to managerial and technical assistance and training, many minority contractors can not effectively grow their firms by increasing their operating capacity to perform larger jobs or obtain bonding. Too often this results in minority contractors being unable to perform projects efficiently and profitably – and possibly even remaining in business.

In order to effectively provide turn-key assistance to minority contractors, the program includes both pre-bid and post-bid services. This wide array of services ranges from intensive services (e.g. loan packaging assistance, conducting and implementing a process review and improvement study) to discrete services (e.g. access to a staffed blueprint room, computer training in spreadsheet estimation programs). In addition, the MCTAP has partnered with various organizations throughout the state to expand its offering of management and technical training for minority contractors.

Central to the success of the MCTAP is providing minority contractors with access to project opportunities. Despite the program's intentions of providing valuable assistance to minority contractors, these efforts are futile without viable marketing opportunities. By developing formal relationships and coordinating efforts with various state agencies and commercial entities, the program provides a conduit to market opportunities for the minority contracting community.

For more information please contact:
Michael Crum,
Director, MCTAP
P. O. Box 27806
Raleigh, NC 27611
Telephone: 919-835-6043 telephone
Fax: 919-831-2988
Email: mctap_ncimed@hotmail.com

N C Institute of Minority Economic Development, Inc.

BUSINESS DEVELOPMENT TEAM

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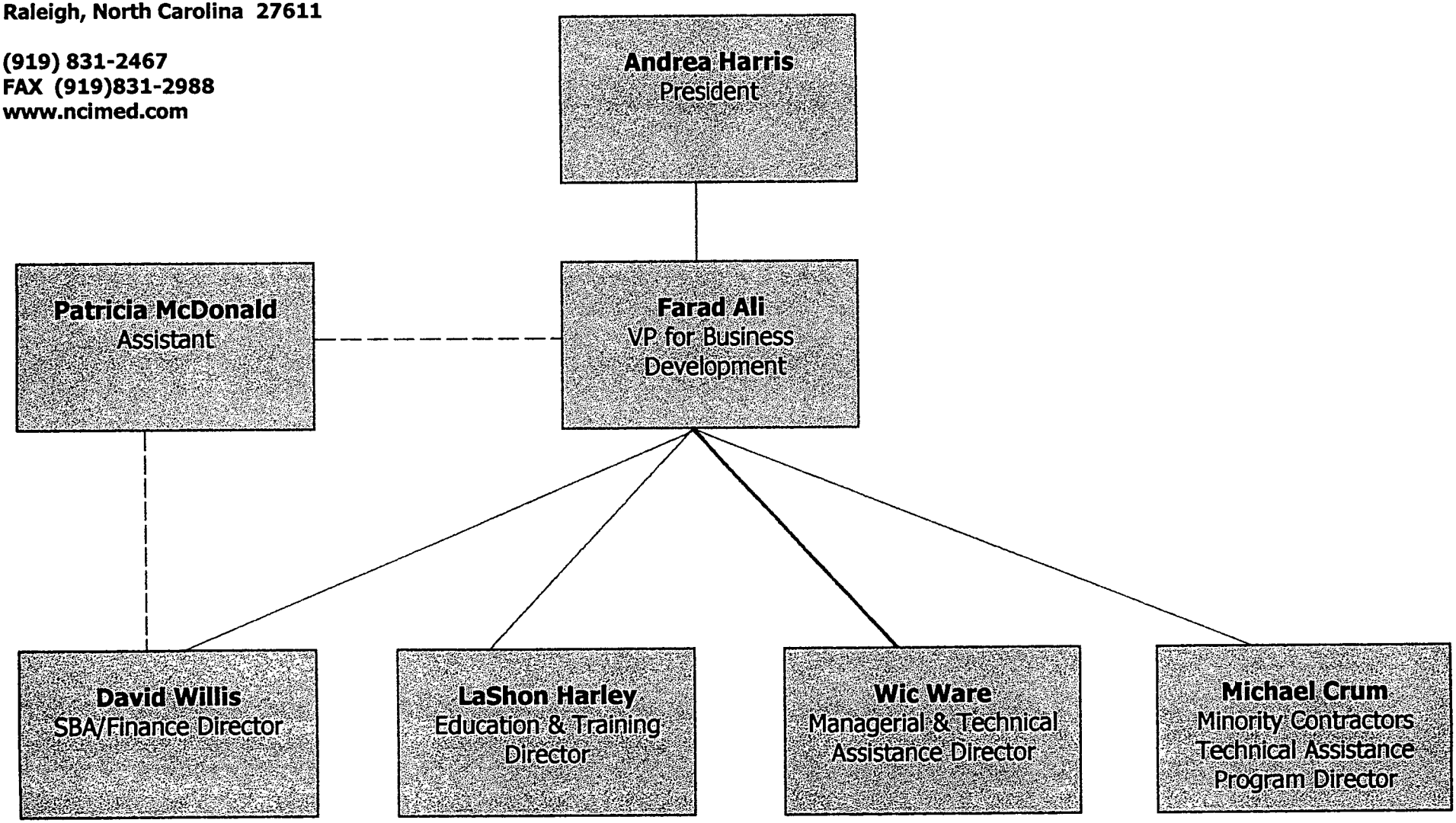


N.C. State Budget, 1999-2001: Summary of Recommendations
General Fund - Recommended Expansion and Adjustments - Continued

Department of Commerce

Recommended Expansion:

		1999-00	2000-01
1. **Minority Economic Development Programs**			
This recommendation continues funding levels established in the 1998-99 budget on a recurring basis for the following programs:			
Land Loss Prevention Project	($ 350,000)		
NC Coalition of Farm and Rural Families	($ 250,000)		
NC Institute of Minority Economic Development	($1,000,000)		
Minority Support Center	($ 375,000)		
NC Association of Community Development Corps.	($ 275,000)	$ 2,250,000	$ 2,250,000
Total Change for the Department of Commerce		$ 2,250,000	$ 2,250,000
Total Number of Positions		-	-

NORTH CAROLINA MINORITY SUPPORT CENTER
Serving the State's Community Development Credit Unions (CDCUs)

The Support Center is the nation's only statewide intermediary devoted to community development credit unions (CDCUs), offering technical assistance, training, and financial assistance to a growing industry. Access to intermediary services has proven to be a catalyst for North Carolina's CDCUs, which provide fair and affordable small business, mortgage, rehab and personal loans to stimulate economic development in underserved communities. The Support Center's 14 affiliated credit unions serve 23,000 people in 37 counties in the state.

Programs:

- **Technical Assistance.** Staff provide on-site technical assistance to 14 CDCUs and their boards, and facilitate quarterly small-group seminars on topics such as lending policies, underwriting, and implementing new services. Staff also assist in identifying qualified personnel for credit union recruitment.

- **Capacity Grants Program.** The Support Center also offers competitive capacity grants, designed to bolster a credit union's ability to hire new staff, offer new or improved services, or expand or upgrade computer and software systems. These funds are also available to start-up CDCUs.

- **Capital Support Loan Fund.** This revolving fund provides a major source of capital, ensuring CDCUs have sufficient funds to meet the credit needs of their members. To qualify for these funds, CDCUs must demonstrate financial need and meet strict financial standards and performance goals.

Accomplishments:

In partnership with North Carolina's CDCUs, since 1991 the Support Center has helped to:

- Save four CDCUs from liquidation and nurture them back to health.
- Doubled assets to $47 million and loan activity to $36 million.
- Cut delinquency rates in half to 6.7%.
- More than double small business lending through state-funded economic development deposits, resulting in the creation or retention of 1300 jobs.
- Successfully charter three new CDCUs in five years.
- Raise over $4 million in direct new, private support from banks and foundations.
- Leverage over $6 million in non-member and corporate member deposits for CDCUs.

Current Supporters:

General and Program Grants

Anonymous Foundation
Mary Reynolds Babcock Found.
Fannie Mae Foundation
Ford Foundation
Grant Foundation
NC Community Shares
Public Welfare Foundation
State of North Carolina
Stoneman Foundation
D. Michael Warner Found.

Capital Support Loan Fund

Bryan Family Fund*
First Citizens Bank**
First Union Corp.**
Ford Foundation**
NationsBank **
State of North Carolina*
Z. Smith Reynolds Foundation*

*Grant
**Loan or PRI

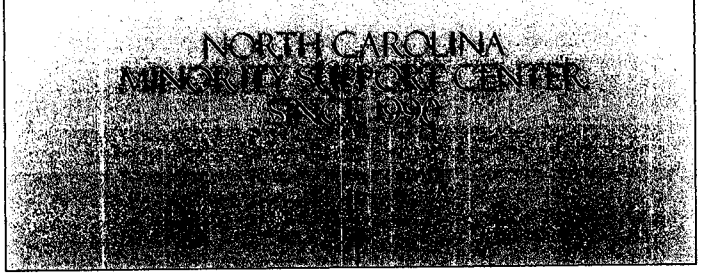
Leveraged Support for CDCUs

Mary Reynolds Babcock Found*
CDFI Fund
Fannie Mae
Triangle Community Foundation
Wachovia Bank

*Regional support through SRDI

The Story

FROM HUMBLE ORIGINS IN SCHOOLHOUSES, CHURCHES AND HOMES, NC COMMUNITY DEVELOPMENT CREDIT UNIONS HAVE GROWN INTO POWERFUL FORCES FOR ECONOMIC DEVELOPMENT IN 37 COUNTIES THROUGHOUT THE STATE. THE SUPPORT CENTER AND NC'S COMMUNITY CREDIT UNIONS ARE WORKING TO PROMOTE THRIFT, CREDIT AVAILABILITY, COMMUNITY WEALTH, AND SERVE AS SYMBOLS OF COMMUNITY PRIDE AND SELF-SUFFICIENCY.



NCMSC COMMUNITY DEVELOPMENT CREDIT UNION AFFILIATES

Caswell Credit Union
PO Box 186
Yanceyville, NC 27379
(336) 694-1544

Manager: Gladys Blackmon

Counties Served: *Caswell*

Chatham-Lee Credit Union
Box 321
Pittsboro, NC 27312
(919) 521-2106

Manager: James Leach

Counties Served: *Chatham and Lee*

Chowan Credit Union
PO Box 627
Edenton, NC 27932
(252) 482-3126

Manager: Tracey Bowser

Counties Served: *Chowan, Pasquotank, and Gates Counties*

College Heights Credit Union
1503 Murchison Road
Fayetteville, NC 28301
(910) 488-7634

Manager: Erwin Scales

Counties Served: *Cumberland*

Compact Credit Union
521 Crocker Road
Kings Mountain, NC 28086
(704) 739-6671

Manager: Albert Perkins

Counties Served: *Cleveland*

Gateway Community Development Credit Union
PO Box 755
Henderson, 27536
(252) 492-5854

Manager: Robert Lunceford

Counties Served: *Vance, Franklin, Person, and Warren*

Metropolitan Community Credit Union
327 N. Market Street
Washington, NC
(252) 946-1668

Manager: Harry Moore

Counties Served: *Pamlico, Beaufort, and Hyde*

Perquimans Credit Union
PO Box 102
Hertford, NC 27944
(252) 426-5131

Manager: Georgia Bowser

Counties Served: *Perquimans*

Rowan-Iredell Area Credit Union
PO Box 456
Salisbury, NC 28144
(704) 637-6528

Manager: Sarah Lightner

Counties Served: *Alexander, Cabarrus, Catawba, Davie, Iredell, and Rowan*

St. Luke Credit Union
PO Box 548
Windsor, NC 27983
(252) 794-3242

Manager: Leon Johnson

Counties Served: *Bertie and Martin*

School Workers Federal Credit Union
PO Box 16285
Charlotte, NC 2897
(704) 375-5781

Manager: Saundra Chapman

Counties Served: *Mecklenburg*

Self-Help Credit Union
301 W. Main Street
Durham, NC 27701
(919) 956-4400

Manager: Thad Moore

Counties Served: Statewide

South East Community Credit Union
3301 Market Street
Wilmington, NC 28402
(910) 763-6070

Manager: Theresa Williams

Counties Served: *New Hanover, Brunswick, Pender, and Columbus*

Tri-County Credit Union
PO Box 754
Ahoskie, NC 27910
(252) 332-4413

Manager: Marcus Simmons

Counties Served: *Hertford, Gates, Northampton, and Bertie*

Victory-Masonic Mutual Credit Union
PO Box 232
Winston-Salem, 27102
(336) 724-9081

Manager: Carl Jones

Counties Served: *Forsyth and parts of Surry, Stokes, Guilford, Alamance, and Yadkin*

From humble origins

in schoolhouses, churches, and homes,

NC's community development credit unions

have grown into powerful forces

for economic development

in some of the state's poorest communities.

They promote thrift, provide credit,

develop community wealth,

and serve as symbols of community pride

and self-sufficiency.

BUILDING Community Wealth

Letter from the Support Center	2
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North Carolina's CDCUs	4
The NC General Assembly	6
The Support Center	7
Credit Union Profiles	9

July, 1996

Dear Friend,

This year marks the 78th anniversary since the founding of North Carolina's first community development credit union (CDCU). Since 1918, ordinary people in some of the state's poorest areas have been doing extraordinary work. Starting with next to nothing, they have built full-fledged financial institutions worth more than $38 million.

This report tells the story of these CDCUs. You'll find tales of farmers borrowing funds to seed their crops; families taking out loans to buy houses and send their kids to college; hard working people saving their pennies for an uncertain future. You'll read about Providence Baptist Church, which a credit union helped rebuild after a devastating fire. You'll read about Sam Newsome, who, with a credit union's help, has provided dozens of young people their first jobs.

Success stories like these run through these pages. But building a financial institution in a low-wealth community is a daunting task, and CDCUs have had their share of difficulties. You will read about those too.

You'll read about a great coming together of CDCUs in the past several years. In 1990, they took the step of forming the North Carolina Minority Support Center. Today, this organization provides technical assistance to credit unions, helps them raise capital, offers temporary operating support, and works with groups across the state seeking to form new community-based financial institutions.

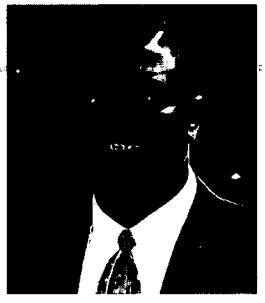
Finally, you'll also read about a unique and demonstrably successful public/private partnership between the state government and the statewide network of CDCUs.

We are inspired by the dedication of people across the state who have made CDCUs what they are today. As we approach the next century, we invite you to hear the remarkable account of the CDCUs' work so far and their plans for the future.

The Support Center would like to express its gratitude to The Ford Foundation and the Stevenson Credit Union Assistance Program for providing the funding to produce this report and to Bryan Hassel for gathering this information and telling the credit unions' stories.

Linwood Cox
Executive Director
NC Minority Support Center

Saundra Chapman
President, Board of Directors
NC Minority Support Center



INTRODUCTION

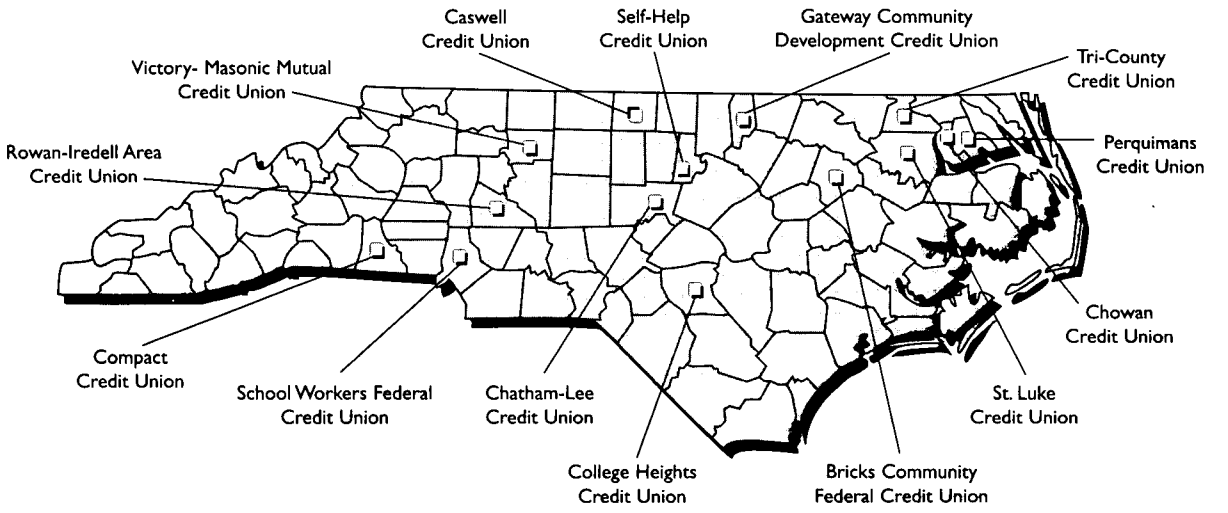
WHAT IS A CDCU?

Credit unions are not-for-profit financial institutions owned and controlled by people with a common bond, such as employment, membership in an organization, or residence in the same geographic area. Members pool their savings to provide loans to one another. The interest on the loans in part goes to pay operating expenses and build up reserves. Members receive the rest as dividends. Since there are no outside investors expecting a profit, credit unions usually offer lower loan rates and higher savings yields than for-profit financial institutions. Like deposits at banks, credit union shares are insured up to $100,000 by the federal government.

Community development credit unions (CDCUs) serve predominantly low-income, low-wealth communities. The U.S. has more than 300 CDCUs which can be found in almost every state. North Carolina alone has 15. CDCUs serve four vital functions:

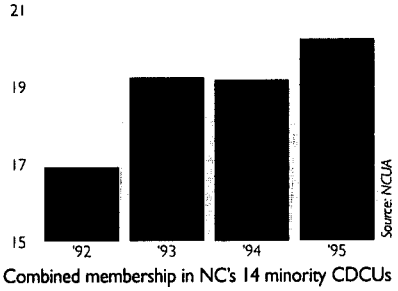
- **Credit**
  In North Carolina, banks are more than twice as likely to reject African-Americans for home loans than to reject whites. Blacks experience difficulty receiving other kinds of loans as well. In many communities, the only alternative is finance companies, which can charge interest rates as high as 30%. CDCUs fill this credit gap. At the end of 1995, the North Carolina network of CDCUs had $26 million in loans on the books.
- **Economic Development**
  Small enterprises create wealth for their owners, provide jobs and income for others, and expand the tax base. Since the General Assembly appropriated funds in 1988 and 1991 to help CDCUs make business loans, the credit unions have provided close to $3.1 million in capital through 163 business loans statewide, creating or stabilizing 711 jobs (see page 6 for more information).
- **Thrift**
  Without savings, low-income families have trouble becoming home-owners, paying for college, starting a business, or weathering hard-times. By providing a variety of accounts with attractive interest rates, and by requiring members to save before they borrow, CDCUs help members learn to be thrifty. At the end of 1995, credit union members had over $31 million saved at their institutions.
- **Pride and Self-sufficiency**
  North Carolina's CDCUs are among the oldest and most cherished institutions in some of the state's African-American communities. The psychological benefits that grow out of the historical legacy, collective ownership, and community self-help are as important as the savings generated and the investments produced.

NORTH CAROLINA'S CDCUs



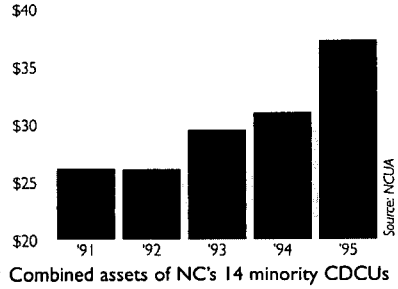
NORTH CAROLINA'S CDCUs

ADDING NEW MEMBERS *in thousands*



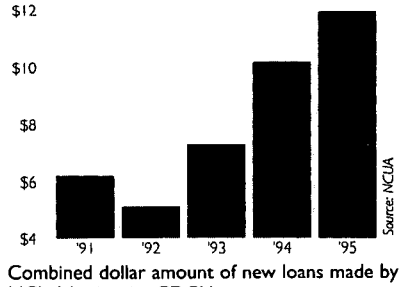
Combined membership in NC's 14 minority CDCUs

BUILDING ASSETS *in millions*



Combined assets of NC's 14 minority CDCUs

MAKING MORE LOANS *in millions*



Combined dollar amount of new loans made by NC's 14 minority CDCUs

ORIGINS

Beginning in 1918, something remarkable happened in North Carolina. In the midst of deep economic troubles, African-Americans came together to pool their meager resources. They formed credit unions, community-owned financial institutions where they could save and borrow money.

Today, North Carolina is home to 14 minority community-based credit unions, more than any other state. Together, these institutions have nearly 21,000 members and manage over $38 million in assets. Since their beginnings, they have provided on the order of $160 million in loans, almost all of it to low-income people.

The founders were schoolteachers and principals in segregated schools. They preached in pulpits on Sundays, taught in local colleges, tended farms, and operated and worked in the businesses that formed the economic bedrock of African-American communities. But when they needed loans to buy a home or to send a child to college, they had no place to turn. They lived, after all, in "Jim Crow" North Carolina.

In 1918, only three years after North Carolina passed its first credit union law, Thomas Patterson and a group of fellow black farmers formed North Carolina's first minority community-based credit union in Rowan County. Unfortunately, that credit union no longer exists, but its cooperative spirit continues in the Rowan-Iredell Area Credit Union and others.

Eighteen years later, in 1936, I.C. Rogers, a teacher of agriculture at Phillips High School in the Bricks Community, spearheaded the founding of Bricks Community Federal Credit Union, the second oldest surviving CDCU in the country.

Finally, there were places where residents of poor communities could save their hard-earned money, borrow funds, and be a part of an institution owned and controlled by themselves and their neighbors. Soon, credit unions were springing up in other parts of the state.

By 1948, North Carolina had almost as many credit unions among rural blacks as all other states combined. The North Carolina Department of Agriculture *Biennial Paper: 1944-48* reported that blacks "have built homes, bought farms, purebred livestock, cattle, sheep, and hogs. They have come a long way, raising themselves from submarginal status to a decent standard of living."

The new institutions grew slowly but steadily. At first, they operated out of members' homes, school buildings, and local businesses. Their small staffs – mostly volunteer members – collected savings, reviewed requests for loans, and spread the word in their communities about a new kind of financial institution.

HARD TIMES

By 1970, North Carolina boasted 25 minority community-based credit unions, more than any other state in the country. But changing times over the next two decades brought new challenges. The turbulent economy squeezed members' pocketbooks, and credit unions felt the pinch. To make matters worse, credit unions operated in the shadow of the nation's savings and loans, which were failing in scores in the 1980s. To stave off a similar debacle, credit union regulators tightened their reins.

CDCUs found themselves especially vulnerable to these forces – their members were exactly the sort of low-wealth working people most affected by hard times and, like their members, the CDCUs had little cushion to buffer the shocks they experienced. Over a four-year span in the late 1980s, regulators shut down four CDCUs in North Carolina. To avoid a similar fate, several merged with other institutions. By the decade's end, North Carolina had only 13 minority community development credit unions.

Though CDCUs were disappearing, the needs they addressed were not. The 1990 Census revealed that North Carolina's African-Americans earned, on average, just over half what

whites earned (54%). More than a quarter of blacks (27%) lived below the poverty line, compared to 8.7% for whites.

African-Americans also faced continuing difficulties gaining access to credit in North Carolina. NC lenders turned down African-Americans for home loans at more than twice the rate they rejected whites. Just half of African-American families had achieved home ownership, a status enjoyed by three-fourths of white households.

... AND REVIVAL

In light of this compelling situation, CDCUs began to meet and discuss ways to prevent further contractions in their vital industry. They enlisted the help of others including the NC Rural Center, the NC Institute for Minority Economic Development, the National Federation of Community Development Credit Unions, and the Center for Community Self-Help. Their joint efforts led to a series of events that have revived the state's community development credit union network:

- **The Support Center**
  In 1990, CDCUs launched the Support Center, an organization dedicated to helping the credit unions build capacity and amass capital.
- **NC General Assembly Appropriations**
  In 1988 and 1991 the General Assembly appropriated $1.9 million combined to stimulate economic development lending by CDCUs. In addition, the General Assembly has provided operating funds for the Support Center since 1992.

Taken together, these developments set in motion a period of astounding growth for CDCUs. Since 1991, assets have grown almost $10.5 million, an increase of 39%. Membership has risen almost 20% in the last three years. North Carolina is home to both the largest CDCU and the fifth largest CDCU in the U.S.

This growth has helped credit unions make more credit available in their communities; in the last two years alone, CDCUs have issued more than $22 million in new loans, mostly to low-wealth North Carolinians. The network of CDCUs' loan-to-share ratio, which tells the percentage of member shares on loan, exceeds 90%. This figure compares to a national industry average of 73%.

These loans produce real economic benefits. The state appropriations alone have made possible 163 loans to small businesses, pumping almost $3.1 million into local economies and creating or saving 711 jobs.

CDCUs are also better managed than ever before. Statewide, the delinquency rate has been cut by more than half, down from 8.9% in 1991 to 3.7% by 1995. Since 1990, not a single CDCU has been shut down in North Carolina. Four came close, but concerted efforts by the Support Center, the credit unions, and their partners have kept the institutions open.

In addition, the network is growing again. In 1993, Gateway Community Development Credit Union received a charter, the first issued to a CDCU in North Carolina in ten years. Two others will open their doors in 1996.

THE FUTURE

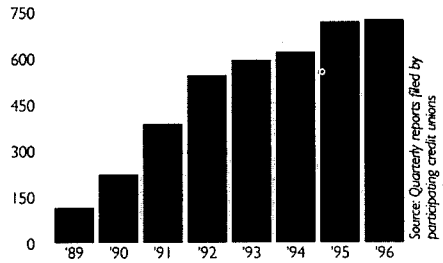
CDCUs have ambitious goals to attain by the year 2000 – raising average size to $5 million in assets; expanding economic development lending; reducing average delinquency rates to below 3%; and achieving financial self-sufficiency. There are also plans to charter as many as five new institutions. The first two of these will open in 1996. With a strong foundation to build upon, the future looks bright. But challenges remain:

- **Liquidity**
  Many of the institutions have lent out nearly all of their assets, leaving them no room to expand their impact. In the long-run, credit unions can overcome this problem by increasing membership. In the short-run, they need deposits from other institutions in order to satisfy loan demand.
- **Operational Support**
  Small credit unions face a Catch-22: they need staff to increase their scale, but they need scale in order to afford staff. To reach a new level of impact, then, CDCUs need short-term operating assistance until the new staff can pay for itself.
- **Technical Assistance**
  Many credit unions still need to improve systems, upgrade technology, and hire experienced management. They can benefit from ongoing assistance as they grow.

North Carolina's CDCUs have come a long way. From savings clubs in schoolhouses and churches, they have grown into a multi-million dollar network of financial institutions dedicated to building wealth in poor communities.

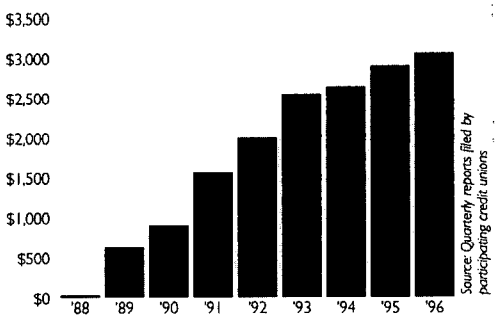
(l) Ms. Sarah Lightner, manager, Rowan-Iredell Area Credit Union
(r) Ms. Karen Jones, manager, College Heights Credit Union, accepts an award honoring her as "Black Businesswoman of the Year" by the Fayetteville Chamber of Commerce.

CREATING JOBS STATEWIDE



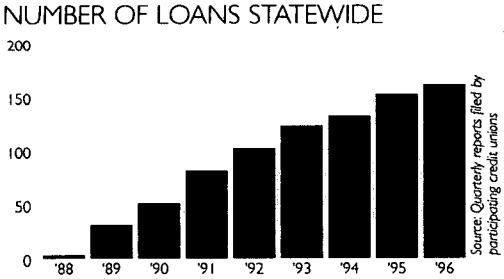
Cumulative jobs created or maintained by participating CDCUs using the Support Center Economic Development Accounts funded by the General Assembly

MAKING LOANS STATEWIDE *in thousands*



Cumulative dollar amount of small business loans made by participating CDCUs using the Support Center Economic Development Accounts funded by the General Assembly

NUMBER OF LOANS STATEWIDE



Cumulative number of loans made by participating CDCUs using the Support Center Economic Development Accounts funded by the General Assembly

BANKING ON CDCUs

In 1988, the NC General Assembly took an historic step by appropriating a total of $1 million to provide loan capital for the state's minority CDCUs. The General Assembly budgeted an additional $900,000 of loan capital in 1991. The funds were appropriated to the Rural Economic Development Center to place on deposit with the CDCUs. In 1995, the Rural Center assigned these funds to the Support Center. The General Assembly has also provided operating funds for the Support Center since 1992, an organization which helps CDCUs build capacity and raise capital.

The appropriations of loan capital work in this way: Each participating credit union has a special savings account named the Support Center Economic Development Account. This account serves as security for business or home loans to members. Without that security, regulations would prevent the credit union from making the loans. As members repay their debts, the funds become available for new borrowers. Therefore, these funds will circulate several times, magnifying the state's investment. Interest earned on the Support Center Economic Development Account helps the credit union make more loans as well as pay the credit union's costs of providing technical assistance to the small enterprises that receive them.

This public investment has proven to be an unqualified success. Since 1989, the CDCUs have made 163 loans to small businesses, most of which are minority-owned, totalling over $3.1 million. In some of the state's poorest communities 711 jobs have been created or saved.

Every month these numbers grow as new loans are made and new jobs are created. Yet, the pace of new loan activity and job creation has diminished since the early 1990s because these funds are fully lent out. With additional loan capital, the state's network of CDCUs could generate an even greater economic development impact.

THE SUPPORT CENTER

At the end of the 1980s, in the wake of the savings and loan bailout, regulators began applying more stringent requirements on the CDCUs, pushing some to the brink of liquidation. In response to this crisis confronting the network, the credit unions formed the NC Minority Support Center (the Support Center) in 1990.

The only state-level organization of its kind in the country, the Support Center provides ongoing technical assistance and capital support to CDCUs throughout North Carolina. Generous support from the North Carolina General Assembly, the Z. Smith Reynolds Foundation, the Stoneman Foundation, The Ford Foundation, the Stevenson Credit Union Assistance Program, and the National Federation of Community Development Credit Unions has helped build the Support Center into a nationally recognized resource. The Support Center hired its first staff in 1991.

TRIAL BY FIRE

When the Support Center opened in 1990, several CDCUs faced the threat of closure and were prevented by regulators from making loans. To stay open, these institutions required intensive assistance from the Support Center in revamping their operations.

In some cases, Support Center staff served as acting managers of the struggling credit unions, stabilizing the institutions while they searched for permanent management. In other instances, the Support Center worked behind the scenes, providing assistance to the credit unions' managers and board members.

Whatever the nature of its involvement, the Support Center made a difference – its staff helped CDCUs write business plans, correct bookkeeping problems, prepare for audits by regulators, and rewrite policies. They backed up credit unions in their negotiations with the regulators, hastening the reinstatement of their ability to lend money; they brought in outside assistance where necessary, making use of the full range of resources available in the state; and they helped seven credit unions that needed to find new management do so.

The Support Center's work at College Heights Credit Union serves as a case in point. The National Credit Union Administration (NCUA) placed College Heights in conservatorship in 1991, taking over the institution in anticipation of liquidation or merger. To prevent either outcome, the Support Center helped form a coalition that included the North Carolina Credit Union League (the state's association of credit unions), the NCUA, and four credit unions. More than 20 staff from these organizations provided countless hours of assistance.

The coalition's hard work paid off. In July of 1994, NCUA removed College Heights from conservatorship status, the first time it had ever done so without a merger or a liquidation.

PROVIDING SUPPORT

Though none of the credit unions faced with liquidation in 1990 have closed since the Support Center's founding, the organization's work is far from done. The threat of closure has receded, but many CDCUs in North Carolina still need technical assistance to survive and prosper in the coming years. Even the healthiest credit unions can benefit from support as they move to more complex systems and services. The Support Center provides assistance to credit unions through three channels:

- **Capacity Building**

  Through its Triangle-based central staff and its traveling field representatives, the Support Center provides assistance designed to enhance the capacities of credit unions. In part, this help comes in the form of quarterly seminars on topics of interest, such as collections and marketing, to credit union managers and board members. But the bulk of the Support Center's assistance is one-on-one capacity-building tailored to the needs of individual institutions. For example, the Support Center helps credit unions computerize their operations, upgrade their loan processing software, rewrite policies, prepare marketing materials, and recruit managers.

- **Capital Support**

  The Support Center also helps credit unions obtain the capital they need to expand their lending. Most credit unions are eligible to receive deposits from non-members because of the lack of wealth within their service areas. To date, the Support Center has helped credit unions attract over $7 million in non-member deposits from banks, credit unions, and nonprofit organizations. In addition, the Support Center manages a $2 million loan fund that invests in the credit unions.

- **Capacity Grants**

  The Support Center also makes short-term operating support grants to credit unions. These temporary grants are awarded to applicants who successfully demonstrate need, performance, and potential. The grants are used generally to pay, for one or two years, part of the salary of an additional staff person who can help the credit union stimulate new deposits and loans. Eventually, the earnings from this new activity will allow the CDCU to pay the staff person's salary without the help of a capacity grant.

THE FUTURE

In the coming years, the Support Center priorities are:

- Continuing to provide direct assistance to credit unions
- Establishing a $5 million capital pool to help credit unions meet loan demand
- Continuing to offer temporary operating support to credit unions
- Expanding the number of CDCUs in North Carolina

By expanding the network, raising needed capital, and providing timely assistance, the Support Center plans to extend its five-year record of supporting CDCUs and develop the network's role in promoting community-based economic development across North Carolina.

PROFILE

The Support Center's executive director, Linwood Cox, graduated from NC A&T University and joined North Carolina's Self-Help Credit Union, now the nation's largest CDCU, in 1986. As the first employee other than the founders, Linwood did everything from computerizing operations and performing accounting functions to following up on late-paying loans. From there Mr. Cox went to Washington where he supervised the collections department of District Government Federal Credit Union. Under his leadership, delinquent loans fell to an all-time low and recoveries from unpaid loans rose to an all-time high. But his heart remained in North Carolina. In 1991, he returned as executive director of the Support Center. In this leadership position he does his share of fundraising and working with state and federal officials. And he still rolls up his sleeves to help credit unions with what they need most – countless hours helping solve problems, large and small.

The Support Center staff, left to right, Kaye Simmonds, Betty Matthiessen, Velma Jones, Linwood Cox, and Joshua Stein

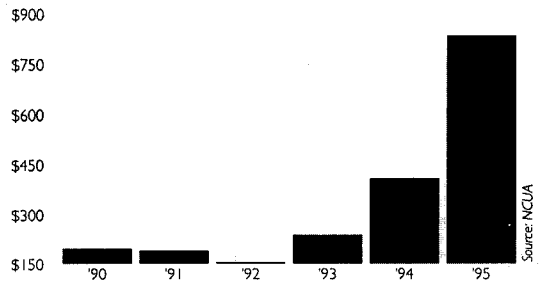
BRICKS COMMUNITY FEDERAL CREDIT UNION

At a Glance

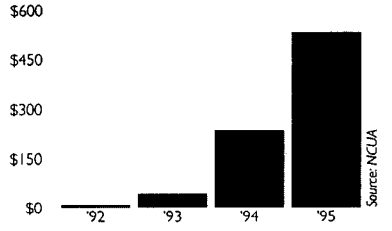
MEMBERS 423 **LOANS $617,937** **ASSETS $809,843**

Bricks serves an area where one in five people – and one in three African-Americans – lives in poverty. In Halifax, Edgecombe and Nash counties, blacks earn just 59 cents to every dollar earned by whites. And African-American families lack access to capital – less than half own their own homes, compared to nearly 70% of families statewide.

REVERSING A DECLINE IN ASSETS *in thousands*



A SURGE OF NEW LOANS *in thousands*



HISTORY

Franklinton Center in Enfield has long served as a focal point for the African-American community's economic development. In 1895, Josephine Brick of New York began the legacy, building a school there for African-American children. Later, the site housed Bricks College, a junior college, and in 1936, after the college closed, Franklinton Center became the home of the newly chartered Bricks Community Federal Credit Union.

Bricks was the brainchild of I. C. Rogers, an agriculture teacher at the nearby Phillips High School. Anyone living within 15 miles of the Bricks School building could join. Now Bricks can count 423 members, sharing $810,000 in assets. No federally chartered credit union in North Carolina has been in business longer, and only one CDCU in the country is older.

When it first opened its doors, Bricks made most of its loans to farmers. Their needs were modest: small loans to buy seed or animals, repair equipment, or fix up their houses. But even these small purchases required capital, and African-American farmers were hard-pressed to find banks who would lend money to them. Into this gap stepped Bricks.

For a time, the institution operated out of a member's business in the town of Enfield, about six miles from Bricks. Now it is back in its original home, the Franklinton Center, where it shares space and other resources with fellow community organizations.

In 1995, Bricks lost its manager. Bricks is located in a rural part of the state where recruiting capable professional staff takes time. The Support Center stepped in to help with Bricks' Board of Director's search and with the credit union's daily operations, keeping the credit union running even in the absence of permanent management. Recently, a qualified new manager was hired.

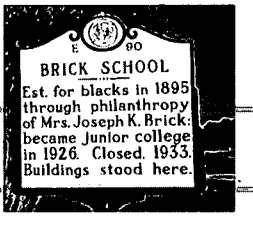
ACCOMPLISHMENTS

Lately, Bricks has had a lot to celebrate: the 100th anniversary of the building of Mrs. Brick's school in 1995 and the 60th anniversary of its founding in 1996. With loans amounting to more than $615,000, Bricks has certainly lived up to its tradition.

In addition, Bricks has begun making loans to small businesses. While still a small part of the credit union's portfolio, loans to four businesses have totaled $8,157, providing employment for four people. Two farmers, an auto repair shop, and a grocery store have benefited from this financing.

THE FUTURE

To grow, Bricks needs to reach out beyond the fifteen-mile radius it now serves and attract new members. Pushing out the boundary and marketing the credit union are top priorities in the coming years. North Carolina's oldest CDCU intends to grow and remain a catalyst for community development.



PROFILE

Managing your own business is more than a full-time job. But somehow, for some 30 years, Juanita Clark not only ran a family business with her husband but also managed Bricks Federal Credit Union at the same time. Bricks' offices were next door to the Clarks' garage and used car shop which made things easier. But Ms. Clark remembers running back and forth between the two. She felt obliged to be available "for the convenience of the members." Ms. Clark points to "a few faithful members," who worked full-time jobs in addition to keeping the credit union going, as the key to Bricks' existence over the past six decades. The story of NC's CDCUs is largely a story of dozens of faithful members like Ms. Clark, who made these institutions what they are today.

(l) Bricks Community Federal Credit Union offices in Enfield
(r) The historic marker at the Franklinton Center

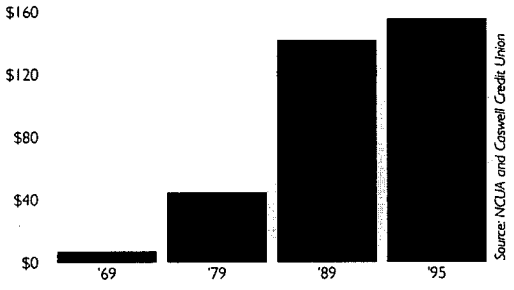
CASWELL CREDIT UNION

At a Glance

MEMBERS 127 LOANS $66,991 ASSETS $157,335

Caswell serves Caswell County, where almost one out every four African-American people is living in poverty. The average worker in Caswell County earns $13,056 a year, compared with a state average of $21,353.

GROWING ASSETS OVER TIME *in thousands*



HISTORY

Caswell Credit Union started with 25 members, most of them farmers in Caswell County, near the Virginia border. One of North Carolina's first community development credit unions, Caswell received its charter in February, 1939.

N.L. Dillard, the principal of Caswell County School, served as the credit union's first secretary/treasurer. He ran the credit union out of a rent-free office in the school, earning nothing for his labors. Mr. Dillard remained with the credit union until his death in 1967. Caswell grew slowly in its first 30 years. Most of its loans were small, with members borrowing $25 or $50 at a time. Two years later, the institution's assets stood at $8,400. That year was the first in which the credit union paid dividends on shares.

In 1971 Caswell hired its first paid staff-person. By 1979, its assets had grown to $45,200. As the 1980s dawned, Caswell faced stiff competition from employer-based credit unions and other financial institutions. Though Caswell struggled in this period, it continued to grow, watching its assets increase to $144,000 by the decade's end.

Today, Helen Little manages the credit union out of her service station, working with a used computer donated to the credit union in 1995. The last credit union to operate manually, the Support Center computerized its operations in 1996.

ACCOMPLISHMENTS

Since its inception, Caswell has served over 400 members, 127 of whom continue as members today. The credit union has provided nearly $1 million in loans over the years.

One factor in Caswell's survival has been its extraordinarily low rate of loan losses. Since 1969, the credit union has only charged off two loans, totaling less than $700.

Caswell now controls $157,000 in assets. True to its history, Ms. Little says just one of the credit union's $67,000 portfolio of loans is in trouble.

THE FUTURE

The leadership of Caswell Credit Union has decided that it is time to expand its membership, asset size, productivity, and impact. To that end, it has begun working more closely with the Support Center, which is helping it prepare marketing materials. Caswell also intends to move into new offices. As reflected by the turnout of over 250 people at the credit union's most recent annual meeting, Caswell's future is bright.

Ms. Helen Little, manager, Caswell Credit Union in Yanceyville

PROFILE

Helen Little personifies Caswell Credit Union. She became a member in 1964, and soon she was helping Mr. Dillard with the bookkeeping. When Mr. Dillard passed away in 1967 she took over Caswell's management. She's still in charge today. Ms. Little is reluctant to take credit for Caswell's remarkably low rate of loan losses, but she can't fool too many people. She knows just about every borrower personally. About a third of them, she guesses, are regular customers of her store, where the credit union is based. Others she knows through church or civic organizations or through her years as a member of the town council, the board of the county department of social services, and the state highway commission. These personal relationships, Ms. Little says, have helped Caswell thrive. She's committed to retaining that personal touch that has served Caswell so well.

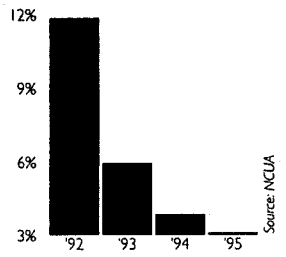
CHATHAM-LEE CREDIT UNION

At a Glance

MEMBERS 1,240 LOANS $1,299,430 ASSETS $1,807,430

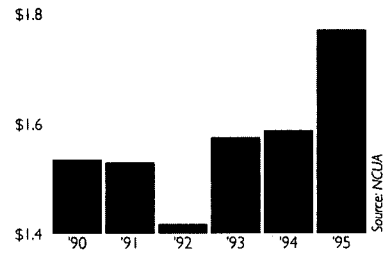
Chatham-Lee serves Chatham and Lee counties, an area where 23% of the African-American population lives in poverty. Black households fare better in these counties than elsewhere in the state, but their income is still just 70% of white households' income.

IMPROVING REPAYMENT



Delinquent loans as a percentage of total loans at year end

NEW ASSET GROWTH *in millions*



Total assets at year end

HISTORY

Like so many founders of CDCUs in North Carolina, Charles Marsh served as a school principal. When he moved to Sanford in the 1950s, it didn't take long for him to realize that African-Americans in Chatham and Lee counties could not obtain loans. Calling on prior credit union experience from his previous home, he and a dozen local teachers and farmers formed Chatham-Lee Credit Union in November, 1956.

With help from local churches and schools, Chatham-Lee has grown into a $1.8 million credit union serving 1,240 members. Since its founding, Chatham-Lee has made more than $4.8 million in loans to members.

This credit union did not accumulate nearly $2 million in assets overnight. During its first two years, it operated out of a board member's home. Convincing folks to deposit money proved difficult: in 1958, Chatham-Lee had amassed only $281 in shares. State regulators threatened to close the young institution's doors. Under the leadership of Bishop Leach, a social studies teacher, the credit union launched a campaign to sign up new members. The campaign targeted local churches, and the credit union's coffers began to fill.

Early on, many of Chatham-Lee's loans helped farmers buy equipment, seed and fertilizer. People in the credit union's largely rural service area also borrowed money to install indoor plumbing in their homes to send their children to school.

ACCOMPLISHMENTS

More recently, Chatham-Lee has ventured into small business lending. Using the Support Center Economic Development Account, the credit union has made 13 small business loans totaling nearly $90,000, creating or saving 45 jobs. Most of the loans have helped loggers, building on the credit union's long agricultural tradition. Chatham-Lee's business loan portfolio also includes a cafe, a beauty shop, and an upholstery shop. Another borrower used a credit union loan to start a charter bus company, operating two buses and a van and employing several drivers.

After 40 years of growth, much stays the same at Chatham-Lee. Local churches still support it; just a few years ago, one person in a local church sponsored 33 children for one share each in the credit union. Most of the children have added money to their accounts, and only two have withdrawn money.

Schools, too, remain important partners. Several years ago, a grade school instructor began teaching students about the credit union. Every Monday, she would take deposits from the children and deliver them to Chatham-Lee. For at least one student, the habit stuck. Recently, that student withdrew $2,300 to help pay for her college education.

THE FUTURE

Looking to the future, Chatham-Lee plans to stay the course, growing steadily but remaining focused on helping members save and borrow. With such strong ties to schools, churches, and other community institutions, Chatham-Lee is in the position to do just that.

PROFILE

Running a $1.8 million financial institution may not be most people's idea of retirement. But since stepping out of his life's work in the schools, Bishop Leach has stepped into just such a job. Even before retiring, Mr. Leach played a pivotal role in Chatham-Lee's development over four decades, growing the credit union's assets from less than $300 to its current size. Mr. Leach keeps a low profile, but he makes things happen. One of the keys to his success is his hands-on approach. Though the credit union computerized its operations recently with the help of the Support Center, Mr. Leach still insists on keeping a set of manual records as a low-tech back-up. In doing so, he's building on the old-fashioned virtues of hard work and careful attention to detail, virtues that have helped make Chatham-Lee what it is today.

(l) Mr. Bishop Leach, manager, Chatham-Lee Credit Union
(r) Chatham-Lee Credit Union offices in Pittsboro

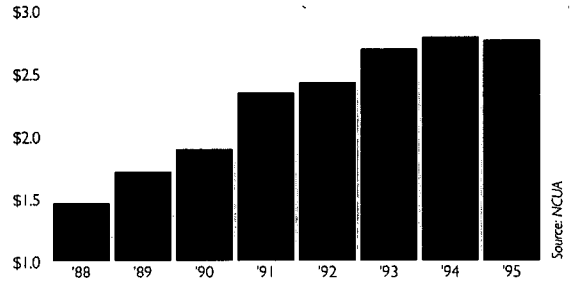
CHOWAN CREDIT UNION

At a Glance

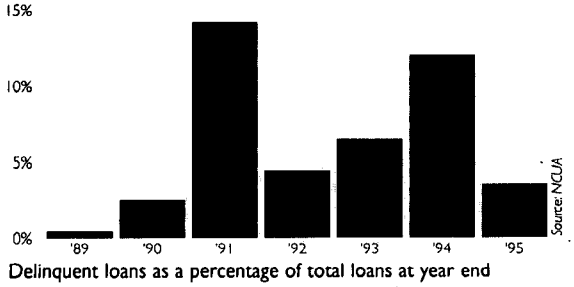
MEMBERS 2,009 LOANS $2,355,341 ASSETS $2,778,481

Chowan serves Chowan, Pasquotank and Gates counties, where 32% of the African-American families live in poverty. In Chowan County, the unemployment rate is 8.1%, almost twice the state average. In Pasquotank County, the average black household earns 45% less than the average white household. In Gates County, almost 12% of housing units are deemed substandard, and nearly one in ten homes lacks a complete plumbing system.

ASSETS ON THE RISE *in millions*

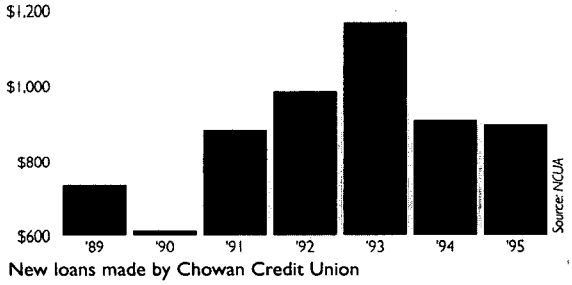


WORKING ON DELINQUENCY



Delinquent loans as a percentage of total loans at year end

MEETING DEMAND FOR LOANS *in thousands*



New loans made by Chowan Credit Union

HISTORY

Chowan Credit Union did not begin with a plan to become a $2.8 million financial institution with 2,000 members. It arose instead in response to a family's urgent need for $300 to buy some land. Seven African-American ministers pooled their funds to help the family out, and a community-owned financial institution was born.

The experience of this family – and so many others – led these community leaders to recognize, in the words of the credit union's official history, "a need for alternative banking and financing for the Black community." Two ministers, a tailor, a carpenter, a blacksmith, a teacher, and a farm agent officially incorporated Chowan Credit Union in Edenton on August 25, 1941.

The credit union first set up shop at Charlton Funeral Home, but only temporarily. Before too long, it had its own building. Upstairs, it rented space to a barber shop run by Grady Sessoms, once the credit union's president. Chowan's quick rise from fledgling financial institution to land-owner presaged the organization's fifty-year history of growth.

An important moment in the credit union's development occurred in 1958, when disaster struck. Providence Baptist Church, one of the community's most cherished churches, was ravaged by a fire. To get its structure back in shape, the church needed a substantial loan. Until then, Chowan had made only very small loans to individual members. Chowan decided to make its first large loan to the church. The loan totaled $20,000, which amounts to more than five times as much in today's dollars. With that financing in hand, Providence Baptist rebuilt its church, adding stained-glass windows it now regards as priceless.

Initially, the credit union served all of Chowan County, which lies at the nexus of the Chowan River and the Albermarle Sound. But in 1984, through a merger with another institution, it added to its field of membership the residents of Pasquotank, another Albermarle Sound county. The next year, another merger expanded the credit union's reach to Gates County, lying to Chowan's north on the Virginia border.

ACCOMPLISHMENTS

Along with geographic expansion, Chowan Credit Union kept rolling loans out the door. One measure of a credit union's loan volume is the "loan-to-savings ratio," the amount of loans outstanding divided by the amount of funds on deposit. From 1986 to 1990, Chowan's loan-to-savings ratio averaged 100%, meaning it was putting virtually all of its available funds to work in the community.

This kind of rapid expansion, however, proved challenging. As the economy turned sour in the early 1990s and textile plants closed, the credit union hit a rough patch as well. After two years of low delinquency rates (1.5% in 1989 and 2.6% in 1990), late-paying loans spiked sharply upward, reaching 14.1% by the end of 1991. Today, after much hard work, delinquencies are back to normal.

And in 1995, the institution made nearly a million dollars in new loans to its members. Chowan is also active in making loans to small businesses. Using its Support Center

Economic Development Account as security, it has made 12 loans to small enterprises for a total of $176,000, creating or saving 47 jobs in its three-county service area, since 1990.

Business borrowers include a funeral home operator, located on the same site as the original credit union office, a shoe store, a parking lot cleaning service, an auto junk dealer, a trucking company, and a used car dealer. These loans are part of Chowan's $2.4 million loan portfolio. Since its founding in 1941, the credit union has made over $21 million in loans to its members. In the last ten years, the institution has more than doubled its assets, from $1.3 million in 1986 to nearly $2.8 million in early 1996.

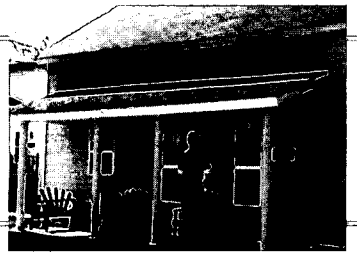
With offices in three eastern North Carolina counties, Chowan appears poised to amass $5 million in assets by the year 2000, enabling it to meet more "urgent needs" than ever before.

THE FUTURE

Chowan has ambitious goals for the year 2000: nearly doubling its membership to 4,000, increasing its outstanding loans to beyond $3 million, and managing $5 million in assets. Achieving these aims will require the credit union to reach out more extensively in its service area. A special target will be its eastern territory: Pasquotank County has three times as many potential members as Chowan and Gates combined.

Chowan also hopes that adding new services will attract members and induce current members to deposit more funds. Introducing "share drafts" – the credit union version of checking accounts – appears particularly important.

From $300 to help a family buy land to five-digit loans to small businesses, Chowan Credit Union has come a long way, but is still in the business of meeting "urgent needs," both on a small and a large scale.



PROFILE

No one appreciates the Support Center Economic Development Account more than the Elliotts of Tyner, North Carolina. In 1989, they purchased a service station with the help of a credit union loan. As the business grew, the Elliotts returned to Chowan for additional assistance, to buy a wrecker and a flat-bed truck. These investments in turn enabled the business to hire three employees and branch out into the recovery business. Elliott's Towing and Recovery now employs six people, four of them full-time, and generates $20,000 of revenue per month.

(l) Mr. Oras Blount, a member, has borrowed funds to develop a number of affordable housing units in Chowan County.
(c) Chowan Credit Union offices in Edenton
(r) The Elliots, members, in front of their towing and recovery business

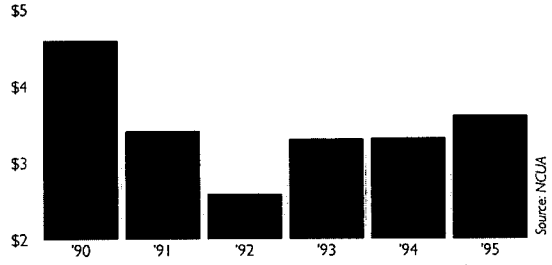
COLLEGE HEIGHTS CREDIT UNION

At a Glance

MEMBERS 1,817 LOANS $2,868,606 ASSETS $3,908,771

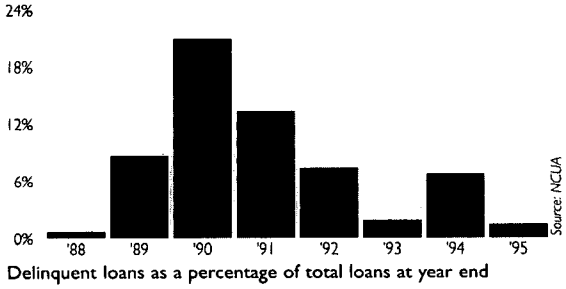
College Heights serves Cumberland County. Despite the county's strong military presence and its proximity to the prosperous Research Triangle Park, the unemployment rate of 8.6% far exceeds the state average of 4.9%. Nearly a quarter of African-Americans there live in poverty.

REVIVING A DECLINING ASSET BASE *in millions*



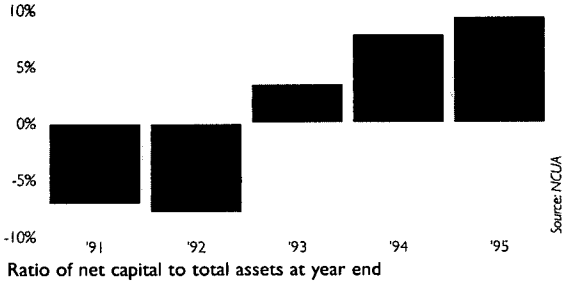
Total assets of College Heights Credit Union at year end

REPAYMENT BACK ON TRACK



Delinquent loans as a percentage of total loans at year end

IMPROVING CAPITAL POSITION



Ratio of net capital to total assets at year end

HISTORY

The story of College Heights Credit Union contains virtually everything one needs to know about CDCUs in North Carolina: optimistic and forward-thinking founders with a dream for the future; trials and tribulations along the way; and cooperation and determination overcoming frustration and doubt.

The story begins in the 1940s, at a meeting of the College Heights Civic Club in Fayetteville. There, a small group of black men and women faced the reality that they had little control over their own financial destiny. Their attempts to borrow thwarted by established lenders, they set out to pool their resources. Under the leadership of Rev. Henry M.L. James, they applied for a credit union charter and received one in November, 1947.

When College Heights first opened, it set up shop in a church, next door to Rudy's Pawn Shop near Fayetteville State University. Residents could buy shares for a quarter, and many did, but not enough to satisfy the credit union's leaders. In the 1960's, College Heights moved offices, launching a renewed membership campaign.

Not too long after, disaster struck in the form of a tornado, leveling the building. Two members rushed to the site, waded into calf-deep water, and rescued the large ledger book that contained the credit union's records. The book was floating in the corner of the destroyed structure. The credit union opened its doors again within a few days of the tornado. Though College Heights possessed less than $250,000 in assets at the time, its leaders made the bold decision to purchase a trailer that could house the credit union until it built a more permanent structure. By 1970, College Heights occupied a new building.

The tornado turned out not to be the last opportunity the credit union would have to show determination in the face of adversity. In the late 1980s, credit unions all across the state faced difficult times. The economy sagged; regulators, eager to avoid a second savings-and-loan crisis in the credit union industry, tightened their reins. College Heights took a particularly hard hit; its delinquency rate exceeded 31% at the end of 1990. In the face of mounting difficulties at the credit union, NCUA took over the management of College Heights on August 19, 1991. It was only a matter of time before the credit union would be liquidated, or merged with another institution.

At least it seemed that way, until a coalition, dedicated to reviving the fortunes of credit unions sprang into action. The young Support Center led the charge, joined by the North Carolina Credit Union League, the NCUA, and four credit unions: Self-Help, Coastal Federal, State Employees' and Fayetteville Postal.

Staff from all of these organizations donated invaluable time and expertise to help get College Heights back on track. They served as acting managers, kept books, collected loans, rewrote policies, and computerized operations. Though there was no calf-deep water to wade through, these volunteers performed the modern-day equivalent of rescuing the floating ledger. And perhaps most importantly, they searched for a permanent manager, selecting Karen Jones in 1992.

"It was very clear that the vision that College Heights' founders had 47 years ago was in danger of fading if some-

thing was not done to prevent it," Jones said. "It became a personal challenge for me to see that this did not happen. The vision was too important."

Led by Jones, the new staff clocked long hours. All of these efforts paid off on July 28, 1994, when NCUA released College Heights from conservatorship. No other credit union in North Carolina history had come out of conservatorship before without resorting to merger or liquidation.

ACCOMPLISHMENTS

Now, the credit union is open for business again. Witness its use of the Support Center Economic Development Account through which College Heights has made 10 small business loans, totaling nearly a quarter of a million dollars and creating or saving 92 jobs. The businesses College Heights has helped include a travel agency that employs five people and contracts with eight others and a mother-daughter-owned florist, among others.

That 31% delinquency rate has dipped to 1.6%, one of the lowest among North Carolina CDCUs. After a nose-dive in assets during the bleak period between 1990 and 1992, College Heights is back on a growth path. Its assets are at nearly $4 million, approaching pre-crisis levels. Most importantly, the credit union is making loans again, just like it set out to do in 1947.

THE FUTURE

College Heights plans not only to restore its lost assets and membership, but to exceed them. Current manager Karen Jones has been known to mention $10 million in assets as a target by the year 2000. To achieve that kind of growth, the credit union aims to market aggressively in the community. Part of the plan is to offer expanded services, like reinstating home loans, adding share draft ("checking") accounts, and providing money market accounts.

These challenges may seem less daunting than the crisis College Heights survived just a few years ago, but manager Jones brings the same vigor to today's work that she did when the very existence of the credit union was at stake. With that kind of determination, plus continuing help from its friends, College Heights will truly have a lot to celebrate on its 50th anniversary in 1997.

PROFILE Charles Owens, a Fayetteville native, had operated Owens Transmission Company in Fayetteville for 19 years. But when he asked local banks for a loan to expand, they all said "No." Mr. Owens had been a member of College Heights Credit Union for a long time, and they didn't let him down. A loan allowed him to move to a new facility and take on three new workers. Today, seven employees populate his shop including his son who will probably own the place someday. And the business does more than just repair transmissions. General car and truck repair, even some used car sales, are now part of Owens Transmission's services. Mr. Owens reports he has more business than he can handle without another expansion. Mr. Owens leaves no doubt whom he thanks – "The credit union made it all possible," he says.

(l) Mr. Charles Owens, Sr. and Mr. Charles Owens, Jr., members, at their business, Owens Transmission Company
(c) College Heights Credit Union offices in Fayetteville
(r) Ms. Augusta Robinson, member, in her floral shop, Angelic Creations

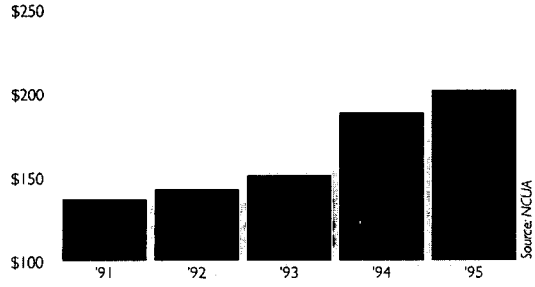
COMPACT CREDIT UNION

At a Glance

MEMBERS 246 **LOANS $86,000** **ASSETS $236,000**

Cleveland County ranks 26th out of North Carolina's 100 counties for average family income. Behind that number, though, lies racial disparity. A quarter of African-Americans live in poverty, and black families earn on average just three-quarters what white families earn.

BUILDING AN ASSET BASE *in thousands*



HISTORY

When Compact Credit Union opened in 1945, Alberta Adams signed up as the very first member. Half-a-century later, Ms. Adams was on hand for the credit union's fiftieth anniversary. In the intervening years, she watched Compact grow from a small group of believers into a 250-member organization; from an institution with virtually nothing into a $200,000 credit union.

In 1945, Compact High School stood at the center of a farming community near King's Mountain, west of Charlotte. Local farmers and folks associated with the high school realized they needed access to credit in order to prosper. Under the guidance of a group of church leaders, they chartered Compact Credit Union in July, 1945. Anyone within a 15-mile radius of the school could join.

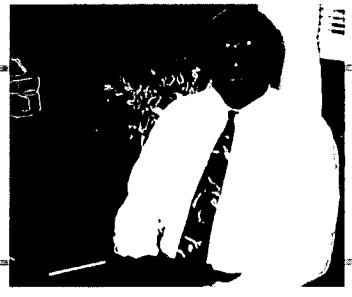
In the credit union's early days, farmers borrowed the bulk of the funds to buy seed, equipment, grain and livestock. Borrowers put up what collateral they could, often furniture, land, and even animals! Over the years, Compact offered different types of loans, helping its members buy land and automobiles as well.

ACCOMPLISHMENTS

Compact now controls $236,000 in assets, with some $86,000 on loan to members. Though the credit union has faced repayment problems in the past, it has lowered its delinquency rate to just 1.2% at the end of 1995.

THE FUTURE

Looking ahead, Compact hopes to expand in size and services. Accordingly, Compact plans to implement a marketing plan with the Support Center's help. One challenge is that the credit union's target population is growing fastest in areas that lie outside Compact's 15-mile circle. To reach these potential members, the credit union plans to seek a change in its service area, allowing it to grow to $1 million in assets and expand its lending programs and economic development impact.



PROFILE

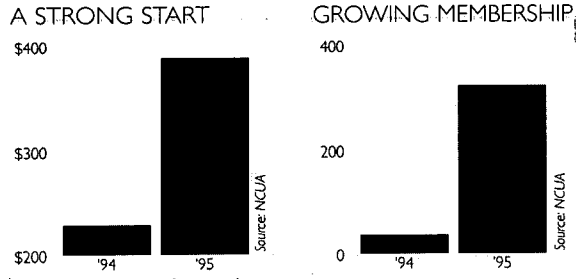
This profile tells the story not of a person, but of a machine. Compact shows that credit unions have more than money to lend. Central to any community's well-being is its stock of housing. But housing requires upkeep, and upkeep costs money. Members of the credit union realized that if they shared the costs of home upkeep, they would all be better off. So the credit union purchased a spray-paint machine and lends it out to members one by one for use on their homes. By thinking creatively, the credit union provides its members with a piece of equipment none of them could afford individually.

Mr. Albert Perkins, manager, Compact Credit Union in Kings Mountain

At a Glance

MEMBERS 410 LOANS $464,135 ASSETS $492,000

Gateway serves Vance, Franklin, Person and Warren counties where 30% of blacks live in poverty. But the poverty level among African-American families nears 40% in Warren County, which ranks 96th out of North Carolina's 100 counties in average family income. Almost one in ten homes in the service area is substandard, and only 30% of black families own their homes, compared with 80% of white families.



Gateway assets in thousands

HISTORY

In December, 1993, Gateway Community Development Credit Union broke a ten-year dry spell. No CDCU had been chartered in North Carolina since 1983.

The story of Gateway is a remarkable tale of broad-based cooperation. In 1988, the young Gateway Community Development Corporation (GCDC) surveyed the residents of Vance and Warren counties about their most pressing needs. Access to credit emerged as one of the top priorities. As a result, Gateway decided to establish a new CDCU in its service area.

Obtaining a charter, however, was no simple matter. Across the state, financial difficulties plagued CDCUs. Several faced imminent liquidation or merger. GCDC realized that a new credit union in the midst of this turmoil would be a tough sell to state regulators. To make its case, GCDC assembled a strong coalition of partners, including the Support Center, the NC Association of Community Development Corporations, the NC Institute for Minority Economic Development, the NC Rural Economic Development Center, and the Center for Community Self-Help. Buttressed by their combined technical prowess, financial backing, and prestige, GCDC convinced state officials that the new credit union would rest on a strong foundation.

ACCOMPLISHMENTS

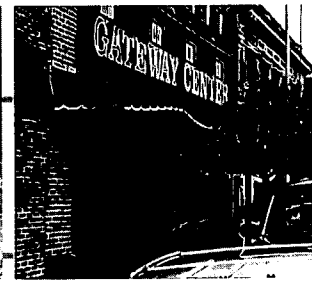
After just two years of operation, Gateway now has 410 members. All but 5% of its $492,000 in assets are on loan. Gateway has already distinguished itself in several ways. One is its close working relationship with GCDC which provides the credit union with access to centrally located office space, administrative support, and fringe benefits for the credit union president.

Gateway has also blazed a new trail with its soon-to-open Youth Credit Union. One challenge facing NC's CDCUs is that relatively few of their members are young people and yet youth in many ways have the most to gain from credit unions. To address this situation, Gateway obtained a grant from the Lyndhurst Foundation to start an innovative credit union for young people to teach financial, economic and management skills.

Gateway has built its membership from zero to over 400 in just two years the old-fashioned way – sitting down one-on-one with folks and explaining the credit union's offerings. The credit union keeps people coming back with special services, like "house calls" for members who cannot visit the credit union's office during business hours.

THE FUTURE

By the year 2000, Gateway hopes to have $5 million in assets and make up to $1 million per year in loans to members. Reaching those goals would represent an impressive feat, making Gateway one of the largest CDCUs in the country. But with the young credit union's strong start, no one will be too surprised.



PROFILE

The woman had reached the end of her rope. Her daughter was set to enroll at Elizabeth City State University. But without a loan, the family could not afford the tuition and no bank would make the loan. Gateway was her last hope. Despite the short time-frame, Gateway figured out a way to do the undoable. President/CEO Robert Lunceford reviewed the woman's application, made the judgment that the credit union could make the loan, drew up the loan package, drove it in person to the credit committee chair's office, and completed the transaction, all in the course of an afternoon. Now, not only is the woman's daughter enrolled in college, she's also a new member of Gateway.

(l) Mr. Robert Lunceford, President/CEO, Gateway CDCU
(r) The Gateway Center in Henderson houses both Gateway CDC and Gateway CDCU, partners in stimulating economic development

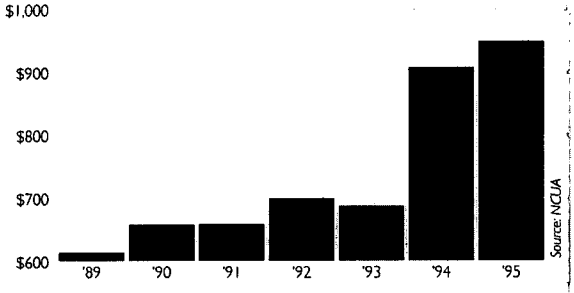
PERQUIMANS CREDIT UNION

At a Glance

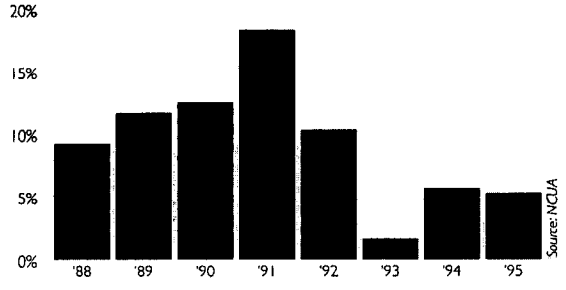
MEMBERS 552 LOANS $591,620 ASSETS 957,895

Perquimans serves Perquimans County, North Carolina's ninth poorest county. About 22% of the area's population lives in poverty, but nearly 45% of blacks fall below the poverty line. The mean household income among African-American families is $16,605, which is about half the state average.

INCREASING ASSETS *in thousands*



REDUCING DELINQUENCY



HISTORY

Hertford African-Americans have a long tradition of community self-help. Over fifty years ago, parents of black high-schoolers attending classes in a make-shift school located in a church petitioned for a school building, but the city said "No." Led by teacher King A. Williams, the parents pooled their resources, pledging their property to get funds for a school.

In that spirit, residents formed Perquimans Credit Union, receiving a charter on September 5, 1944. The founders – farmers and teachers, preachers and small business owners – shared a common need for capital and savings. Mr. Williams served as the credit union's first secretary/treasurer, requiring his students to join. Some of them serve on the board today.

In the beginning, the credit union made mostly small "signature" loans, helping its members buy used cars and appliances. The institution ran on a shoestring budget, keeping costs low. The official minutes from 1956 revealed a secret of Perquimans' early success: the care it took in making loans. Before making a $3,600 loan to a couple, for instance, the board insisted that the family invest more of its own funds in the property they wished to purchase.

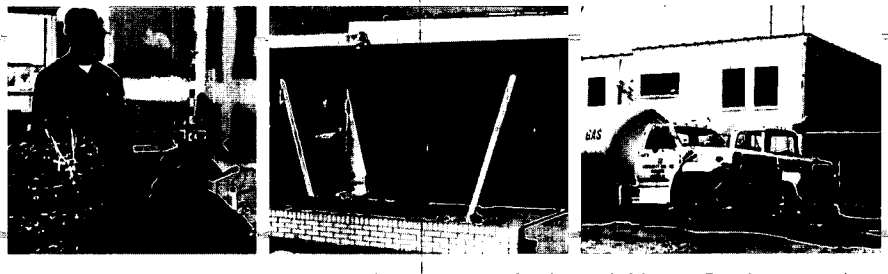
ACCOMPLISHMENTS

Perquimans has made nearly $2 million in loans since its inception, but has written off less than $14,000 in loan losses. Recently, Perquimans began helping small businesses start and expand. In the last five years, 14 loans totalling $91,000 have contributed to the area's economic development, creating or saving 37 jobs. For instance, Ann's Beauty Shop finances inventory purchases with the help of Perquimans.

Perquimans has experienced steady growth over the last ten years, and rapid expansion in the last two. Between 1986 and 1993, assets rose from $547,000 to $692,791. By the end of 1995, assets had jumped to $951,000. At the end of February 1996, the credit union had 116 loans on its books totaling nearly $600,000. Perquimans has also made great strides in bringing late payments under control. In the early 1990s delinquency rates soared, reaching 18.5% in 1991. By 1996, the rate had declined to around 5%. Perquimans is coming of age while remaining true to its community development mission.

THE FUTURE

Perquimans is on the brink of amassing $1 million in assets. Though membership remains steady, further growth is essential. Perquimans, serving as an enduring symbol of community pride, enters its second 50 years of service, looking forward to building on its strong foundation.



PROFILE

In the hauling business, a trailer without a tractor won't get you too far. Just ask Murray Brothers – to launch his long-distance hauling business, he needed a tractor to pull the trailer he already had. His need sparked Perquimans' first business loan: $17,000 to help the entrepreneur complete his truck and obtain a license. The loan was made possible by special funds provided to the credit union by the Ford Foundation and the National Federation of CDCUs – funds that helped the credit union begin making business loans.

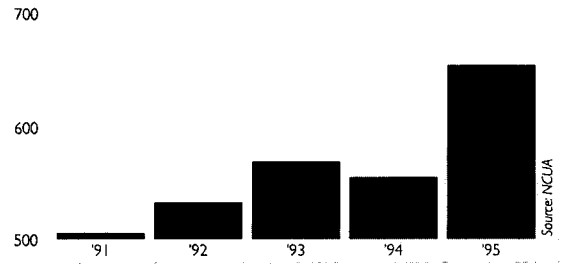
(l) Ms. Monica Aydlett, Mr. Jan Spruill and Ms. Erica Norman of Community Gas Company, a borrower
(c) Perquimans Credit Union offices in Hertford
(r) Trucks and offices of Community Gas Company which received financing from Perquimans

At a Glance

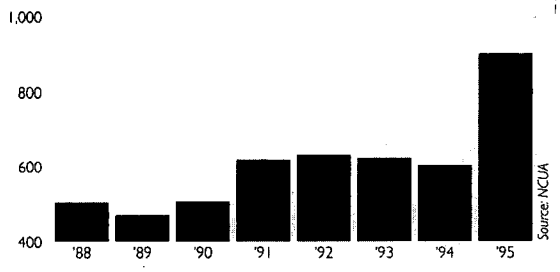
MEMBERS 646 LOANS $742,099 ASSETS $899,298

Rowan-Iredell serves the Alexander, Cabarrus, Catawba, Davie, Iredell and Rowan counties. While most of these counties rank among the top one-third in NC for average family income, there is an extreme disparity between African-American and white families; the average black worker earns just 60 cents for every dollar earned by the average white worker. More than one in five African-Americans falls below the poverty line, compared to only one in 17 whites.

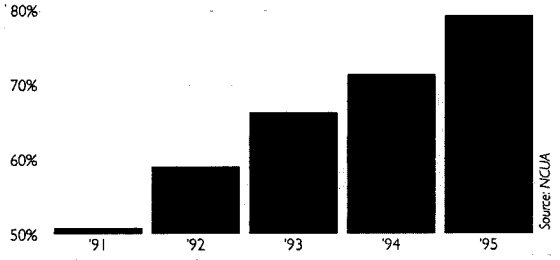
GAINING MEMBERS



APPROACHING $1 MILLION IN ASSETS *in thousands*



PUTTING SAVINGS TO USE



Ratio of loans to member savings

HISTORY

In the 1940s, W.O.T. Fleming served as principal of Salisbury's Monroe Street School. Despite his steady salary, a local bank once turned him down for a $300 loan. The bank where he kept an account would not even cash his checks.

More than fifty years later, Mr. Fleming finds himself in a different position. He now chairs the board of Rowan-Iredell Credit Union, an institution that has provided upwards of $5 million in loans since its founding.

The credit union traces its roots back more than half a century. I.H. Miller was an education professor at local Livingstone College, an institution that had trained many teachers for the state's African-American schools. In 1942, he and a small group of other educators decided to do something about their treatment at the hands of local banks. With just ten members and $130 in assets, they joined forces to create the Rowan County Teachers Credit Union, chartered on January 13, 1942.

Doing business in the local Negro Branch Public Library and out of members' homes, the credit union helped people fix up their homes, send their children to college, and save their hard-earned money.

About the same time, a group of citizens in Iredell County, northwest of Salisbury, came together with a similar purpose. In March 1946, the Iredell Credit Union received its charter to serve "any person of good moral standing in Iredell County."

In the early days of Rowan County Teachers Credit Union, educators made up most of the membership. As a result, the credit union tailored its products to teachers' unique needs. It helped school employees make ends meet during the long summers between their June and September paychecks. It enabled teachers to go back to school, improving the quality of their teaching and increasing their salaries.

After fifteen years, the credit union had amassed close to $40,000 in assets, made more than $15,000 in loans, and incurred almost no losses. By 1972, 650 members shared assets of $200,000. Iredell Credit Union prospered as well.

But the 1970s presented some difficult challenges to both institutions. In Rowan County, the credit union's membership dipped from a high of 650 to 330 in the mid-1980s. Iredell faced similar hard times. In 1988, the two credit unions merged, forming the Rowan-Iredell Area Credit Union. With combined assets of $483,000, the newly formed institution found itself on much sounder footing than either credit union could have achieved alone.

ACCOMPLISHMENTS

Since the merger, the credit union has lived up to the initial hopes of its founders. While continuing to provide personal loans, Rowan-Iredell has made it a priority to assist members who want to start and expand small businesses. In the last six years, the credit union, which has three branch offices, has extended nine business loans totalling over $206,000, creating or saving nearly 44 jobs in its service area using its Support Center Economic Development Account.

Rowan-Iredell has helped a combined service station and convenience store open its doors, the first of its kind in its Salisbury neighborhood. An independent trucker received financing for a second truck. The credit union has also helped two of North Carolina's few African-American-owned newspapers buy the kind of advanced equipment they need to serve as independent voices in the community.

Another business borrower is the Veterinary Clinic, which employs five people. At the clinic's helm is Dr. George Hill, well-known in veterinary circles as the first to diagnose and confirm Rocky Mountain Spotted Fever in a dog.

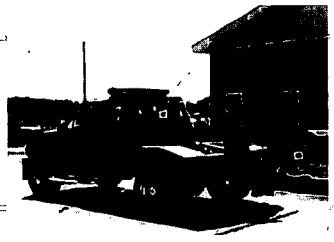
Rowan-Iredell helps its members with more than just loan capital. In addition to providing a safe place to save, the credit union counsels members on credit problems, helps them obtain home loans from local banks and the Self-Help Credit Union, and holds seminars on starting a business.

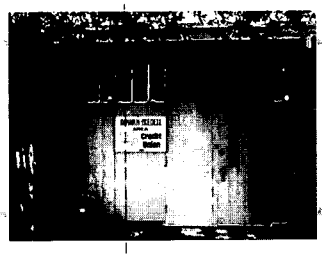
Today, membership has rebounded to almost 650, and assets are rapidly approaching the $1 million mark. Members have three-quarters of a million dollars worth of loans outstanding, more than double the amount of loans out in 1988. In 1995 alone, Rowan-Iredell made more than $500,000 in new loans to members. The credit union has also cut delinquency, from 5.1% in 1990 to just 2.1% in 1995; and as a proportion of assets, the organization has shaved its operating expenses by a third over the same period.

THE FUTURE

With these recent accomplishments as inspiration, Rowan-Iredell Credit Union has big plans for the future. While most of the organization's members reside in Iredell and Rowan counties, the credit union's field of membership encompasses six counties. Reaching out to potential members in all six is a top priority. As one step, Rowan-Iredell will open a fourth office, this one in Cabarrus County.

By growing to 1,000 members by the year 2000, the credit union plans to increase its assets to $2 million. Size will help the institution add new services, like access to automated teller machines. In turn, new services will attract new members, enabling Rowan-Iredell Area Credit Union to build on its 54 years of service.





PROFILE

To see how NC's CDCUs cross the boundaries of race, look no further than Rino Quattrin's trophy shop. Mr. Quattrin came to the U.S. from Italy when he was 18. The walls of The Trophy Center, his Main Street store in Salisbury, tell the story of his life: as a pro baseball player, a dedicated umpire, and a lifelong fan of Frank Sinatra. The shop is the only place in Salisbury to have plaques and trophies made, so it does a brisk business. The work comes in spurts, though, making working capital a necessity. Mr. Quattrin approached a local bank for a loan, but the bank turned him down. Among The Trophy Center's regular customers are many African-American churches. When some churchgoers heard about the bank's decision, they put Mr. Quattrin in contact with Rowan-Iredell Credit Union. The credit union helped Mr. Quattrin upgrade his computer engraver and worked out a way to assist him with cash flow problems. "It used to be people knew you by name, and that meant something," Mr. Quattrin recalls. "Now, you're a number." By contrast, Rowan-Iredell took the time to understand what he needed. As a result, a Salisbury institution carries on a tradition.

(l) This truck, owned by member Mr. Larry Johnson, was financed by Rowan-Iredell Area Credit Union.
(c) Rowan-Iredell Credit Union offices in Salisbury
(r) Mr. Mason McCullough, treasurer of the credit union's board of directors and publisher of Iredell County News, a business borrower

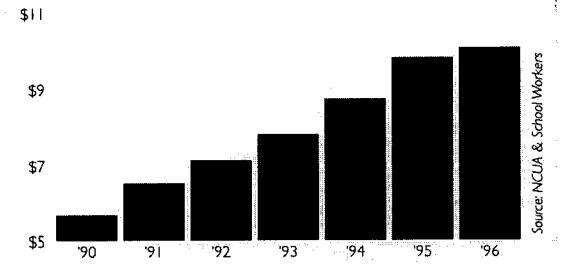
SCHOOL WORKERS FEDERAL CREDIT UNION

At a Glance

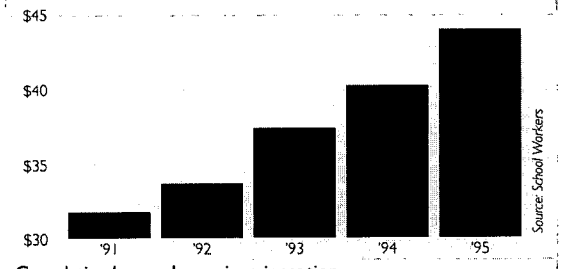
MEMBERS 3,106 LOANS $7,564,311 ASSETS $10,105,562

Schoolworkers serves Mecklenburg County, one of North Carolina's richest counties, but the average household income among African-American families is barely half that of white families. The overall poverty level in Mecklenburg is close to 10%. But while less than 5% of the county's white population lives in poverty, over 21% of its black citizens falls below the poverty line.

MAKING IT TO $10 MILLION IN ASSETS *in-millions*

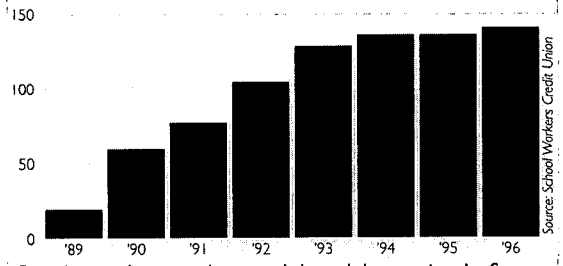


$44 MILLION IN LOANS *in-millions*



Cumulative loan volume since inception

EMPLOYMENT OPPORTUNITIES



Cumulative jobs created or saved through loans using the Support Center Economic Development Account

HISTORY

Jefferson Eugene Grigsby didn't have to look far to see the need for a community-owned financial institution in Charlotte. Mr. Grigsby, called "Mr. G" by his friends and relatives, received his education at Johnson C. Smith and Columbia universities. He served as principal of Second Ward High School, one of Charlotte's two high schools for blacks in the days of segregation.

But higher education, a position of responsibility, and steady income were not enough to convince three area banks to make Mr. Grigsby a car loan. Joining forces with other school employees, Mr. G set out to found School Workers Federal Credit Union in 1941, open to "negro school workers in Mecklenburg County, North Carolina; members of their immediate families; and organizations of such persons."

From the outset, School Workers had broad-based support in Charlotte's nine black schools. The credit union's thirteen charter members represented all nine institutions. Mr. Grigsby appointed "captains" at each one to sign up credit union members. In his own school, Mr. Grigsby more or less required teachers to join.

Since school employees made up the bulk of the membership in the early years, the credit union geared its operations to match the school calendar. Many of its loans were "summer skip loans" – borrowers owed no payments during the summer months, when they received no pay. The credit union nearly shut down over the summers, having lent out almost all of its funds. Over the years, School Workers has broadened its field of membership to cross racial lines and include other area institutions.

Conservative policies helped the credit union make a healthy start. Early on, borrowers were required to deposit 25% of their loan proceeds in share accounts, providing some cushion in the event of repayment problems. And members often co-signed one another's loans, creating even more security.

The credit union, however, has certainly faced its share of challenges. As the 1980s began, assets had stopped growing, delinquencies were high, and accounting problems raised the eyebrows of government auditors. The regulators threatened to dismiss the board, a step that could have led to the liquidation of the forty-year-old institution.

In 1985, the credit union hired its current manager, Saundra Chapman. To steady credit union's course, Ms. Chapman recalls, "I 'policied' them to death." New loan policies, new collections policies, and new products helped return the credit union to its earlier pattern of prosperity.

ACCOMPLISHMENTS

Since the mid-1980s, assets have nearly quintupled, exceeding the $10 million mark in 1996, making it one of the five largest CDCUs in the country. Between just 1992 and 1995, membership rose by almost a quarter, to 3,100. The credit union now employs five people full-time and offers its members a dizzying array of services, everything from share draft (checking) accounts, lines of credit, and home equity loans to insurance, travelers cheques, and free photocopying. School Workers maintains a five-star rating – the highest level – from Bauer Financial Reports.

. It has put its size to work promoting economic develop-

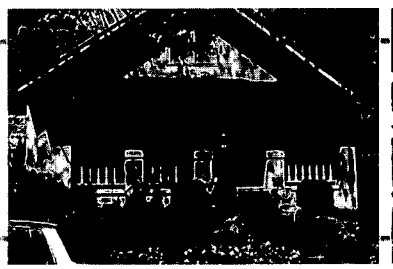
ment in its service area. Backed by the Support Center Economic Development Account, the credit union has made 24 small business loans amounting to $825,000 – a dollar figure greater than any other North Carolina CDCU. The loans have helped day care centers, a print shop, restaurants, small construction companies, and a tree-cutting business, creating or stabilizing 139 jobs in the process.

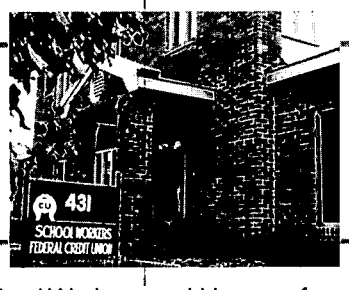
Since Mr. Grigsby launched the credit union 55 years ago, School Workers has provided a remarkable 31,000 loans to members, totaling nearly $45 million. In 1995 alone, School Workers made 568 loans worth $3.3 million.

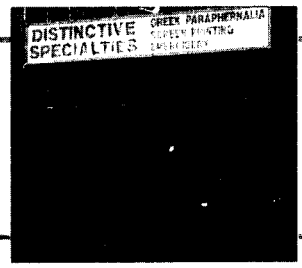
THE FUTURE

Not surprisingly, School Workers has big plans for the future, aiming to become a truly "full-service" credit union. The institution hopes to get into the business of providing first mortgages for members' homes and offering credit cards to members. By the year 2000, the credit union aims to have $16 million in assets, $11 million in loans, and nearly 5,000 members.

With all of this growth and activity, School Workers has not lost sight of what makes it all possible: its membership. In a recent survey, members praised the credit union staff for knowing them all by name.







PROFILE

With $10 million in assets, one might think School Workers would be out of touch with needs of individual members. Far from it. Not too long ago, the staff received a visit from a member, a housekeeper at a local university. With three children under the age of eight and a low salary, she found it impossible to save. Tragically, a medical crisis struck, placing the woman chronically behind on her rent. School Workers tries to help members out in emergencies, but the staff knew it would be unwise to lend this member her rent money every month. They decided the best way to keep a roof over her head was to deduct a little from the her pay each week, mailing the money directly to her landlord. By spreading the rent cost over the month, the credit union prompted the woman to budget her money more carefully. School Workers has repeated this formula many times over, helping members think through their financial situations and make the best use of their resources. Now, with her new sense of security and budget, the member is saving an additional $20 per month.

(l) A house refurbished with a home equity loan from School Workers
(c) School Workers Federal Credit Union offices in Charlotte
(r) Distinctive Specialties, which embroiders clothing, was able to expand because of a School Workers loan using its Support Center Economic Development Account.

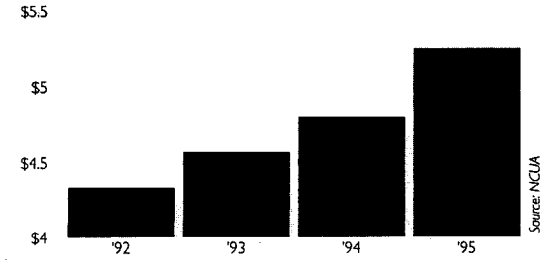
ST. LUKE CREDIT UNION

At a Glance

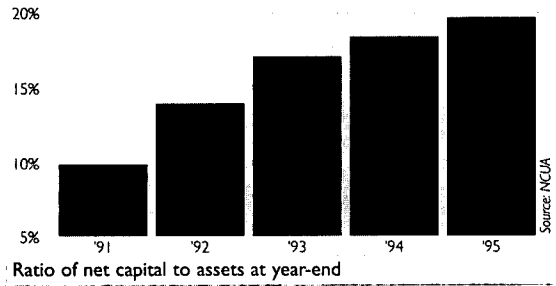
MEMBERS 1,697 LOANS $3,174,326 ASSETS $5,262,871

St. Luke serves the counties of Bertie and Martin, two of North Carolina's poorest counties. Within this area, the 1990 unemployment rate was 50% greater than the state rate. As a result, more than 35% of African-American families live in poverty, earning on average less than half what whites do. One out of every 10 homes in these two counties is substandard.

RECENT GROWTH IN ASSETS-*in millions*

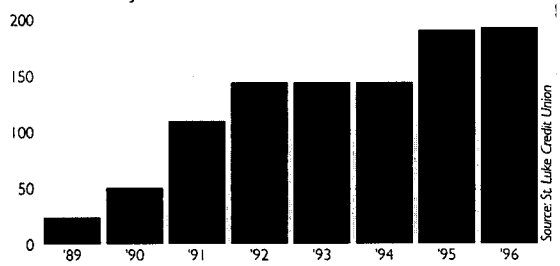


HIGH NET WORTH



Ratio of net capital to assets at year-end

CREATING JOBS



Cumulative jobs created or saved through loans using the Support Center Economic Development Account

HISTORY

Like landless farmers all over the South, sharecroppers in Bertie County always had to scrape to get by. At no time was this more true than the Great Depression of the 1930s. Out of the economic rubble of that era, however, grew one of North Carolina's largest community-based financial institutions – St. Luke Credit Union.

In response to hard times, African-American sharecroppers formed a savings club. By pooling what little money they had, they could make each other small loans to buy or fix up equipment, to purchase seed and materials, or just to make ends meet.

In 1943, the leadership of this savings association decided to formalize the club's activities in a credit union. By June of 1944, they had obtained a charter from the state of North Carolina. They named the new institution "St. Luke," after the Coopers Hill community's church and school.

By 1959, St. Luke had amassed $59,000 in assets and recruited 400 members. The board decided to move the credit union's offices to the town of Windsor, the county seat. They rented a building for $150 per year, recruited new board members, and hired the credit union's first employee. They also expanded the field of membership to include anyone living within 25 miles of the new office.

Under the leadership of James T. Gilliam, the credit union set ambitious goals, striving to add at least a quarter of a million dollars in assets each year. One of the credit union's central strategies was to enhance community pride and build its members' wealth by helping people improve their homes. At this time, Bertie County had more homes without bathrooms than any other county in the state. Finding this embarrassing and believing that "the right to indoor plumbing was elementary," the credit union set out to do something about it, making millions of dollars in home improvement loans.

From the earliest days of the credit union, the board of directors also believed that creating jobs was key to successful community development. As a result, St. Luke began making small business loans earlier than many CDCUs. Among the credit union's business borrowers:

- Workers' Owned Sewing Company which got its start with a credit union loan. Now it is one of Bertie County's largest employers, providing jobs for as many as 80 people and serving as a supplier for the likes of K-Mart and Proctor and Gamble.
- Ernest Cherry, a local contractor who has built a dozen homes with credit union financing and employed local people during construction.
- Several day care centers which employ more than 50 people and provide working parents with access to child care.
- A used car operation which was started years ago with credit union funding and now is owned and run by the second generation of the original borrower.

ACCOMPLISHMENTS

With this strong foundation, it should come as no surprise that St. Luke has put its Support Center Economic Development Account to good use. The credit union has made 45 state-sponsored loans, more than any other CDCU.

These investments, totaling $806,000, have created or saved 193 jobs, again more than any other North Carolina CDCU.

St. Luke expanded its territory in 1982 when regulators issued orders for a nearby credit union to merge or close its doors. St. Luke answered the call and expanded into Martin County, establishing an office in Williamston, the county seat.

With its two offices, St. Luke now serves almost 1,700 members, manages $5.3 million in assets, and has $3.2 million of loans in circulation. One of the credit union's great strengths is that nearly one-fifth of these assets are "net capital" – funds the institution owns itself. This ratio far exceeds the national average for credit unions and other financial institutions.

THE FUTURE

From its days of financing indoor plumbing, St. Luke has valued home-ownership. In the coming years, it plans to build on this tradition by making home loans directly and by providing home-ownership counseling to its members. By the year 2000, St. Luke aims to have $7 million in assets, $4 million in outstanding loans, and over 2,000 members. Calling such an institution a "savings club" may be a stretch, but the spirit of mutual self-help that guided the original club members is alive and well at St. Luke.

PROFILE

James Gilliam is a busy man. He runs a small business in Bertie County, and he'll tell you he doesn't have time to chat. But ask him why places like Bertie County need community development credit unions and he can hardly contain himself. For some fifty years, Mr. Gilliam has tirelessly advocated the cause of St. Luke Credit Union. "Historically," he says, "we have never known bankers who are black. People do not have a banker that goes to their church, that comes to their social functions." As a result, bankers don't understand low-income people, and low-income people don't understand banking. He says CDCUs are African-Americans' best opportunity to fix this problem. "We need CDCUs so we can learn how to be bankers," he says, "and to control our own resources." Low-income people, he says, are perpetual savers. "We've got our money," he says, "and yet we have no control." Mr. Gilliam's dream is nothing less than a CDCU serving every NC county where more than 30% of the population is black. As for what those credit unions ought to be doing, Mr. Gilliam is equally clear. For years, St. Luke has stressed small business and home lending, which Mr. Gilliam regards as the keys to successful community economic development.

(l) Mr. Tim Bazemore, Jr., owner of Bazemore Landscaping, got a loan from St. Luke.
(c) St. Luke's offices in Enfield
(r) The Workers Owned Sewing Cooperative, one of Bertie County's largest employers, has used St. Luke Credit Union for many years.

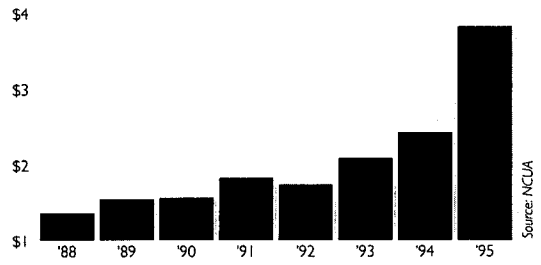
TRI-COUNTY CREDIT UNION

At a Glance

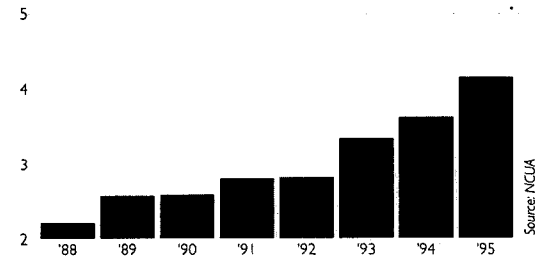
MEMBERS 4,295 LOANS $3,717,613 ASSETS $4,020,527

This credit union primarily serves Bertie, Northampton, and Hertford counties, North Carolina's sixth, seventh, and eighth poorest counties. Twenty-three percent of the entire population – and 32% of African-Americans – lived in poverty in 1990. One out of every 10 houses in the service area is substandard.

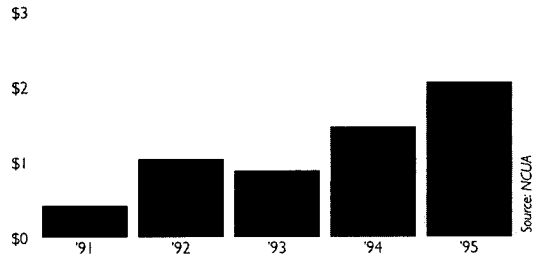
NEARING $4 MILLION IN ASSETS *in millions*



INCREASING MEMBERSHIP *in thousands*



INCREASING VOLUME OF LOANS *in millions*



HISTORY

When Tri-County Credit Union opened in 1953, J.D. Weaver's medical practice had a couple of examining rooms to spare. That's where the young credit union set up shop. After school each day, agriculture teacher J.L. Faulcon would come by the doctor's office and open the credit union for business. During other times of day, Dr. Weaver paid his nurse to serve as a teller.

Today, things work a little differently. The credit union owns its own building just a couple of blocks off Ahoskie's Main Street. With over $4 million in assets as of April 1996 – up 66% from 1994 – Tri-County serves almost 4,300 members.

Mr. Faulcon, the teacher who served as the credit union's early after-school teller, played an instrumental role in the founding of the credit union. For the next 35 years, he worked on the institution's behalf – 30 years as manager, and five more in assorted leadership positions.

In the credit union's youth, Mr. Faulcon was known to sit down one-on-one with people in the institution's make-shift office. Always the teacher, he would talk to them about the virtues of saving. When a member took out a loan, Mr. Faulcon would ask them to borrow a little extra, setting it aside in a share account. The measure helped protect the credit union and taught its members the value of saving money for a rainy day.

J.L. Faulcon was not alone in his dedication to Tri-County. Take Bernice Eason, one of the credit union's first employees. She started as a secretary and has served Tri-County for 24 years, including stints as manager. She still works there part-time. Clara Motley is a thirty-year board member. Legend has it that 20 years ago, Ms. Motley came into the credit union to conduct some business and asked for a cold drink of water. "Sorry," replied the teller, "Tri-County doesn't have a water fountain or even a refrigerator." Not long after, Ms. Motley had a refrigerator delivered to the credit union's office, and the appliance still cools the drinks of Tri-County workers today.

In the early 1980s, after nearly thirty years in rented space, the credit union built its own building. The owner of a downtown lot provided the land for next to nothing. Then members pitched in to put up the structure. By that time, Tri-County's membership included plumbers, carpenters, electricians, and other tradespeople, all of whom donated their time to give the credit union an attractive, convenient, and affordable space.

ACCOMPLISHMENTS

Critical to Tri-County's mission is creating jobs in the region. "We don't just help members," remarks manager Marcus Simmons. "We also help develop communities." With backing from the Support Center Economic Development Account, the credit union has made 17 business loans totaling $207,000, creating or saving 83 jobs. Among the businesses Tri-County has helped start or expand:

- A fish market started by a retired member who borrowed money to start the business, then trained his granddaughter to manage it.
- A day care which now employs the borrower, her mother, father, husband, and two other workers.
- An accountant who borrowed to computerize her business.

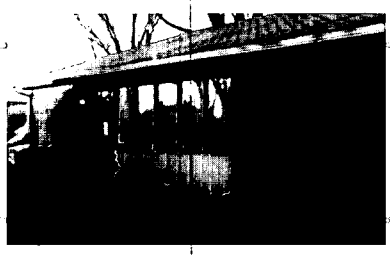
The resulting income helped put her children through college.

- A sporting goods store started by J.L. Faulcon's daughter and her husband, both educators, who carried on Mr. Faulcon's after-school tradition by opening up their start-up store which they run after a day spent teaching.
- A paving business which, with a credit union loan, has grown to have four employees and receives contracts from all over eastern North Carolina.
- A restaurant started by a member with a loan from Tri-County and now, in addition to feeding customers in Bertie County, has started to provide meals to state correctional facilities. She employs approximately 15 people at the restaurant.

Tri-County's assets have more than doubled since 1991; they increased nearly 60% during 1995 alone. Over the same period, the credit union's loans outstanding have increased five-fold.

THE FUTURE

With numbers like that, it should come as no surprise that continued growth is on Tri-County's agenda for the future. One possibility is to open a branch office. With a territory as large as Tri-County's, direct access for members can be difficult. But with or without a new physical presence, this credit union plans to get the word out and keep that growth on track.



PROFILE

Timber is big business in Tri-County's service area. Private land owners harvest their trees, leaving lots of open space. That's where Sam Newsome comes in. The Forest Service provides him with the names of land owners who have recently cut down their timber crops. With his crew of ten, Mr. Newsome re-forests the land. Sam couldn't provide this service without Tri-County. Managing cash flow for the business is challenging: payroll flows out constantly, but cash comes in from contracts in chunks. The credit union makes it possible for Mr. Newsome to pay his workers regularly while he completes contracts.

Mr. Newsome's business also serves as a kind of unofficial training ground for the area's workers – working for Sam is often the first job for residents. And judging by the steady flow of reference requests from local companies, many of Mr. Newsome's crew members move on to higher-paying jobs at local plants. With the help of Tri-County, the business provides the valuable public service of re-forestation and creates job opportunities and training in the bargain.

(l) Children at Jumping Jacks Daycare, which Tri-County finances using its Support Center Economic Development Account
(c) Tri-County Credit Union offices in Ahoskie
(r) This house was renovated and purchased with a loan from Tri-County Credit Union

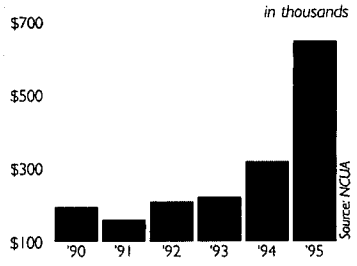
VICTORY-MASONIC MUTUAL CREDIT UNION

At a Glance

MEMBERS 1,212 LOANS $897,445 ASSETS $1,294,634

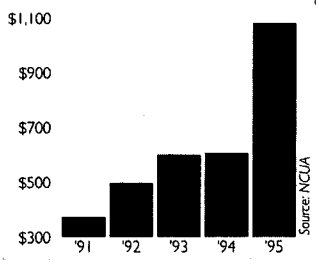
Victory serves all of Forsyth County and parts of Surry, Stokes, Guilford, Alamance and Yadkin counties where the poverty level among African-American families is 23%. Moreover the average income is just over half that of whites.

MEMBERS LOANING TO MEMBERS *in thousands*



New loans made by Victory-Masonic

BUILDING ASSETS *in thousands*



HISTORY

William M. Nesby and O.A. Brown sold life insurance for Winston Mutual Life Insurance Company. In 1946, in response to the way blacks were treated by Winston-Salem's financial institutions. They formed Victory Credit Union, receiving a charter on April 18, 1946. Victory is the oldest black-owned financial institution in Winston-Salem.

Mr. Nesby, the credit union's first secretary/treasurer, told people, "If low-income people would pool their resources, no matter how meager, to borrow among themselves, they could change the attitudes of the powerful toward the weak." His dream was for Victory to reach at least a million dollars in assets. In 1995, Victory passed that mark.

Since its inception, Victory has provided real estate, auto and signature loans, and savings accounts. In its early years, the credit union helped make a staple item – coal – more affordable. In those days, folks could buy coal in bulk for a good price but many could only afford to purchase it bag-by-bag, which meant they ended up paying twice as much as they would if they could buy in bulk. Victory loans allowed families to buy in bulk, paying up-front and spending less over a winter.

At the outset, the credit union encountered the same kind of discrimination its members endured. Once, Victory decided to pay off a member's bank loan – but the bank wouldn't accept the check! After some calm words from Victory's attorney, the bank gave in, but the incident serves as a reminder of what minority credit unions were up against.

Victory's fortunes have risen and fallen over the years. At one point in the 1950s, its assets reached $650,000. Mr. Nesby must have believed the institution would soon attain his dream of $1 million status. Hard times, however, delayed this achievement. By the early 1980s, assets had dropped below $200,000.

In 1984, credit union became "Victory Mutual Credit Union" after merging with the Employees Credit Union of Winston Mutual Life Insurance Company. Another merger, with Shriner Masonic Credit Union in 1990, brought the institution its current name.

ACCOMPLISHMENTS

Steady expansion during the 1980s and 1990s has brought the credit union to a new level of scale. Only in 1995 did the credit union match the $650,000 in assets it had attained some forty years earlier. Also in that year, it grew to nearly $1.1 million in assets, exceeding its previous high point by two-thirds. Meanwhile, Victory's loan balance at the end of 1995 was $900,000, having made $650,000 in new loans that year.

THE FUTURE

Historically, Victory has served primarily the community of east Winston-Salem, but its potential membership includes the rest of Winston-Salem, Greensboro, High Point and surrounding towns like Wilkesboro, Kernersville, Mt. Airy, and Pilot Mountain. Since the merger with Shriner-Masonic, Masons statewide are also eligible members. To reach out to these communities, the credit union plans to offer a new set of services including direct deposit, automated-teller use, and access to home mortgage loans. By 1998, Victory aims to have 2,000 members and $2 million assets, making good twice over on Mr. Nesby's vision.

PROFILE

Every Tuesday, Robert A. Miller picked up his weekly paycheck and took it to the rental offices, avoiding late charges week by week. That was until W. M. Nesby convinced him to build his own house with the help of the Victory Credit Union. With just $500 to his name, Mr. Miller and a group of friends built a one-story, five-room house up to the sub-floor before hiring a contractor. With a $27,000 mortgage loan from Victory, Mr. Miller became a homeowner at last. For fifteen years, until 1966, he made weekly trips to the credit union, paying $20 or more each time. But Mr. Miller repaid his obligation many times over. For some 30 years after retiring his debt, he has served as Victory's volunteer president. At 83, he still comes in to work almost daily – and he and his wife still live in that house they built over fifty years ago.

(l) Mr. Robert Miller, an integral part of Victory for the past 50 years
(r) Victory-Masonic Mutual Credit Union offices in the Winston Mutual Building, in east Winston-Salem

SELF-HELP CREDIT UNION

Self-Help Credit Union is North Carolina's "statewide community development lender," with offices in five North Carolina cities. Self-Help began in 1983 with $77 raised at a bake sale. Today, Self-Help and its affiliates manage more than $85 million in assets and have loaned $70 million to help low-wealth minorities, women, rural residents, and others buy homes, build businesses, and strengthen their communities. This financial strength has enabled the institution to:

- Make $33 million in home mortgage loans to 700 North Carolina families, nearly 70% of them minorities
- Lend $38 million to 1,000 small businesses, creating wealth and jobs
- Invest more than $6 million to renovate 225,000 square feet of commercial property, providing affordable, flexible space for nonprofits and small businesses

Furthermore, this pacesetting institution has provided valuable assistance over the years to a number of other CDCUs, strengthening the statewide network of community-based lenders.

The United Nations, the Federal Reserve Banks of Atlanta and Boston, and Presidents Clinton and Reagan have pointed to Self-Help as a national model for community development.

PROFILE

John Deberry owns Car World Auto Parts, the only minority-run automobile parts store in the state. Opening in May 1995, Mr. Deberry purchased his initial inventory with a loan from Self-Help. Deberry had been to other banks, but "things were too tight; their requirements were real tough." Self-Help took the time to work with Mr. Deberry to make the loan happen. With a successful year under his belt, Mr. Deberry now dreams of eventually opening a chain of Car World Auto Parts stores across North Carolina.

NEW CREDIT UNIONS

Though CDCUs serve many of North Carolina's low-wealth communities, some areas remain uncovered. One of the Support Center's priorities in the coming years is to help interested groups in those parts of the state not served by a CDCU form community development credit unions.

In the southeastern corner of North Carolina, a group of citizens has already taken great strides toward that end. The proposed credit union will serve New Hanover, Brunswick, Pender, and Onslow counties. In early meetings, crowds of more than 100 turned out to hear about the services a new credit union could provide. Responses to surveys have been highly encouraging, and an alliance of 13 churches has endorsed the planned institution.

Similarly, in the northeastern corner of the state, another motivated group of community leaders put together an application for a charter for Metropolitan Community Credit Union, which will serve Beaufort, Hyde, and Pamlico counties. The North Carolina Credit Union Division of the Department of Commerce will likely grant these charters in the coming months.

Elsewhere, in places such as Greenville and the Research Triangle area, groups have formed and begun the process of surveying their communities. All of the prospective credit unions are receiving intensive assistance from the Support Center which helps organizers:

- Develop business plans for their proposed institutions
- Build and demonstrate support for a new credit union in their communities
- Navigate the regulatory straits through which all new credit unions must pass

It is certain that North Carolina – already home to more minority community-based credit unions than any other state – will have an even larger network of community-based financial institutions before too long.

Mr. John Deberry, member, outside his shop in Durham

Fannie Mae invests $300,000 in Chowan, Tri-County and St. Luke Credit Unions

WINDSOR – Affordable housing has been made more accessible for low- to moderate-income residents in the Roanoke-Chowan region.

It was announced at St. Luke Credit Union in Windsor Monday afternoon that Fannie Mae (FNM/NYSE), the nation's largest source of home mortgage funds, has made deposits of $100,000 each in the Chowan, Tri-County and St. Luke Credit Unions.

According to the announcement, the deposits are part of Fannie Mae's effort to enhance lending to under-served populations and communities and are part of the company's Community Development Financial Institutions (CDFI) initiative.

CDFIs are financial institutions whose primary mission is community development.

Fannie Mae's Media Relations Manager Renee Bayne says the congressionally chartered, shareholder-owned company has committed to invest $75 million in CDFIs through the year 2000 and, to date, it has invested more than $43 million in more than 75 institutions.

U.S. Representative Eva Clayton (D-NC) was a guest speaker at Monday's announcement and she said, "Fannie Mae's investments will enhance the credit unions' capacity and strengthen their ability to provide loans to low- and moderate-income borrowers. I commend these credit unions and Fannie Mae for their efforts to expand local community development efforts."

St. Luke Credit Union was formed in 1943 by African-American sharecroppers in rural North Carolina to respond to hard times brought on by the Great Depression. Its mission is to serve a growing and diverse population of members, empowering them to become productive and successful consumers through savings and lending.

With assets of $6.1 million, St. Luke remains committed to strengthening the surrounding community by providing a significant proportion of its loan portfolio toward home purchase and improvement and supporting small businesses.

Since 1988, St. Luke has financed 64 small businesses with loans totaling more than $1 million, fueling the creation of more than 260 jobs. With offices in Windsor and Williamston, St. Luke serves Bertie and Martin counties.

Tri-County Credit Union serves some of the state's poorest counties and has been committed to providing its residents with access to credit since it was founded in 1953.

It is now a full service community financial institution.

In the past three years, Tri-County has grown significantly. Assets have doubled and loans have increased by 137 percent to their respective levels of $9.5 million and $7.2 million, making Tri-County North Carolina's second largest minority-controlled community development credit union.

Tri-County Credit Union serves Bertie, Gates, Hertford and Northampton counties.

Chowan Credit Union (CCU) was formed in 1941 in Edenton by seven local residents. The founders created the credit union because there was a need for alternative banking and financing for the African-American community.

CCU, which has assets of $3.6 million, has played a significant role in providing affordable financial services and extending loans to the community's low- to moderate-income residents. Its membership is open to anyone residing in Chowan, Pasquotank and Gates counties.

"Fannie Mae's investment will provide each institution with additional support needed for the communities they serve," said Linwood O. Cox, executive director of the North Carolina Minority Support Center, a statewide nonprofit group that provides financial and technical assistance to community development credit unions.

"We believe that by continuing to grow responsibly, these credit unions will be able to expand the number of loans they make, offer new services to their members and become even stronger economic development lenders in their communities," he continued.

Stacey D. Steed, vice president of housing impact in Fannie Mae's Southeastern Regional Office, said, "Open to any resident within the counties, these full service credit unions provide their members access to affordable credit and financial services.

"While Fannie Mae's investments may represent a small percentage of an institution's deposits," he continued, "they are important in making sure those institutions can continue to serve the needs of their communities."

The investments, according to Bayne, are part of Fannie Mae's commitment to fight discrimination under the company's Trillion Dollar Commitment to provide the million low-, moderate- and middle-income families and minority borrowers with greater access to affordable housing opportunities by the end of the decade.

Payne urges construction work safety

RALEIGH – With the release of the 1997 fatal workplace accident statistics, North Carolina Labor extremely important for companies and employees to make every effort to ensure safety. Communicate in total construction activity.

The Department will soon be an initiative focusing on training

Saint Luke Credit Union gets Fannie Mae funds

By JEANETTE WHITE

WINDSOR - Congresswoman Eva M. Clayton, D-NC, kept her remarks brief and to the point Monday when she announced Fannie Mae's $300,000 investment in St. Luke Credit Union in Windsor, Chowan Credit Union in Edenton and Tri-County Credit Union in Ahoskie.

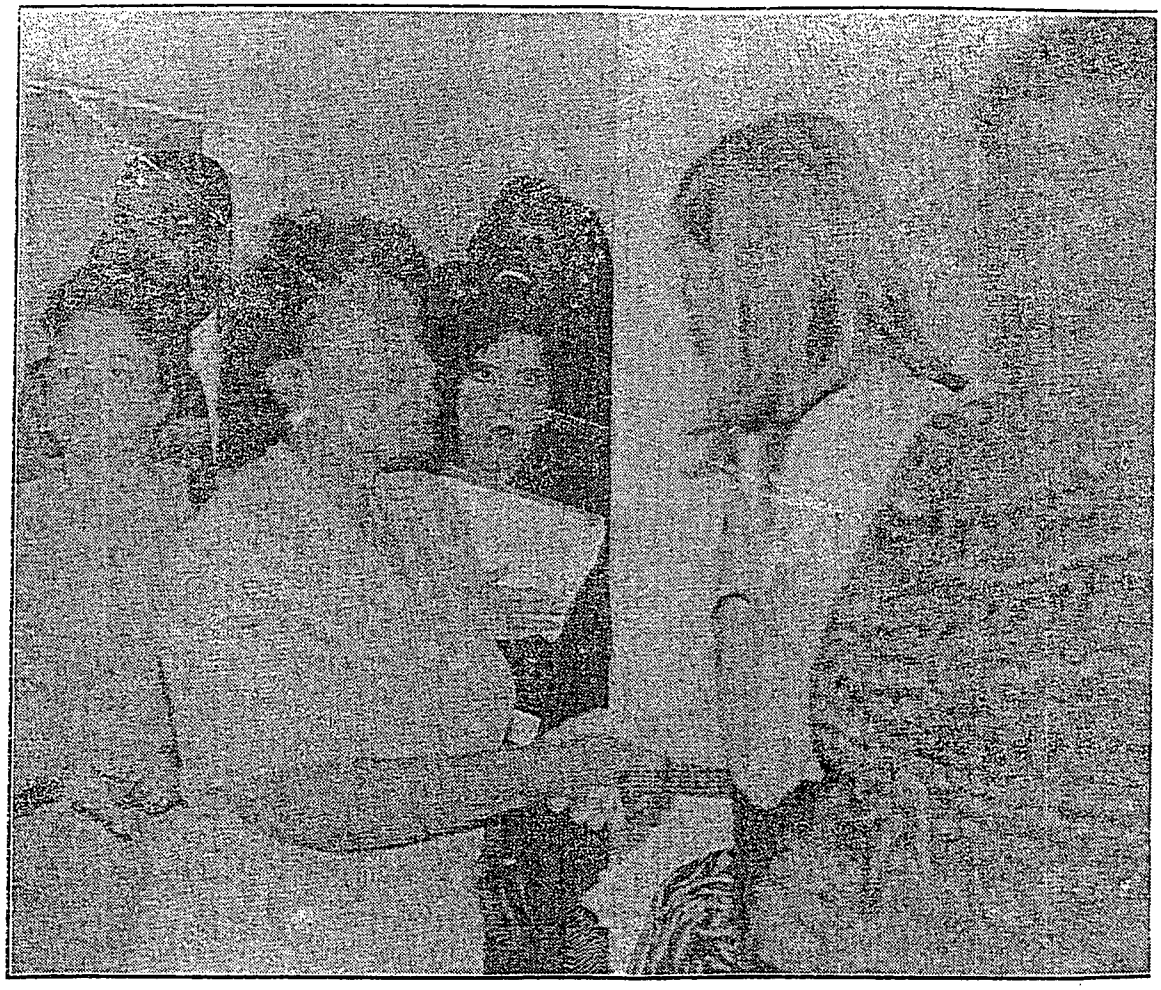
The investments are part of Fannie Mae's $75 million Community Development Financial Institution effort to help underserved populations and communities.

A large crowd from several counties and Fannie Mae representatives gathered at St. Luke office on Granville Street for the 1 p.m. meeting. When Ms. Clayton arrived, people were invited back outside to hear comments from the congresswoman, local leaders and Fannie Mae.

Almost unbearable heat forced part of the large crowd back into the air conditioned building and Congresswoman Clayton told those waiting inside that she would not break her reputation for brevity.

Primary purpose of the investments is to boost the credit unions' capacity to provide housing funds to low and moderate income and minority borrowers in six rural northeastern counties of the state.

Fannie Mae is a congressionally chartered, private company and the nation's largest source of home mortgage funds.



Congresswoman Eva M. Clayton was met in Windsor by a large crowd of supporters. (Photo Jeanette White)

The company has committed to provide $1 trillion in targeted lending for 10 million homes by the end of the decade. The lending will serve low- and moderate-income families, minorities, new immigrants, residents of central cities and other underserved areas and people with special housing needs.

To date, Fannie Mae has invested more than $43 million in more than 75 institutions.

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(See ST. LUKE, Page 10)

(Continued from Page 1)

St. Luke

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St. Luke, with offices in Windsor and Williamston, serves Bertie and Martin Counties.

Chowan Credit Union was formed in 1941 in Edenton by seven local residents. With assets of $3.6 million, CCU's membership is open to Chowan, Pasquotank and Gates Counties.

Tri-County of Ahoskie serves Bertie, Gates, Hertford and Northampton Counties. It was founded in 1953 and now has assets of $9.5 million and $7.2 million in loans, making it the second laragest minority-controlled community development credit union in North Carolina.

Fannie Mae is the largest corporation in America, with $404 billion in assets and $731 billion in mortgaged-backed securities. The company is one of the largest issuers of debt after the U.S. Treasury. It has about 300,000 shareholders and is part of Standard and Poor's 500 Index.

Support Center News

"Helping Communities Help Themselves - The Credit Union Way"

Special Report: Two New Charters Awarded for North Carolina CDCUs

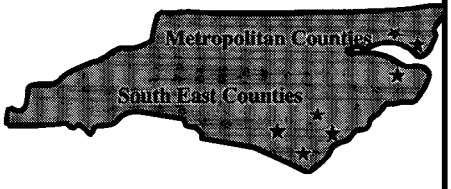
By Kimberly Knox

There's great news for residents of Wilmington and Washington, North Carolina. This spring both cities will serve as the new homes for two newly chartered community development credit unions. South East Community Credit Union and Metropolitan Community Credit Union will open their doors to serve their area's low-income, low-wealth communities. South East will serve residents of New Hanover, Columbus, Pender, and Brunswick counties, while Metropolitan will serve Hyde, Pamlico, and Beaufort counties. Both credit unions have been working diligently to secure their charters for several years and finally their charters were awarded in January 1999.

South East CDCU is a welcomed addition to the coastal city. The credit union will fill a void for the low-income community by providing a source of financial support and empowerment. The area is rapidly growing and the community needed a financial institution that would be sensitive to the varying needs of its residents.

The motivating force behind South East is Wendell Daniels, a local businessman and Wilmington resident. South East will be managed by Theresa Williams, a Wilmington native and UNC-W graduate. She holds a BS in Business Marketing and a MBA in Business Administration. She spent two and one half years in banking, eight years in marketing and is an instructor at Brunswick Community College. Her experience in marketing and banking will help build a strong foundation for the credit union.

In Washington, the residents are equally excited with the emergence of Metropolitan Community Credit Union. Rev. David Moore, the force behind the credit union, is no stranger to community development. Rev. Moore is the Executive Director of Metropolitan Low Income Housing and Community Development Corporation. The



credit union and CDC will be located in the same building and will work together to serve the community. Its manager, Harry Moore, is a North Carolina native. He brings to the credit union 20 years of experience in banking. He is also an instructor at the area community college. Metropolitan has received 800 signed pledges and hopes to have a membership base of 1200 within 90 days after its official opening in May.

The number of CDCUs in North Carolina will increase to 16 with the addition of the two credit unions. Currently, 14 of the 16 CDCUs are Support Center affiliates and serve 37 of the state's 100 counties and over 23,000 people. Both credit unions will join the Support Center family. Each will be eligible for assistance in the form

Continued Page 2

In The Spotlight

Victory-Masonic Mutual Credit Union

In 1946, William Nesby and O.A. Brown sold insurance for Winston Mutual Life Insurance Company in Winston-Salem, NC. After observing the lack of financial assistance available for blacks in Winston-Salem, the two gentlemen decided to form Victory Credit Union.

The credit union encountered the same obstacles its members endured in the beginning. As problems arose, the credit union found ways to resolve them with courage and intelligence. Mr. Nesby served as both secretary and treasurer for the credit union and encouraged people to pool their resources together and surpass the meager circumstances surrounding them. He explained if they borrowed among themselves as members of the credit union, they could change the attitudes of the "powerful" towards the "weak".

The credit union also helped make coal more affordable. During the 1940's and 50's people could buy coal in bulk for a good price to reduce their overall cost. However, many could not afford to buy coal bag by bag, much less in bulk. Victory's lending policy allowed families to buy in bulk, pay up-front and spend less over a winter.

Victory merged with the Employees Credit Union of Winston Mutual Life Insurance Company in 1984 and with Shriner Masonic a few years later. Victory serves the East Winston-Salem communities, but it also offers memberships for the entire city of Winston-Salem, as well as portions of surrounding counties like Guilford, Surry, Stokes, Alamance, and Yadkin.

Since its inception, Victory has provided real estate, auto, and signature loans, and share accounts to its members. Victory is the oldest black-owned financial institution in Winston-Salem. In recent years, the credit union has been fortunate to assemble an outstanding staff. Alvin Atkinson, President, joined Victory this past fall and brings his 17 years of banking experience to increase the credit union's overall effectiveness. Beverly Irby, Operations Manager, is preparing to celebrate her one year anniversary with VMMCU. She has 16 years of

Continued Page 2

FoCus

By Kaye Scott

ARE YOUR INTERNAL CONTROLS Y2K READY?

With the flood of information concerning Year 2000 compliance, have you and your board given any thought to internal controls? Even our best-laid plans could have some major glitches, therefore the safety of *both* cash and non-cash operations needs to be considered as part of a credit union's Y2K and contingency plans.

One of the greatest concerns, and a real possibility, is that many members will want to liquidate their assets to "cold hard cash". Securing, storing and transporting cash is currently not an issue for most CDCUs. However, given the volume of potential cash business at the end of the year, each credit union board needs to consider the following:

- *Will your credit union need cash? How will your credit union determine what the currency needs will be?*
- *Who should you contact to order cash? How much advance notice should you give your currency supplier?*
- *How will the credit union transport its currency supply? Where will it be stored?*
- *Is the credit union properly bonded for increasing, transporting and storing excess currency supply?*
- *Has your staff been trained to properly accept, verify and secure an excess currency supply?*
- *What policies and procedures are in place to protect credit union staff from the possibility of willful wrongdoings?*
- *Is credit union staff mentally prepared and trained in the event of a robbery or if a co-worker is found to be untrustworthy?*

This last point is absolutely critical. In my days as a bank manager, I experienced both robbery and having to dismiss a dishonest co-worker. These situations can be traumatic, especially when there has been little experience with these kinds of incidents. Mentally prepare your staff for the "real" possibilities. Credit union incident rates are equal to and in some areas greater than banks.

Contact the NC Credit Union Division at 919-850-2929 or your NCUA representative with general Y2K compliance questions. Contact your CUNA representative if you have questions related to bonding and currency internal control procedures. *Let's all have a safe Y2K transition.*

NFCDCU's CDCU Institute Up And Running

Congratulations to the National Federation of CDCUs, which recently announced the inaugural session of the CDCU Institute in April, 1999. The Institute, an intensive, three-year training program based at New Hampshire College, will bring together CDCU staff, managers and board officials from around the country for two weeks each year and will cover a comprehensive curriculum from management basics to advanced financial management.

In addition to the Institute, NFCDCU will run its second cycle of the CDCU Mortgage Training Program for those credit unions exploring mortgage lending or looking to expand already established programs.

For more information about these two outstanding training opportunities, contact the Federation at 1-800-437-8711.

CDFI Fund Announces Technical Assistance Round

The CDFI Fund published a NOFA for the 1999 Technical Assistance Component in the January 29, 1999 Federal Register. Applications for funding are due on Tuesday, April 27, 1999 and can be downloaded from www.treas.gov/cdfi. You may also request a copy by faxing the Fund at (202) 622-7754. The Fund expects to make 80-100 awards of $50,000 or less for a total of $5 million. Funds may be used for technology, consultants or training that will build the capacity of CDFIs. Funds may *not* be used for staff or operating support purposes. Contact Bethany at the Support Center for more information: (919) 835-6066.

Special Report Cont'd from Page 1

of technical assistance, workshop training, and capital support.

The services these CDCUs will provide will promote economic development and offer hope to many in the counties they serve. The continued growth of CDCUs in North Carolina is a positive reminder that the movement is still a proven way to generate community development and strong community pride.

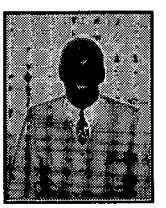
Below are some of the partners which have already pledged technical or financial support to the new credit unions.

- ★ Tri-County Credit Union
- ★ School Workers Federal Credit Union
- ★ NC Credit Union League
- ★ Area Representatives and Senators
- ★ NC Credit Union Division
- ★ NC Minority Support Center
- ★ NC Community Development Initiative
- ★ NationsBank

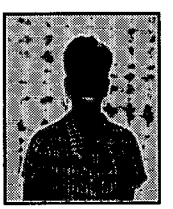
In the Spotlight Cont'd from Page 1

previous banking experience. Carl Jones, Manager, has been with VMMCU since 1996. Carl spent eight years with Self-Help Credit Union before coming to Victory. Together the staff and board at Victory are helping East Winston-Salem and its surrounding communities to flourish.

Alvin Atkinson



Carl Jones



Beverly Irby

Executive Note

By Linwood Cox, Executive Director

$55,000,000 by the Year 2000

When the Support Center was founded in 1990, it was hard to even think about where North Carolina's CDCUs would be in five years, much less *ten* years later at the beginning of the next millennium. But a great deal of hard work, putting our heads together and sharing our successes and hardships has helped build an admirably strong credit union movement in the state. We have much to be proud of.

1998 proved to be an exemplary year, as credit union assets and shares as a whole grew 16% from 1997 to an all-time high. At the end of the year, assets stood at $47.7 million, shares at $41 million, and outstanding loans at $36 million. Membership rolls grew 15% to over 20,000, thanks in part to a number of new services introduced at various institutions, and in part due to a growing appreciation for the good things that CDCUs are doing in their communities. For example, in 1998 CDCUs made 120 small business loans totaling $1.2 million, helping individuals to create or retain 364 jobs in their communities. 150 real estate loans totaling more than $3.2 million helped credit union members buy or improve their homes and purchase land and rental property, all helping to build assets for families and communities.

But more can be done. While the state's CDCUs experienced a strong 16% growth rate, year-to-date lending lagged slightly below at 12% over 1997 levels. While some CDCUs experienced more than 100% loan-to-share figures, others had excess funds. And while real estate and small business lending as a whole looks good, there is significant room to grow these services in all of the counties served by CDCUs.

In 1999, we have no doubt CDCUs will step up to the challenge. Already two new charters have been granted in the state and yet another is expected by year's end. Several CDCUs are in the process of seeking mortgage lending approvals or instituting new share draft programs or other services to meet members' needs.

True, 1999 has posed its special challenges already. The CDCU network mourns the closing of Bricks FCU, which suffered increasing losses and high delinquencies for a sustained period before being merged with another institution by NCUA. We must all stay vigilant, then, to make sure our staff and boards have the resources to keep delinquencies in check, to maintain healthy capital levels, and to make the kind of positive-impact loans that help transform our communities. The Support Center will work hand-in-hand with CDCUs and other partners to leverage and deliver resources to meet this goal.

Can we grow to $55 million in just one year's time? YES, and if we all work together, we can achieve even more.

Star Watch

★ The Support Center is excited to welcome *Tanya Branch, CPA* to our staff. Tanya has joined the staff as our *Financial Officer*. Tanya is a graduate of North Carolina Central University and has over six years of experience in accounting and auditing. Formerly of Cherry Bekaert and Holland, L.L.P., CPA firm, she will handle the day-to-day finances for the Support Center. She will also assist credit unions with their various accounting needs. Let's all welcome Tanya to our CDCU family.

Tanya Branch

★ Compact, Caswell, Gateway Community, Rowan-Iredell Area, and Victory-Masonic Mutual Credit Unions were awarded technology grants during the Fall '98 cycle of the Support Center's Capacity Grant Program. The grants are designed to offer financial assistance to credit unions as they seek to upgrade their technical capabilities. RFP announcements were mailed in September and awards were made in November. Some of the technology credit unions were seeking included fax machines, laptops, internet access, photocopiers, and Y2K ready computer systems. In total, the Support Center awarded $22,682 using funds made available through the support of the Stoneman Charitable Foundation and The Ford Foundation.

★ As you may have read in the special report article on page 1, there are two new credit unions joining the Support Center family. South East Community Credit Union in Wilmington and Metropolitan Community Credit Union in Washington. Both will begin serving their surrounding counties in the Spring.

★ Special thanks to Frances Bradshaw at First Carolina Corporate for her assistance with the Support Center's February workshop on Y2K issues.

Email Access! Contact The Support Center Staff anytime via email.

Bethany Chaney	Linwood Cox	Kimberly Knox	Kaye Scott	Tanya Branch
bethmsc@intrex.net	COXMSC@aol.com	Kvknox@aol.com	KScott3491@aol.com	TBranchCPA@aol.com

Special CDCU Report: School Workers FCU Making Programmatic Strides

By Kimberly Knox

Saundra Chapman
School Workers FCU President

The members at School Workers FCU will soon have an added feature to their membership services. The credit union has recently been approved to offer credit card and debit cards to its product line.

School Workers offers its members some of the most competitive services among CDCUs in the state. The credit union wanted to improve on that success and make the services more attractive to old and new members. "Our members have continually asked for these products over the years, but this year we felt confident that we could provide these products to them successfully," says CU President Saundra Chapman. "We have worked hard with Equifax and the Support Center to offer credit and debit cards with professionalism and to make sure we would have little if any anxiety about starting a new program," she concludes.

As of January 1999, the credit union has been actively preparing its operations to begin accepting and approving applications. Credit card applications will be accepted in the spring and debit card applications in the following months. "It's an exciting and important step for our credit union and CDCUs everywhere", explains Jacqueline Parks, CU Vice President. She goes on to say, "It furthers CDCU efforts to offer their members the same financial services they would want from any other financial institution. Our members are eager to see the credit union succeed with this new product, not to mention they're anxious to apply for the cards."

School Workers has served members in Mecklenburg county for over 50 years and has increased its assets to $14 million, ranking it 22nd among the Charlotte area's largest credit unions. Dedicated to its members and their families, the credit union has always worked to help improve their standard of living. The addition of these products continues in this fashion. Credit cards will give qualified members convenient day-to-day access to unsecured credit with reasonable interest rates. Debit cards will give members access to their accounts without having to carry cash. They will have the same service one receives at other financial institutions, but with the sensitivity expected from a CDCU. The credit union benefits from the fact that members do all their business in one place.

Here's what to look forward to in the next quarter!

- March 10th Support Center Board of Directors Meeting
- NCMSC Annual Report Debut
- April NCMSC Website Debut
- June 16th Next Scheduled Workshop
- June 17-20 NFCDCU Annual Meeting in New York

Marketing 101: Going Surfing? By Kimberly Knox

In the new millennium, technology will either be your best friend or a formidable foe. One of the best ways to become the best of friends with technology and get excellent use out of it is to *get on the Web.*

You've probably heard about all the wonderful advantages that come with being on the Web. You've seen the information one can obtain just by clicking here and there, but you probably wonder if having a website would be a benefit to your credit union. The internet has proved itself to be a great asset to many organizations but the best way to determine if it's the ideal tool for your credit union is to ask yourself the following questions.

1. Purpose: Why Do You Want Get On the Web?

Obviously, this is the first question one must ask. You can save yourself time and money by being honest with yourself. What do you hope to achieve and what is your purpose? Make sure your decision is not based on the idea that everyone else is on the Web and you simply don't want to be left out. Also ask yourself whether you just want e-mail or to develop your own website. Make sure you have a marketing focus to accompany your thinking.

2. Member Benefit: Will This Improve Your Service?

In this member-driven field, it is important to assess the effects this will have on them. Pose the question: Will this make a favorable impression on our current membership? And if you're considering your own website, will they visit the site? What information can you place on the site to make it more attractive to the membership? Then ponder how will you market it to your members. The answers can help you further develop your thought process and allow you time to design an appropriate strategy.

3. What's the Future Outlook? Will this help increase our membership? Will you be able to sustain having your own website in the future? A cost-benefit analysis will help you further determine the Web's value to your credit union. Remember to consider the future cost of updating as well as initial start-up costs.

4. How Do You Get Started? If you've decided to develop your own site, here are some suggestions. Outline your ideas for the homepage and estimate the length of the site by pages. Then research the associated cost, learn about service providers and their fees, and speak to consultants. Compare quotes to determine your estimated budget. All of this will help make a final decision easier.

Keep in mind that a process like this will take patience and a long-term perspective. It's important to make a well-informed decision to satisfy you, your board, staff, and members. If you do decide that the Web is for your credit union, note that it may not start with a bang. Ask your Web consultant and other organizations for some success stories.

In the new millennium, let technology be your tool. If you can determine that the Web is the ideal tool for your credit union, catch a wave and go surfing!

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Support Center News

"Helping Communities Help Themselves - The Credit Union Way"

Fall 1998 Volume 1, Issue 4

A North Carolina Minority Support Center Publication

Special Report: Fannie Mae Invests In CDCUs to Expand Affordable Housing Opportunities

As part of Fannie Mae's effort to enhance lending to underserved populations and communities, the company has made $100,000 CDFI deposit investments in Chowan, St. Luke, and Tri-County Credit Unions. Fannie Mae, the nation's largest source of home mortgage funds, has committed to investing $75 million in CDFIs through the year 2000. To date, Fannie Mae has invested more than $43 million in more than 75 institutions.

"Fannie Mae's investment will enhance the credit unions' capacity and strengthen their ability to provide loans to low and moderate-income borrowers," said U.S. Representative Eva Clayton (D-NC), at an August 31st announcement at St. Luke Credit Union in Windsor, NC. "I commend these credit unions and Fannie Mae for their efforts to expand local community development efforts."

The Support Center assisted with the investments as an intermediary, working with management to prepare the paperwork and coordinate the deposits with Fannie Mae staff. "Fannie Mae's investment will provide each institution with additional support needed for the communities they serve," said Linwood Cox, Support Center Executive Director. "We believe that by continuing to grow responsibly, these credit unions will be able to expand the number of loans they make, offer new services to their members and become even stronger economic development lenders in their communities."

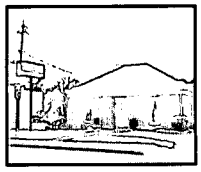
Marcus Simmons, manager at Tri-County Credit Union in Ahoskie, notes an excellent response from his community to the announcement. "I've had members come in and make new deposits and congratulate us on the good things we're doing in the community. We're also working out the details for a partnership with a local affordable housing agency as a result of this investment."

CDCUs that are CDFI-certified can qualify for Fannie Mae's deposit program if they are actively engaging in mortgage lending and maintain acceptable CAMEL ratings. For more information, contact the Support Center.

Congresswoman Eva Clayton (D-01) speaks during the Fannie Mae Press Conference as Fannie Mae's Patricia Evans (far left) and the Support Center's Linwood Cox (far right) look on.

In the Spotlight

St. Luke Credit Union



Leon Johnson.

St. Luke Credit Union was formed over forty years ago in an eastern rural minority community in Bertie County, North Carolina. When members of a local black church learned that one of the members, a farmer, was denied a loan of $300 by a local financial institution, they took it upon themselves to raise the funds the farmer needed. This led to the idea of a credit union.

After receiving its charter in 1944, St. Luke Credit Union opened its doors with 192 members and $500 in assets. St. Luke also had growth success by expanding its geographical base to include Martin county and the town of Williamston, broadening its membership potential to over 20,000. The credit union now has two locations, making it convenient for its members to handle their financial needs. Since then, the membership has grown to over 2,000 with assets of almost $6 million.

From the beginning, this unpretentious credit union placed a strong emphasis on business development and home ownership. Since 1989, approximately 70 business loans have been made and 260 jobs have either been created or preserved. These businesses include retail, manufacturing, services, farming and building trades. In a county that has an unemployment rate of 10%, St. Luke's presence has made a significant difference in the quality of life in the community.

St. Luke's efforts in mortgage lending have been effective as well. $1.6 million (53%) of the credit unions assets are in housing loans. The credit union's emphasis on homeownerships has allowed 300 low-income families to own their own homes. While achieving these successes, the credit union has kept its delinquency rate under 6%.

Success has continued to be a part of St. Luke's fate. St. Luke has received non member deposits from churches, other non-profits, financial institutions and the Office of Community Services.

St. Luke Credit Union is an outstanding success due to the down to earth, common sense approach of the staff and board. Their persistence, dedication, and a strong belief that individuals working together can enhance the ability of one to help one's self, have helped make St. Luke special to its community.

FoCus

Year 2000 Technology: A Must!

By Kim Knox

As the new millennium approaches, it is important to keep abreast of all the technological advances being made and those that haven't been! At the forefront is Y2K Compliance. The major concern of Y2K is programming codes that use only two digits to read years. When computers encounter the "00" it is read as 1900 rather than 2000. This could affect record and bookkeeping efforts for CUs.

Most CDCUs are in the process of consulting a computer systems firm to ensure that their computers are ready for Year 2000 coding. But some have not. **Now** is the time to make sure you will be ready for the new millennium or there will be serious consequences.

In the last months, CDCUs such as Rowan-Iredell and School Workers have undergone the process of installing new systems to ensure compliance. At this point Rowan-Iredell has installed its new system and is currently in the testing phase of the process. "The installation was not difficult and took only two hours", says Sarah Lightner, CU Manager. "Learning the new system will take time and concentration but I'm glad we'll be ready by year's end". Saundra Chapman, School Workers FCU President, recently has installed and completed testing of the CUs "critical systems" and recommends other CUs bring this part of their operations to a close as soon as possible to avoid potential penalty. Credit Unions that offer ACH services will be fined up to $75 a day if their "critical systems" are not tested by December 1, 1998. Tony Knox of the North Carolina Credit Union Division recommends credit unions look to 1998 NCUA letter #4 to be better informed on the specifics surrounding Y2K Compliance testing.

If your CU has not completed all the necessary steps to have your systems compliant, a written explanation showing proof that your CU has contacted a systems vendor to purchase a system that is Y2K Compliant can be presented to the Credit Union Division to avoid penalty.

Member Services: Planning For the New Millennium

By Evon Smith, President, Gateway CDC

Credit Union members have a distinct advantage over the general population when it comes to financial opportunities and the ability to maximze their financial future. Credit unions with a community focus are still able to educate their members by hosting small information sessions that teach members valuable financial skills. This approach my be foreign to larger financial institutions since many of the firms have adopted a mass marketing approach. Educating our members on the opportunities to build wealth will ensure that will not be taken advantage of and will propel them to educate others to avoid being taken advantage of in the future.

Our members must be informed on the opportunities that exist to create WEALTH. We must ensure proper planning for homeownership, retirement, education, vacations, and major home improvements (among other things). Members need to be advised on tools available for making their money grow. Credit unions must use their ability to translate financial industry jargon into language understandable by non-financial people. This is a necessity when creating a trusting relationship with our members. Discussing an individual's financial condition can prove to be a very sensitive topic. The credit unions must approach people on the level where they are most comfortable.

Many of our credit unions are located in areas where mobile home sales are high. For low income families, mobile homes have become extremely attractive because of the low to NO down payment and low monthly payment options marketed by the sales companies. However, there is little to no opportunity for those families to build wealth from this scenario. Our members must be better informed on all the wealth building opportunities that exist with the purchase of a home. Often mobile home dealers target the same clientele as our credit unions. We have a distinct advantage because our business builds communities and offers the educational advantage.

Churches have the ability to help spread financial information in conjunction with our community based credit unions. Churches that

(Continued on page 4)

CDCU News: Funders Offer Variety of New Support for CDCUs

By Bethany Chaney

The Support Center is pleased to announce new grant support from the **Charles M. and Mary D. Grant Foundation**, which committed $40,000 to assist its technical assistance program.

The Ford Foundation, a current grant supporter, has made a $1 million, ten-year program related investment in the Capital Support Loan Fund to support CDCU efforts in mortgage, small business and other economic development lending. A companion grant of $100,000 has also been committed and will be kept in the Loan Fund's reserves.

The Support Center is also one of 25 southeastern organizations selected to participate in the **Mary Reynolds Babcock Foundation's** 1998 Organizational Development program. The Support Center has received a $48,000 grant to engage in OD activities over the next 18 months. In October, Erwin Scales, Manager at College Heights CU and the Support Center's Treasurer joined Bethany Chaney, Development Director, at a Foundation-sponsored gathering of grantees in Norcross, GA.

Welcome New Funders!

Executive Note

By Linwood Cox, Executive Director

New Leadership, New Relationships

This year's elections have resulted in changes in the State House and the nation's Capitol. It is crucial that constituents prepare now to build and maintain strong relationships with newly elected officials and strengthen relationships with incumbent winners. Whether Republican or Democrat, North Carolina's new representation on several levels need CDCUs and the credit union movement to help them understand the issues important to the industry and the low-income communities we serve.

At the national level, newcomer John Edwards will assume Lauch Faircloth's seat in the Senate and on the Senate Banking Committee. As he enters this term as a "freshman", Senator Edwards will need to hear from community development credit unions early in the game to influence a range of policies for financial institutions and underserved communities. On the state level, the elections brought new faces to the General Assembly in CDCU districts. To cite a few, Daniel G. Clodfelter (Mecklenburg County) and Kay R. Hagan (Guilford County) are newcomers in the Senate. In the House, W.B. "Junior" Teague (Alamance County) and Mitchell Smith Setzer (Catawba County) are new to the General Assembly as well. For a copy of the 1998 General Election results, contact the Support Center. The Speaker of the House position is currently being pursued by nominee Rep. Jim Black. The Speaker will shape agendas in the House. Therefore, the Speaker's support for community economic development is important and he needs to *hear from you.*

While one voice can make a difference, the many voices of a collective effort often find a more willing ear. Given the new attention brought to credit unions during the HR 1151 debate in 1998, the need for continuous authorization of the CDFI Fund, and the new statewide legislation regarding development zones and other economic development strategies, now is the best time for community-based credit unions to inventory their relationships with state and national elected officials. Have you personally introduced yourself to your new leadership? Have you invited your state representative to join your credit union? Do you know who his or her legislative aide is? If you've answered no to any of these questions, talk it over with your Board of Directors and start planning now to build effective, lasting relationships that work for CDCUs. Change provides opportunities—let's not miss this one.

Star Watch!!

- **Welcome aboard Alvin Atkinson,** new Credit Union President at Victory-Masonic Mutual Credit Union in Winston-Salem. Alvin comes to the network with 17 years experience in banking and an endless supply of enthusiasm. He joins Carl Jones, Manager and Beverly Irby, Operations Manager.
- **Congratulations to Jimmy Leach** from Chatham-Lee Credit Union in Pittsboro, NC. Jimmy is a recipient of *The Independent Weekly's*, 1998 Independent Citizens Award. *Outstanding!*
- Welcome also **Hilda Jordan**, new Manager at Chowan Credit Union in Edenton. Hilda has a variety of program management experience, including administrative experience with the Farmers Home Administration.
- An automated phone system has recently been installed at Tri-County Credit Union so that credit union members can find out account information over the phone, day or night. Credit Union staff will be able to spend less time answering basic questions and more time serving walk-in customers. Share draft accounts will be made available very soon, says **Marcus Simmons**, Manager.
- **Saundra Chapman**, CU Manager and Kaye Scott, Support Center Regional Manager will attend a December training in Madison, Wisconsin to prepare for School Workers FCU's credit card program, which will be managed by Equifax. Additional staff will attend the training in the future.
- **Roxanna Perry-Lewis**, formerly with Chowan Credit Union in Edenton, has joined St. Luke Credit Union in Windsor as their accountant.
- Support Center Technology Grant Recipients for Fall 1998 include, **Victory-Masonic Mutual CU** in Winston-Salem, **Rowan-Iredell CU** in Salisbury, **Compact CU** in Kings Mountain and **Gateway CU** in Henderson.

Email Access! Contact The Support Center Staff anytime via email.

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serve our target market can play a significant role in educating our potential clientele on the wealth-building opportunities that exist. **We must** remove the fear of understanding financial jargon. **We must** make the closing statements homeowners face when purchasing a home as simple as the credit union statements they receive monthly. **We must** also make information on preparing wills and trust accounts less intimidating so people will properly transfer property and savings to their heirs. **We must** discuss EQUITY and property values frequently. It is imperative that community based credit unions be the catalyst for keeping this discussion on the front burner along with the churches.

Our credit unions will grow significantly with the addition of mortgages to our portfolios. We can create neighborhoods that have two and three generations of families and still have maximum market value. Once we help individuals own and retain property, we can look at broader investment opportunities to increase commercial activity and business ownership in the communities we serve. What we must not forget are the likely partners to this education process - insurance companies, homebuilding contractors, supply companies, grocery store chains, banks and municipalities. **We must** be creative in how we show the BENEFIT to the likely partner. Getting partners is still a sales game. **We must** have the most attractive package and the best sales pitch. Most importantly, **we must** teach our clientele how to play the game so they will benefit in the new millennium.

Oops!

Jailen Leach

In our last issue we announced the birth of Jailen Benjamin Leach as Jamal Bejamin. We sincerely apologize for this misprint.

Also, the final portion of the Marketing 101 article was cut short. The missing portion is as follows: So, when your members reach into their mailboxes and see your new correspondences, they will know that *their* CDCU is thinking of them; after all, your image is their image.

Marketing 101: Community Outreach

Kimberly Knox

Putting an emphasis on *community* by increasing your community outreach efforts can help your credit union grow. *Community* development credit unions serve a portion of the population that is, at times neglected by the mainstream. However, many members of the very population CDCUs are designed to serve are unaware of their services. Organizing community outreach projects in and around your service area is an ideal way to inform the community that there is someone they can turn to for assistance. Not only does this allow you to attract new members, but it also allows your CDCU to provide services to the community that are not only financial but humanitarian in nature.

Community outreach projects can take on various forms. Of course there are the basics, member appreciation day and membership drives, but there are other exciting and educational projects. For example, health awareness will not only attract the attention of a wide range of people but it will provide a needed service to those in the community that may not otherwise receive it. Some services may include blood pressure, eye, and cholesterol checks. Contact your local hospital or health services provider to develop a partnership.

Another community outreach program could include reading awareness. Families with children can take advantage of this opportunity to further expand their child's library. Your local library can be very helpful in pulling this event together. Check to see if the local bookmobile is available, offer light refreshments and maybe have a storyteller and balloon artist. This is a creative way to let your community know you are a financial institution that cares.

Finally, your area radio station is a great way to draw attention to your credit union and get the community's interest. Radio stations regularly do spots on location. Have new member specials, prize drawing, and contests. Or maybe ask about doing a regular spot yourself for the credit union. The radio station can provide you with information to make sure your community outreach project is a success.

In any case, emphasis on community is one of the best ways to educate your community about your credit union. Using you creativity for your outreach project can make reaching out into the community worthwhile and fulfilling, not to mention beneficial to the growth of your CDCU.

Events, News, Happenings...

- NCMSC Board of Directors Meeting December 16th
- NCMSC Workshop entitled: *Mortgage Lending : How to Plan, Implement, and Sustain Your Program* December 16th
- Holiday Closings: December 21-25; December 31 (1/2 day)-Jan. 1
- Scheduled NCMSC Workshops: March 17, June 16, September 15, December 15. Pencil these dates in on your calendar.

Support Center News

"Helping Communities Help Themselves - The Credit Union Way"

Summer 1998 Volume 1, Issue 3

Special Report: The Support Center Holds Its 1st Awards Luncheon

By Linwood O. Cox

"Coming together is a beginning, keeping together is progress, however working together is success." This statement couldn't define the CDCU movement in North Carolina any better. Throughout the years we have discovered that the success of an organization is not based on where we stand during moments of convenience but instead on where we stand during moments of challenge and controversy.

With this in mind, on July 15 the Support Center held its Annual Meeting at the Holiday Inn - State Capital in Raleigh, and invited credit union staff, board members and special guests to celebrate the true successes of our individual organizations and the collective work within the Support Center. Together, the network has created a bond and accomplished great things, placing the Support Center on the map as a model statewide intermediary.

Featured speakers at the Annual Meeting took the opportunity over lunch to remind us of the important roles that community-based financial institutions have played in low-income communities across the state. Abdul Sm Rasheed, President and CEO of the NC Community Development Initiative, praised the CDCU movement and pointed to the synergy between community development corporations and credit unions, such as that seen at

Gateway CDC in Henderson, NC. Partnerships between CDCs and CDCUs can substantially impact the way we build assets and wealth in the state at both the individual and community level.

Andrea Harris, Executive Director of the NC Institute for Minority Economic Development, agreed that CDCUs are an important part of building communities, giving people the tools to start or finance small businesses where currently few mechanisms for support exist. She encouraged CDCU officials to look at small business needs carefully in their communities, as there is no greater means of self-sufficiency than building a business for oneself.

"Coming together is a beginning, keeping together is progress, however working together is success."

Finally, Rep. Howard Hunter brought the message home that challenges still lie ahead for CDCUs. He said CDCUs and their members must communicate both their success stories and *needs* to public officials, and must not rely on one or two voices to carry the torch. As the resource environment becomes more competitive, particularly at the state level,

Cont'd page 3

A North Carolina Minority Support Center Publication

In The Spotlight

Gateway Credit Union:

"People Helping People"

By Evon Smith

Chartered on December 22, 1993, Gateway Community Development Credit Union became an offshoot of Gateway Community Development Corporation. The CDC wanted to focus on the economic revitalization of the surrounding communities it served, so with the support of concerned citizens of these communities, the credit union was established.

Although the credit union is located in Henderson, North Carolina, it serves members from Warren, Vance, Franklin, and Person counties. Owned and operated by its members, Gateway is committed to the unique principle *"People Helping People"*, which was adopted by the credit union participants to demonstrate the credit union's efforts to improve the financial conditions of its community.

The services Gateway members have access to range from regular savings accounts to credit counseling. Their loan services consist of signature, share secured, and automotive lending. Currently Gateway is positioning itself to offer mortgage loans to its members and has formed a relationship with several area lenders to provide credit union members access to a variety of mortgage loans. In anticipation of this wonderful addition to its member services, Gateway recently began encouraging members to pre-qualify for the upcoming mortgage services, including home improvement loans.

As Gateway CDCU takes another step toward becoming a full service financial institution, it has retained a staff that is more than capable of seeing the vision through. Evon Smith, CDC President, Robert Lunceford, the CU Manager, and Angela Reid, CU Administrative Assistant, collectively have more than 41 years of experience with financial institutions.

With Gateway Credit Union's future becoming brighter, members are able to take advantage of financial options they once only dreamed about. It's never hard to see why Gateway is successful - it's all summed up in the credit union's slogan, *"People Helping People."*

FoCus

By Kaye Scott

"Chance Favors the Prepared Mind"

As we approach the new millennium, it's imperative that credit unions assess their technology, products and services to ensure they're ready to compete--and more importantly, serve underserved communities efficiently and effectively. To help in this arena, in May the Support Center held a workshop entitled Internal Controls and Year 2000 Compliance, to help credit unions understand the Y2K issue and prepare to make any changes in their systems if needed. In August, as part of its ongoing Capacity Grants Program, the Support Center will give all affiliated credit unions the opportunity to apply for technology needs, such as computers, software, modems, on-line service connections, fax machines and technology training for staff. These grants will allow credit unions to build technological capacity to be flexible and efficient organizations in the coming years.

Proving their competitive edge, three affiliated CDCUs, **Chowan, St. Luke and Tri-County Credit Unions** were selected for participation in a **Fannie Mae** deposit program, and have received $100,000 deposits from the secondary market facilitator at market rates. To be eligible for this program, CDCUs must (1) demonstrate significant activity or progress toward mortgage or home equity lending; (2) have a sound CAMEL rating, and (3) offer a competitive interest rate. Deposits can be 1-3 year CDs. For more information, contact Bethany Chaney at the Support Center, or the credit union managers participating in the program.

In other news, **Chatham-Lee Credit Union** recently secured a $10,000 grant from the **Triangle Community Foundation**, to assist it to grow its staff capacity over the next 12 months. Support from local funders is an important precedent, as it helps build larger community support for local institutions through education about the important economic development role that community development credit unions play. Jimmy Leach, the credit union's manager, has recently been elected Secretary of the Support Center's Board of Directors.

Congratulations are in order to **College Heights Credit Union** and manager Erwin Scales for becoming the most recent provider of share draft services, made possible by a CDFI grant and long hours of research and preparation. A University of Nebraska graduate, Erwin recently showed off his customized alumni checks--Go Huskers!

Member Services: Direct Deposit to Be Encouraged, Not Mandatory

By Bethany Chaney

In our Winter Edition of ***Support Center News***, we urged credit union managers to view the federal regulation requiring direct deposit of government checks as an opportunity to increase membership and serve an important function in their communities. However, while the original 1996 law we cited makes direct deposit mandatory, the U.S. Treasury has decided to take a different approach to ensure everyone has the means to properly receive a payment whether they are "banked" or not. As of January 1999, direct deposit will be *highly encouraged*, but not mandatory. Credit union staff should be clear about this as they market their direct deposit services to their communities.

By the January 1, 1999 deadline, if government payment recipients do not choose the direct deposit option, paper checks will continue to arrive. As for the 10 million Americans who get government benefits but do not have a bank account, they will be offered what the government is calling an Electronic Transfer Account, or ETA. While details about these accounts aren't yet available, they will be federally-subsidized, insured, low-cost accounts with minimal services, such as a standard number of withdrawals each month, limited ATM and teller access, and no checking. They also will be protected from creditors, who cannot legally seize SSI, social security and other benefit checks. According to the U.S. Treasury, any credit union, bank or S&L will be able to offer ETAs.

For many consumers, the electronic funds transfer law will be confusing and their choices may not be very clear. Community development credit unions can take an active role in educating their members, social service providers and locally-based government agencies about the regulation and be prepared to serve the potential market, even before ETAs are clarified. A simple share account coupled with the personal service for which credit unions are famous will help make many benefit recipients feel comfortable with the movement toward electronic funds transfer--and more than likely will save them money in the process.

CDCU News: Looking to Grow? Some Things to Think About...

By Bethany Chaney

Growth is good for CDCUs... It means more people have access to fair, affordable financial services and credit opportunities, and it leads to greater economic development gains in low-income communities. But it is possible to grow too quickly, without concerted strategic thinking to prepare managers, staff and Boards for possible bumps in the road. Recently, NCMSC staff participated in a workshop called *Managing Growth for Emerging CDFIs*, sponsored by the National Community Capital Association. This valuable training highlighted the pitfalls of organizational growth and some strategies to help avoid them. Given the rapid asset and loan growth we've seen happening with North Carolina's CDCUs, we thought we'd share this good insight with you.

Five Enemies of Organizational Change

- *Insufficient financial resources* to offer new services, hire staff, or to update equipment to handle a growing number and type of transactions.

Cont'd page 4

Executive Note

People, people, people! The credit union movement is about people making a difference for each other and their communities, about volunteering time and contributing resources to make an idea and opportunity a reality for someone else. This is what the founders of North Carolina's community development credit unions understood and instilled as their institutions have grown and transcended the decades of isolation, segregation, recession and just plain changing times.

At the Support Center's first annual meeting luncheon held in Raleigh in July, we took time out to honor three community leaders in particular who gave a significant part of their lives to seeing their credit unions through. Bishop Leach of Chatham-Lee Credit Union, Robert Miller of Victory-Masonic Mutual Credit Union, and Raymond Grant of Tri-County Credit Union are sorely missed by all of us who knew them and were touched by their dedication and responsibility to their communities. But their spirits remain with us.

Our credit unions are growing and changing. They have paid staff and computer networks and more sophisticated services than perhaps our founders ever could have imagined. As always, we are indebted to *all* the people that keep us moving and improving, from managers and tellers, volunteer board members to the hard-working member who needs a loan. As we remember those who led us here today, let's also appreciate those who have followed, and those yet to take the lead.

Special Report: Cont'd

making CDCUs an agenda priority will take a full, collective effort in the future.

In his annual report to the Board and invited guests, Executive Director Linwood Cox recounted the achievements of the state's CDCU network in seven years, and cited the potential for economic development impact that is to come. Mr. Cox pointed to the many new managers and board members that have been recruited into an industry that historically has been overlooked by banking and financial professionals. But he reminded us that we owe our successes to the elders who began and led the movement from the early part of this century. He mentioned specifically elder leaders who have recently passed on--Mr. Robert Miller (Victory-Masonic Mutual CU), Mr. Bishop Leach (Chatham-Lee Credit Union), Mr. Raymond Grant (Tri-County CU)--and presented plaques to a representative from each of their respective institutions. He also paid tribute to elders who continue to lead in this movement, including Mr. James Gilliam (St. Luke CU), Mr. James Turner and Mr. Willie Moore (Perquimans CU), Mrs. Rosanna Gaines (SchoolWorkers Federal Credit Union),

and Mr. W.O.T Fleming (Rowan-Iredell Area CU).

"Our challenge", said Mr. Cox, "as we approach the millennium is to take the CDCU movement to "the next level", just as we hope generations after us will do. Let us take a closer look at our communities and inner-cities, and ask some hard questions: Are we partnering with other organizations and engaging with local officials to the extent we should? Do we have the ve hicles to address the economic conditions in low-wealth communities, such as mortgage and small business lending tools? Are we truly *coming together, keeping together and working together?"* If not let's work harder.

As Support Center President Saundra Chapman thanked attendees for participating in the Annual Meeting and as we said farewells, these questions represented the next challenges--challenges on which, working together, successes will surely be built.

SupportCenterNews

Ask Phillip!

by Phillip Ayscue

Business Plans: The Essential Planning Tool

Virtually every time I ask people about the value of a business plan, the response deals more with what it should look like than what it should tell us. I use the comparison of "the road map." How can it tell you how to get there, if you do not know where you are going?

No doubt we would all like our business plans to be the prettiest and sharpest, but the real test of such a plan is whether it says where we're going and how we intend to get there. Growth projections, budgets, etc. are important, but don't forget to count service, member demographics, and potential members into the equation.

The first step in an effective business plan is to look objectively at your Strengths, Weaknesses, Opportunities and Threats. (S.W.O.T.) This analysis will identify areas that must be accentuated or corrected, or simply accepted. The honest evaluation of what has been done or can be done better will lead you in the right direction. Be bold! Dream a little. What do our members want, and is it feasible for the credit union to attempt to give it to them?

I have found that the planning exercise performed with the board and staff at a planning session can be enlightening. Look for these people in the crowd: optimists, cynics, nay-sayers, cheap-o's (that's me), and the silent ones, afraid to say anything because they might look silly. Believe it or not, each plays a vital role in the process. If the optimist cannot convince the cynic, then maybe that idea is not something to include in long-range plans. Everyone should be on board.

What you should derive from these suggestions for S.W.O.T. analysis and a good planning process is that no one but your staff and board can determine what should be in **YOUR** business plan. *But what it tells us is far more important than how it looks.*

So when you are asked for YOUR business plan, don't be alarmed. Be ready, and take advantage of the opportunity to share it.

Looking to Grow...

- *Overcommitted or burned out leadership*, such as an excessive burden on a one-person staff or one or two key board members who seem to do "all the work".
- *Failure to adapt to a changing external environment*, such as failure to keep up with new technologies or overlooking member demands for new services.
- *The "Founders Trap"*, which can happen when an institution's original founders have a hard time including others in shaping the credit union's vision.
- *Lack of accountability and/or feedback mechanisms*, such as an uninvolved board, or the absence of a suggestion box for members.

How to Avoid the Pitfalls

- *Don't start what you can't finish.* Make sure you have the time, tools and board/staff support to complete the job.
- *Plan the change and implement it one phase at a time.* If you plan to grow by offering new services, plan your strategy thoroughly and roll out services one at a time.
- *Make sure you have sufficient financial resources.* Perform a thorough cost-benefit analysis and get the Board's commitment to allocate sufficient funds for your strategy.
- *Accurately assess the commitment of key players.* Is the loan officer ready to perform new tasks? Is your Board Chair going to champion a new change? Is the manager prepared to spend overtime to do the job?
- *Get everyone on board, especially your Board.* Credit management, staff and members must work together for successful growth and change.
- *Keep everyone informed.* If one link in the chain does not know what is happening, it is a weak link.
- *Maintain your flexibility.* Keep your eye on the goal, not just the method of getting there. Be flexible if your chosen method isn't working.
- *Take the time you need.* Don't rush into a new product or service if doing so leaves you in a bind.
- *Build in mechanisms to learn from your mistakes.* And everyone makes mistakes! Talk about these issues candidly with staff and Board.

In short, ***controlled*** growth is good for CDCUs, and with an eye for the pitfalls and how to avoid them, staff and board can navigate their institutions through the challenges of organizational change to reap its positive rewards.

Special thanks to the National Community Capital Association, which permitted us to reprint this information. NCCA is a national network which supports the growth and development of the CDFI industry. For more information, call (215)-923-4754.

Support Center News

Marketing 101: What Do Your Materials Say?

Kimberly Knox

Acknowledging that image is important, not only in this industry, but in every industry in which you come in contact with the public, it is imperative that community development credit unions invest time in shaping their image.

Whether large or small, your credit union must make establishing an image a priority. Start out small by reviewing your materials. What do your letterhead, envelopes, newsletters, member updates, etc. say about your credit union? These materials are viewed regularly by members, potential members and industry colleagues. Your materials should reflect your CDCUs best side. Bright, crisp, and consistently designed materials generally command attention and say that you're conscientious, concerned, and professional. It lets your members know that you are aware of their interests and needs and are working effectively to meet them.

Next, take a look at your budget. Have you made allowances for marketing materials and supplies? Here is where you make your budget work for you. Contact at least three area printers for quotes on the materials you need. Package deals usually are the best and least expensive. Make sure your printer knows you are on a strict budget and that you are also accepting quotes from other printers for comparison. This will give your printer the incentive to come in with the best quote and in some instances, revise their first quote in order to underbid their competitor. Most quotes are based on how many copies, the number of colors used as well as any typesetting or design work needed. The Support Center can help reduce your expenses by designing a template for you to relay to your printer, allowing you to avoid design and typesetting charges. For more information about this service, contact Kim Knox at the Support Center.

Finally, be conscientious of your color scheme. This sets the stage for your enhancement campaign. Though it seems minor, colors are good identifiers. For example, how are you reminded of your high school or favorite business? Whether it's the Carolina Panthers or NC Central University, each has a color scheme that grabs your attention and becomes an identifier in the minds of its target audience. Try to use your color scheme when designing all your materials. With this in mind, the Support Center is also enhancing its image this year. Soon you will notice new and improved marketing materials, brighter colors, correspondences, and more.

So, when your members reach into their mailboxes and see your new correspondences, they will know that *their* CDCU is thinking of

- Welcome to the world, Jamal Benjamin Leach, born July, 1998, third generation of our impressive CDCU family!
- Congratulations to School Workers Federal Credit Union and
- Tri- County Credit Union for being this year's NCMSC Western and Eastern Star Award Recipients. Keep up the great work.
- Special Congratulations are in order for Kaye Scott on her Two Year Employment Anniversary. You're a treasured asset. Three other NCMSC staff have celebrated their first full year of employment with the Support Center. Congrats, Phillip, Bethany and Kim. What a year!

A Proud Member

North Carolina Association of

COMMUNITY DEVELOPMENT CORPORATIONS

from the Chairman & the President

Dear Friends:

We invite you to come with us on a journey that will take you from the mountains to the coast. The following pages chronicle community economic development via the work of community development corporations (CDCs) throughout North Carolina. What they tell is a story of "joy...and pain, sunshine...and rain," for such is the nature of the struggle for economic freedom and opportunity. What they also reveal is the spirit of visionary people who continually sow seeds in places where others view as infertile ground. The photographs come courtesy of our members, and the successes are thanks to the hundreds of North Carolinians committed to creating better lives for people who have been left to fend for themselves.

Rhonda G. Raney, President and CEO, and James R. Grace, Chair

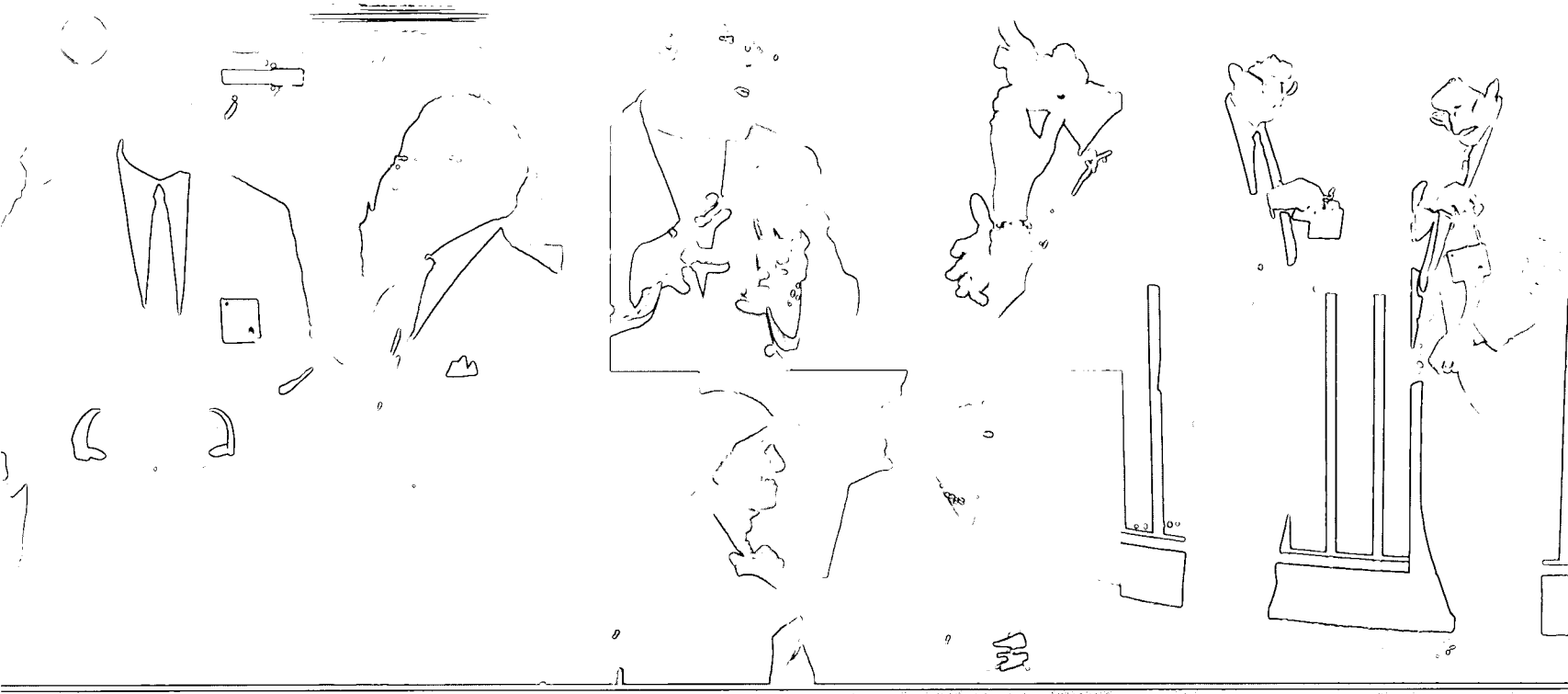
Our goal is to bring the essence of community economic development to you at the blink of an eye. By the time you complete the journey, you'll know that community economic development is not just building with brick and mortar, but is also the building up of people with skills and opportunities. We couldn't tell the entire story in these few pages, but we hope to leave you with some sense of the ways community development corporations are working to create positive change... one community at a time.

With warmest regards,

James R. Grace
Chair, NCACDC

Rhonda G. Raney, Esquire
President and CEO, NCACDC

There is a time for everything, and a season for every activity under heaven: a time to be born and a time to die, a time



to plant and a time to uproot, a time to kill and a time to heal, a time to tear down and a time to build...

~ ECCLESIASTES 3:1-8

our History & our Work

Community Development Corporations

As a movement, community development corporations (CDCs) have a relatively recent history. However, philosophically, they find their beginnings rooted in the history of community-based organizations that have been operating in this country for more than fifty years. Community development corporations in North Carolina date back to the late sixties and early seventies, paralleling the development of CDCs nationally, but the majority were formed in the late eighties. CDCs operate in rural and urban areas, targeting their services to low-income communities. They exist to facilitate the development of special programs by which residents can improve the quality of their economic and social participation in community life in a way that contributes to the elimination of poverty and the establishment of permanent economic and social benefits.

Nathan Garrett, a veteran practitioner of community economic development activity in North Carolina, recalls that in 1963, the Z. Smith Reynolds, Mary Reynolds Babcock and Ford Foundations provided money to establish the North Carolina Fund. The purpose of this organization, headed by George Esser, was to "break the cycle of poverty" that was plaguing many of North Carolina's residents. Around 1967, there was tension within the Fund regarding funding distribution. The Fund was financing seven community action programs in the state. Howard Fuller, who was then heading the Fund, wanted to extend financing to some organizations that were controlled by African-Americans and consequently, formed the Foundation for Community Development (FCD). The Foundation, headed by Nathan Garrett, provided funds to low-income groups and focused on issues such as infrastructure, housing, economic development, and the distribution of wealth in the African-American community. Among those earlier groups funded by FCD were the Wilson Community Improvement Association (1973) and United Durham, Incorporated (1973), predecessor of the existing UDI, Incorporated. There are now more than fifty minority-controlled CDCs in the state.

FCD eventually went out of business because, in Garrett's words, "it wanted to be a CDC rather than the developer of CDCs." Subsequently, the Local initiatives Support Corporation (LISC) funded an attempt to do what FCD had done, but that initiative was short lived.

In the early eighties, Legal Services of North Carolina launched new efforts to "get people excited about self-help," says then CDC Association Director, Abdul Rasheed. In 1981, Legal Services decided to devote one-quarter of its Resource Center budget to community economic development advocacy and training. The mission was to revitalize and help build the capacity of local organizations to do community economic development. In 1985, Legal Services and LISC formed a partnership around community economic development in Eastern North Carolina. LISC selected Eastern North Carolina as a site for a rural initiative, testing models that had been developed in urban areas in the Northeastern United States. Funds were provided to do 16 community economic development training workshops, four in each of four counties during a three-month period. This effort stimulated community interest, but more training was needed.

In October, 1985, the North Carolina Legal Services Resource Center filed the State's first challenge under the Federal Community Reinvestment Act (CRA) of 1976. This challenge was against First Union National Bank.

Subsequent challenges were filed against Wachovia Bank, Peoples Bank, North Carolina National Bank and Branch Banking and Trust Company as they began to expand and buy out other banks. Rasheed recalls those early days and notes that, eventually, "the focus of the effort transitioned from that of challenging the banks to that of showing where we had common interests." By 1986, CRA agreements had been signed with several banks, and more potential capital was available. In addition, many lending institutions funded and implemented community needs assessments in response to CRA.

Z. Smith Reynolds and Mary Reynolds Babcock Foundations funded a capacity-building project, creating two regional support positions to help local communities establish community development corporations. An eastern project component was set up at Franklinton Center at Bricks, and run in conjunction with the United Church of Christ Commission for Racial Justice. In western North Carolina, a partnership was formed with YMI Cultural Center, and in the

Piedmont, the Center for Community Self-Help was contracted to do capacity-building workshops from Charlotte to Raleigh.

By 1988, it was clear that the CDC industry was going to be revitalized, and that it was going to be a force to be reckoned with in the economic development activity of the state. During its short session in 1988, the North Carolina House of Representatives, at the urging of the Legislative Black Caucus, enacted House Bill 2524, "An Act to Appropriate Funds for Minority Economic Development Project Grants and for the North Carolina Institute of Minority Economic Development." A comparable measure, Senate Bill 257, was passed in the State Senate. One-third of the appropriated $1.5 million was to go to community development corporations "to demonstrate how [they could] improve the lives of residents of underdeveloped minority communities through business, commercial revitalization and housing development activities."

A portion of that appropriation was also set aside to fund the North Carolina Association of Community Development Corporations (NCACDC). NCACDC was created in 1989 with eleven (11) charter members as a statewide membership organization designed to provide technical assistance and help build the capacity of community development corporations. NCACDC currently serves fifty-four (54) racially diverse community-based organizations in urban and rural communities across the state. NCACDC has been under the leadership of Rhonda G. Raney, Esquire, since 1995.

NCACDC

The incorporators of the North Carolina Association of Community Development Corporations (NCACDC) understood that every industry benefits from a strong, inclusive organization that can provide industry representation, organizational support, and other services that are targeted to its particular needs and interests. Therefore, NCACDC was created to build a supportive environment for community economic development and the organizations and practitioners involved in that work. Whether they are rural or urban, large or small, each member is able to select from five (5) general categories of services that meet their specific organizational needs: (1) training and technical assistance; (2) information and resources; (3) public policy initiatives; (4) equity and predevelopment lending; (5) organizational development. A few of the services provided in these categories are outlined below:

~ **Training:** NCACDC provides industry-wide trainings, workshops, and roundtables for staff and board members in areas such as project management, real estate development, fund raising, board development, fiscal management, grant writing, technology, etc. More comprehensive training can be obtained through our sixteen (16) hour Management Institute and our one-hundred-ten (110) hour North Carolina Community Economic Development Studies Program. Also, NCACDC's Community Economic Development Conference offers between twelve (12) to fifteen (15) trainings and workshops annually. Individualized, on-site training is also offered to CDCs upon request.

~ **Free Legal Assistance:** NCACDC's Free Legal Assistance Project provides forty (40) hours of free legal assistance per year to member organizations. These comprehensive legal services are provided by NCACDC staff, The Sanford Hoshouser Firm, and First Union Bank Legal Department.

~ **Employee Benefits Program:** NCACDC administers an industry-wide fringe benefits program that provides health, dental, life, disability, and cancer insurance for member employees at discounted rates.

~ **Public Policy:** NCACDC is active in the public policy arena, representing CDCs and taking leadership in policy initiatives such as funding for CDCs and other issues that impact their work.

~ **Information Clearinghouse and Resource Library:** NCACDC serves as a clearing house by publishing information that keeps CDCs abreast of news, activities, and trends that impact their work. This includes information about funding, trainings, public policy, and statewide CDC news. Our Resource Library, consisting of over eight hundred (800) listings and referrals, allows CDCs to borrow materials from our archives or receive referrals for resource information.

~ **Equity and Predevelopment Loan Fund:** NCACDC manages a loan fund (The Fund) which provides loan capital dedicated to the development of affordable housing, commercial, and industrial real estate projects. The Fund also provides equity investments in certain projects.

WESTERN Region

"JOY... *and pain...* SUNSHINE... *and rain"*

~ Frankie Beverly and Maze

This phrase, lifted from a song by Frankie Beverly and Maze, strikes a chord in the hearts of young and old because it so succinctly depicts life. It also captures the essence of community economic development in the state of North Carolina. Whether it's the rehabilitation of houses in a neighborhood, the redemption of voice for a community rendered silent, or the restoration of promise to a child falling through the cracks, community development corporations spend time in each segment of the stanza.

"When you're building something where nothing is or looking at a dilapidated house, my vision may be a brand new brick home for a family of three. It is not always easy to sell that vision to someone whose support you need, but it is very fulfilling to watch that vision become a reality"

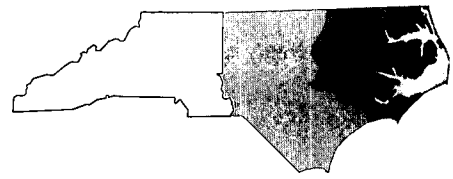
~ JOHN TILLMAN ~
Monroe Union CDC

In Hickory, North Carolina, "The Hill" was once the heart of the African-American community. Approximately twenty-five years ago, there was a movie theater, restaurants, a dairy bar and a grocery store in addition to other thriving businesses. Today that prospering corridor exists only in the minds of long time residents and the dreams of Family and Community Enrichment Development Center (FACED) Executive Director Deloris Sanders. She's clearing a path designed to bring back the prominence of yesterday by building up the people who surround the area and keeping local government attuned to the possibilities. With the city as one of its most prominent partners, FACED serves the Ridgeview community with Afterschool and Teen Enrichment programs, Credit Counseling and a Business Alliance. In a county (Caldwell) where the college educated population falls nearly eight percentage points below that of the state (8.9%), the focus on Saturday study buddies and a comprehensive K-12 summer enrichment program is providing a solid foundation for the future goal of resurrecting The Hill.

Heritage and Unity are the buzz words in the community development initiative under way in Shelby, North Carolina. Heritage Oaks is a 60 home subdivision developed by the Cleveland County CDC. In this county (Cleveland), with its per capita income ($17,282) and average annual wage ($22,666) approximately $2,000 below that of the state, residents can purchase 1,062 sq. ft. brick or vinyl homes complete with decks and carports for $76,000 and $74,5000 respectively. In addition to the construction and financing, Cleveland County CDC facilitates home ownership counseling and seminars. Through a partnership with Lowes Hardware, specialists come out to test individual soil samples and advise owners on the grass that will thrive. Residents are also schooled on operation of appliances and carpet stain removal. With all of these amenities it is no wonder that the neighborhood houses a variety of socioeco-

Monroe Union CDC staff closes a deal with a new homebuyer.

- **Blue Ridge Community Action,** *Lenoir*
- **Cabarrus County CDC,** *Concord*
- **Cleveland County CDC**
- **FACED,** *Hickory*
- **Freedman CDC,** *Lenoir*
- **Grier Heights Economic Foundation,** *Charlotte*
- **Monroe/Union County CDC,** *Monroe*
- **NW Corridor CDC,** *Charlotte*
- **Reid Park Associates,** *Charlotte*
- **Southern Appalachian CDC,** *Boone*
- **Mountain Housing Opportunities, Inc.** *Asheville*



"The brick and mortar of communities would crumble without first building the people within that community to sustain those structures. That is what we attempt to do."

~ LOUISE MACK ~
Cabarus County CDC

nomic levels. The mission for Executive Director, Karla Dawkins, as she sells the remaining home sites, is to diversify the neighborhood by race. Subdivisions in Shelby divide along color lines, and Heritage Oaks wants to break that practice by becoming the neighborhood of choice for all first time home buyers.

The city of Charlotte unveiled it's 2015 plan adopted by the City Council and Board of County Commissioners in November, 1997. In the portion addressing neighborhoods five goals are presented: *1.Neighborhood Reinvestment* — enhance the character, viability and integrity; and, meet the changing needs, of neighborhoods throughout Charlotte-Mecklenburg. *2.Housing Preservation, Affordability and Choices* — address the changing demands for housing by building a variety of types of housing at varying densities and by maintaining and rehabilitating the existing housing stock. *3.Neighborhood Organizing/ Empowerment* — encourage, train and educate residents to become effective neighborhood advocates who participate actively in advancing neighborhoods for the betterment of the entire community. *4.Neighborhood Design* — encourage innovation in the design and development of neighborhoods. *5.Community Safety* — decrease the rate of crime and increase the perception of community safety through provision of neighborhood-based services. Poised to deliver these goals are six community development corporations in The Queen City.

Northwest Corridor CDC has a project list that includes the renovation of rental units (with one unit set aside for a community policing station), the conversion of duplexes into single family homes, shopping centers and the development and sale of a fully functioning medical clinic. If the Executive Director continues to find the funding to move forward, the notion of absentee landlords will be a thing of the past in the Northwest Corridor of the city.

Revitalizing the area near Charlotte's airport is the Reid Park Association under the leadership of Debra Cauthen. Part of their focus deals with standards of behavior. Therefore, the affected neighborhoods are in the process of devising internal covenants. In addition to housing, the Association's activities include the development of the Westover Shopping Center to create jobs and institutions that help provide services that will keep income revolving within the community. Also, a strong youth program has been designed to provide services for entire family units.

Mountain Housing Opportunities' staff and board touring River Glen's 38 unit apartments

The innovation and productivity of community development corporations is the muscle behind the achievement of 21st Century goals throughout the state, not only in Charlotte. The work of these and other practitioners will form the blocks used to build structures, dwellings, people and dreams to rival the tallest peak along the Appalachian trail.

CENTRAL Region

"Where there is a FLOWER, *there is the sun and the rain.*
Oh, but it is WONDERFUL, *They're both one and the same."*

~ *Frankie Beverly and Maze*

Making flowers bloom—whether in the yards of new homeowners, in the hearts of those making a new start in life or in the grocery store reopened in a community accustomed to traveling miles for food signifies the efforts of CDC practitioners in the central region of the state. From Greensboro to the triangle, CDCs are bringing neighborhoods back to life.

In a city with five colleges and universities, the Gate City Community Development Corporation targets its efforts toward the predominately African-American Southeastern section of Greensboro. In addition to providing low-to-moderate income housing, President and CEO, Estella Johnson and Gate City's community-based Board of Directors have focused on job training. The CDC operates the Skilled Construction Trades Program and has placed nearly 200 individuals in jobs.

Education and construction are also the buzz words at Brick Capital Community Development Corporation, but in Sanford and Lee counties (home to the CDC) they take on a slightly different tenor. Education comes in the form of one-on-one counseling, home buying preparation, and post ownership maintenance. On the construction front, Brick Capital, under the leadership of Executive Director Kate Rumley, is building Apple Tree Apartments, a 30 unit complex complete with on-site classes, community outreach and a Tenant's Association to facilitate the transfer from renters to home owners.

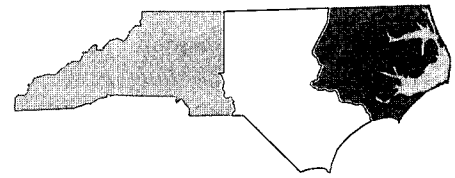
Neighborhood leaders share dinner at a workshop sponsored by Empowerment, Inc.

"The feeling that comes from seeing the 'before' and 'after' of a revitalized block or seeing people and partnerships come together as a result of strong community outreach, makes this work worthwhile"

~ SELINA MACK ~
Durham Community Land Trustees

At the ripe old age of ten, the East Winston Community Development Corporation is launching its largest project to date—the Eastside Cafeteria Project. The 10,000 sq.ft. cafeteria will seat approximately 175 customers and employ 30 full-time employees, to be chosen and trained from the neighboring low-income community. James Grace, President

- **Gate City CDC,** *Greensboro*
- **Brick Capital CDC,** *Sanford*
- **Carolina Housing Partnership,** *High Point*
- **Dillard Building,** *Goldsboro*
- **DHIC,** *Raleigh*
- **Durham Community Land Trustees,** *Durham*
- **East Winston CDC,** *Winston-Salem*
- **Hayti Development Corp.,** *Durham*
- **Land Loss Prevention Project,** *Durham*
- **NC Minority Support Center,** *Raleigh*
- **EmPOWERment, Inc.,** *Carrboro*
- **NC Coalition of Farm & Rural Families,** *Fayetteville*
- **NC Community Development Initiative,** *Raleigh*
- **NC Institute of Minority Economic Development,** *Raleigh*
- **Operation Spring Plant,** *Oxford*
- **Passage Home,** *Raleigh*
- **Project Homestead,** *Greensboro*
- **Southern Rural Development Initiative,** *Raleigh*
- **Southeast Raleigh CDC,** *Raleigh*
- **UDI CDC,** *Durham*
- **West End Revitalization,** *Mebane*



and CEO, plans to make entrepreneurial training available to all interested cafeteria employees in an effort to further the CDC's message of self sufficiency and tighten the links between the six program areas operated by the CDC which include education and home ownership components.

Transitioning families to points of security and self-sufficiency dominates the work of Passage Home CDC in Raleigh. This CDC brings churches from different faith and ethnic backgrounds together to employ economic strategies to strengthen individuals and neighborhoods. Gathered around the table to impact homeless families, ex-offender mothers, homebuyers and low-wealth neighborhoods are faith-based leaders from a variety of sectors such as Catholic, Protestant and Pentecostal. In an attempt to answer the need for affordable housing in the booming triangle, Executive Director, Jeanne Tedrow is launching the CDC's first single family subdivision in Southwest Raleigh.

In the neighboring city of Durham, seasoned President and CEO Ed Stewart manages a series of projects designed to raise the economic welfare and educational and social levels of the city's low-income residents. For twenty-four years, UDI Community Development Corporation has engaged in commercial and residential development combined with youth and young adult training. The UDI Industrial Park, valued at more than $40 million, is one of the most developed industrial sites in the state. Not content to rest on it is laurels, UDI is presently developing a strip center on three acres of abandoned property in Durham County. Stewart is also cognizant of the need for more sophistication in the technological training of low-income residents.

Consequently, plans are under way to respond to the training and employment needs of a growing group of residents who are being cut out of the local economy.

Also serving the Durham area, the Hayti Community Development Corporation is in the midst of residential and business community renovation. Businesses in a once thriving district of the city are being treated to face lifts and expansion. Coupled with this effort is the demolition of a deteriorated building for the construction of a community center and the restoration of 14 homes, once the prize homesteads of managers employed by the once successful Golden Gate Factory.

Growth—from the forces of the sun and rain or the hands of those committed to improving the lives of those toiling in low-wealth communities—describes CDCs in the heart of this state just as aptly as it does in the east and the west.

"Through the operation of our Charter School, we're teaching our children to be involved in their communities. Children are given the capacity to expand their horizons and grow—not just for their benefit, but for the benefit of the entire community."

~ HILDA HICKS ~
Dillard Building

Project Homestead's Residential Project for Senior Citizens.

EASTERN Region

Over and over, YOU CAN BE SURE, *There will be sorrow, but* YOU WILL ENDURE.

~ *Frankie Beverly and Maze*

The CDCs in the eastern region of North Carolina understand the rewards of endurance. This largely rural region is populated by CDCs providing access, activities and employment to those disconnected from the mainstream.

Metropolitan Low Income Housing CDC has a list of past and current projects that shore up society's safety net, ensuring that no one falls through the cracks. Whether a resident from the Washington and Beaufort County area is dealing with domestic violence, mental illness, HIV/AIDS, poor credit, unemployment or advanced age, Metropolitan Housing has a program designed to improve his or her quality of life. Executive Director, Rev. David Moore derives this mix of services by responding to the needs that other agencies often don't want to deal with. He approaches the work in a holistic manner that gives people the means to sustain their stability. This is why he has included training and apprenticeship programs along with housing development and other programs in the CDCs portfolio.

Neighboring Bertie, Martin & Washington CDC (BMW CDC), is engaged in strong work as well. Martin County is approximately 50 miles wide with the community college located on one end. This means that residents, in the western corridor of the county with no transportation, have no access. Delsie Williams, Executive Director, meets the obstacles created by vast topography and limited resources head on. Her organization provides a comprehensive after-school program (SOS), collaborates on affordable rental apartments, and provides assistance on housing and business development. Local partnerships are strong for BMW CDC. They include partnerships with local CDCs, other community-based organizations, churches, and educational institutions.

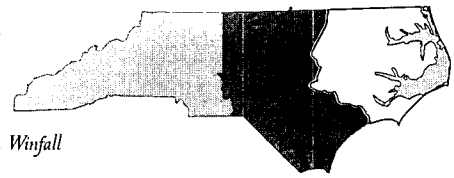
Also focusing on youth and those with limited access is Gateway Community Development Corporation. The CDC's Youth Credit Union matches the savings of children, ages 5–17,

"The thing that has kept me in this work over the years is my love and concern for people. I believe that everyone should have the opportunity to enjoy what God has provided to all people."

~ FANNIE CORBETT ~
Wilson Community Improvement Association
(Mother of North Carolina's CDC movement)

The Mercy Business Training and Development Center provides a visible focus for business development and community revitalization of efforts in East Wilson. This is a project of East Wilson CDC.

- **Bertle, Martin & Washington CDC,** *Jamesville*
- **CADA,** *Rich Square*
- **CDC of Beaufort-Hyde,** *Belhaven*
- **Coastal CDC,** *New Bern*
- **NC Senior Citizens Federation,** *Henderson*
- **SCMPG, IN.,** *Clinton*
- **River City CDC,** *Elizabeth City*
- **Rocky Mt./Edgecombe CDC,** *Rocky Mount*
- **Gateway CDC,** *Henderson*
- **Halifax County CDC,** *Roanoke Rapids*
- **Haliwa-Saponi Tribe, Inc.,** *Hollister*
- **Pantego Area Community Dev.,** *Pantego*
- **Hertford County QLA,** *Murfreesboro*
- **Metropolitan Housing & CDC,** *Washington*
- **Northeastern CDC,** *Camden*
- **S. Lee St. Neighborhood Improvement,** *Ayden*
- **Warren Family Institute,** *Warrenton*
- **West Greenville CDC,** *Greenville*
- **Wilmington/New Hanover CDC,** *Wilmington*
- **Wilson Community Improv. Assoc.,** *Wilson*
- **United Family Support Services,** *Winfall*



"A community is only as strong as its weakest members. If a person, whether poor, disabled or young, can be strengthened, the overall community is strengthened. I want people we work with to understand that we have a deep underlying commitment to them."

~ SAMUEL THOMPSON ~
CDC of Beaufort-Hyde

dollar for dollar while teaching financial skills such as budgeting, investing and forecasting. These same principles are taught and applied to business owners to make them more attractive to traditional lenders and larger contributors and investors. In addition, Executive Director, Evon Smith, in conjunction with Jobs Partnership, has provided the means, life-skills, support and mentors to help those with low educational levels, limited skills or adverse work histories make their way back into the job market.

Ayden, North Carolina is small, but the boundaries that separate residents are many. South Lee Street Neighborhood Improvement, Inc. created programs to bring people together—out of their clusters such as The Umoja Festival and The Youth Explosion. The results of these efforts are trust, acceptance and patronage from the targeted and surrounding areas. Executive Director, Sherrian Brown is now planning to add home ownership and business development to this firm foundation.

West Greenville Community Development Corporation started as a volunteer advocacy organization and has evolved into a fully functioning nonprofit agency that builds homes, uplifts youth, improves neighborhood appearances and develops businesses. Executive Director, Barbara Fenner, believes that youth are the undervalued commodity in the city of Greenville and Pitt County. To that end, the CDC has developed programs for at-risk black males, ages 12–18 and a summer camp for grades K–7. Recreational programs for students during school break and an annual cultural and heritage program that empowers and builds self-esteem round out these youth outreach efforts.

The Wilmington/New Hanover CDCs "Project Home" initiative has used minority contractors to complete eight single family homes thus far throughout low income communities in Wilmington.

In Rocky Mount, North Carolina the annual Harambe Festival is a two-day celebration filled with art, music, heritage and patrons from across the nation. The Rocky Mount/Edgecome Community Development Corporation (RMECDC) receives national recognition not only for the Festival, but also for all phases of Harambe Square (the mixed-use development including commercial, residential and retail space). However, this is only one project in a long list of initiatives developed by the CDC. On the horizon is an Edgcombe County Business Incubator, a Public Arts Building and ongoing rehabilitation and revitalization. President and CEO, Joyce Dickens, keeps cranes rolling while remaining focused on human capacity issues such as welfare reform initiatives.

CDCs in the eastern region, like those we've talked about earlier, are saving families, molding youth and enhancing neighborhoods. Triumph from tragedy, like joy from pain, results from steadfastly seeking the sunshine that comes from the rain!

NCACDC's sister organizations

~ North Carolina Institute of Minority Economic Development

Time has shown that economic development in any low-resource community is virtually impossible without a strong base of entrepreneurs. Until a decade ago, no organization existed in North Carolina to help nurture the development of emerging minority businesses. The North Carolina Institute of Minority Economic Development (the Institute) offers aggressive and imaginative strategies for enhancing entrepreneurship in low-resource and minority communities.

Minority businesses confront three primary challenges: access to capital, access to markets, and managerial and technical skills development. The Institute creatively addresses each of these through network building, management and technical assistance, training, critical research, and data and information dissemination. It has grown to become a premier resource for substantive and sustainable development in North Carolina's low-wealth and minority communities. The Institute's productive partnerships with not-for-profit organizations and leading universities and institutions—e.g., the University of North Carolina's Kenan Institute of Private Enterprise, Duke University's Fuqua School of Business, North Carolina's 12 minority colleges and universities, and the North Carolina Biotechnology Center—support new entrepreneurial efforts and expand the minority business community. The impact of the Institute's work is evidenced by the 50 percent rise in minority-owned firms in the state during the last several years, and the more than 200 new jobs generated by them.

~ The North Carolina Community Development Initiative

The North Carolina Community Development Initiative, a public-private partnership funded by the Z. Smith Reynolds and Ford Foundations, the State of North Carolina, and private corporations, is often descried as an "intermediary." It has identified mature, high-performing community development corporations operating in low-wealth communities and provided them with resources for core administrative expenses and other key support.

The Initiative enjoys the confidence of its funders, all of whom share a common objective: to turn around blighted communities through economic development. The Initiative uses public and private dollars to identify CDCs appropriate for assistance, to administer and oversee the grants process, to lend technical assistance in the construction of affordable housing and the development of commercial real estate, and at times, to offer bridge loans. Relieving mature CDCs of the worry of financing day-to-day operations, the Initiative frees them to focus on what they do best—economic development in low-resource communities. The only statewide organization of its kind, the Initiative has generated broad interest, both nationally and around the globe.

~ North Carolina Minority Support Center

Lack of access to credit has always hampered economic development and entrepreneurial efforts in low-wealth communities. Cognizant of this impediment, many communities established credit unions as early as 60 years ago. Community development credit unions are financial cooperatives that offer loans for home mortgages, education, auto purchases, and business development at reasonable, locally set rates to their predominantly low-income members. Today, North Carolina has more minority community-based credit unions than any other state (13), each promoting thrift, stimulating economic growth, and fostering community self-sufficiency.

The Support Center helps ensure that these financial institutions achieve their potential to the highest degree possible. The only statewide organization of its kind in the United States, it provides capital support and technical assistance in management, staff selection and development, computer training, accounting, marketing, policy development, responding to regulatory agencies, and chartering new credit unions. The Support Center has provided thousands of hours of technical assistance, raised $8.5 million in capital, saved four community credit unions from liquidation, computerized credit unions that were still operating manually, provided trained temporary employees, executed software conversions, and provided start-up grants.

~ Land Loss Prevention Project

The Land Loss Prevention Project provides free legal services to North Carolina's low-income landowners and financially distressed family farmers of all racial groups. Currently, its clientele is approximately 50 percent African-American. The Project's attorneys—experts in agricultural law, debtor/creditor law, and farm management—represent small farmers facing bankruptcy. They negotiate with creditors, assist in debt restructuring, and represent small farmers in administrative and judicial proceedings. The Project accepts 500 to 600 new cases each year, offering services unique in the state. Neither Legal Services nor private attorneys are able to provide comparable assistance, and the Agricultural Extension Service is by law prohibited from advocating for either party in a dispute.

The Project often partners with other community economic development organizations. For instance, it works with the North Carolina Coalition of Farm and Rural Families to establish agricultural cooperatives by providing the necessary legal services. The Land Loss Prevention Project also assists in the establishment of rural CDCs by drafting necessary contracts and documents of incorporation and counseling them on the legalities of their non-profit status. North Carolina Central University Law School provides the Project with free office space, research facilities and student interns.

~ The North Carolina Coalition of Farm and Rural Families

The North Carolina Coalition of Farm and Rural Families focuses on an area most often overlooked in community development strategies: rural economic and agri-business development. The Coalition helps devise creative marketing strategies, often in partnership with CDCs and outside resources. It administers a revolving loan fund—capitalized through the Self-Help Credit Union—to meet farmers' pressing needs for credit and has made scores of loans averaging less than $10,000. It also has secured more than $5 million in credit commitments from major financial institutions.

Comprehensive technical assistance is another key feature of the Coalition of Farm and Rural Families. The Coalition's advice on farm planning, soil testing and land preparation, crop selection, and modern production techniques raises the capacity of small North Carolina farmers and enhances the assistance provided by the Agricultural Extension Service.

Cumulative Results of North Carolina's Most Mature CDCs

1994-2002

	1994	1995	1996	1997	1998-2002 *(projected)*
Total Fixed Asset Value of CDC Projects	$15,521,661	$22,513,574	$17,548,006	16,128,596	$108,964,187
Single Family Residences (new and Rehab.)	90	205	146	231	1,062
Value of Single Family Homes	$5,458,171	$12,805,476	$9,393,598	$14,368,264	$66,628,439
Value of Single Family Home Mortgages	$5,076,099	$11,909,093	$8,736,046	$13,362,486	$61,964,448
Development Fees of Single Family Homes	$297,000	$697,000	$511,000	$831,600	$3,721,927
Housing Land Acquired (acres)	56	119	31	31	349
Value of Housing Land Acquired	$1,040,276	$2,276,904	$606,011	$621,146	$6,776,752
Multi-Family Housing: New and Rehab.	104	205	129	23	690
Commercial Real Estate (sq. ft.)	30,730	72,570	46,292	29,300	327,058
Full-Time Construction Jobs Created	248	360	281	258	1,743
Jobs Created from Commercial Development	77	181	116	73	818
Full-Time Jobs Created: All Development	455	758	555	464	3,585
Loan Pools Established by CDCs	$250,000	$1,320,000	$3,185,000	—	$1,102,363
Micro-Loans Originated by CDCs	12	12	17	13	81
Home Ownership Counseling (# persons)	1,436	2,445	2,003	3,146	15,636
New Real Estate Taxes Generated by CDCs	$198,677	$292,676	$231,634	$216,123	$1,435,858

This information is derived from data collected by the North Carolina Community Development Initiative and the North Carolina Association of Community Development Corporations.

Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

April 15, 1999 – 8:30 a.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Thursday, April 15, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Eleven House Members were present as follows: Representatives Stan Fox, Chair; Bill Owens, Chair; Edith Warren, Vice Chair;Rex Baker, Jim Carpenter, Arlie Culp, Howard Hunter, Frank Mitchell, Carolyn Russell, Joe Tolson and Nurham Warwick.

Representative Stan Fox, House Chair, called the meeting to order. To continue with the expansion report of the Department of Agriculture and Consumer Services, he called upon Mr. Maurice Weaver, Deputy Commissioner, to discuss the Department's Top Priority Expansion Requests (Attachment I). Mr. Weaver stated the Governor did not make any expansion recommendations, and he thanked the sub-committee for allowing the Department to make a few recommendations. When the invitation came we thought it best to look at items in agriculture relating to food safety and environmental quality. He discussed Field Automation/Salmonella Sampling of Meat Products. Keeping a very detailed record of an inspection history of a plant is essential. Under the Field Automation Information Management (FAIM) program, computers and software are provided to enable the inspectors to access those inspection histories. We are requesting resources to purchase the computers at half cost because USDA has agreed to pick up half of the cost. In the same effort the mandated sampling of meat products and laboratory analysis of the ground products for salmonella is also part of the program. To move the samples on a timely basis it is necessary to run them through a commercial courier service, and resources are needed to pay for delivery of samples to the laboratory. Dr. David Marshall, Director of the Meat and Poultry Inspection Program, is available to answer questions.

Mr. Weaver continued with the Center for Environmental Farming Systems expansion request – the second request for expansion. He introduced Mr. Carl Tart, Director of Research for the Department, to speak on this issue. He stated we are a joint effort with NC State and NC A & T University in the research program. What we provide are platform land laboratories for scientists to design research. In 1994 with all the environmental pressures and issues, the Commissioner asked us to find a facility where on a large scale demonstration, there are ditches, rivers and places where we could really look at nutrient loads and pesticides affecting water and air quality issues. The Cherry Farm at Goldsboro was ideal. We have 2,300 acres and the Neuse and Little Rivers basically encompass the whole farm. We provide produce to the state mental

institutions. In the late 1980s we converted to research programs, and research is much more expensive than general farming primarily due to labor requirements, technology and equipment. In tobacco an acre in the field is thought of as cultivation and planting, but in research every 20 plants of tobacco is a different test and has to be treated as such. Most work has to be done by hand application. Prison labor is used on the farm. We need permanent labor for data collection and applying pesticides. We are also looking at alternative animal waste issues at the Center for Environmental Farming Systems at the Cherry Farm Unit. We have a no-till, organic and conventional cropping system and a sustainable system that will survive year round. Representative Culp asked what is done with the milk, and it is sold to Virginia Carolina. There are only three major milk markets in the state, and the three farms sell to each one to be equitable. The Commissioner and the University felt we needed one concentrated location where all concepts can be looked at. It is hard to show an integrated concept using pieces from all the areas.

The Chair recognized Secretary Harry Payne, Department of Labor. He shared the Department's expansion budget request (Attachment II). To upgrade the computer systems, we need a continuation of funds for hardware and system maintenance. We have been quite successful in using technology to expand our services. We have had huge economic growth in our state in construction and industry and in order to stay up with this our boiler and elevator inspectors have to increase. This will not require state funding, but we need authorization for positions. We get about 500 new elevators each year. Testing of new elevators is more challenging than the annual inspections. Mr. Payne discussed the expansion items on page 2. Because of the Y2K problem, computer people can get and receive more money in the private sector. We believe after the New Year the market will shift and we do not need to upgrade the vacant position. Regarding the Apprentice Program in OSH Compliance it is very difficult to find Native American or African American OSH inspectors because they are in such high demand in industry. A way to do this is to take the graduates straight from our schools as "apprentice" safety officers. Representative Russell asked how much is paid to contractual programmers, and Mr. Payne thinks it is about $20-$25 per hour. Representative Mitchell asked if the four items on page 2 are in priority order. The first three items get the Department up to current operating expectations and number four is the true expansion item. Chair Fox asked if the staffing needs for the boiler inspectors are covered by receipts. Mr. Payne stated they basically support themselves in the job they do, and no shortfall is anticipated with money coming in to support them.

The Chair called upon Ms. Mona Moon, Fiscal Research Division, to discuss Attachments III (Recent Nonrecurring Items funded by NER). At request of chairs, staff reviewed funding for nonrecurring items in the current biennium including 1997-98 and 1998-99 fiscal years. Ms. Moon reviewed the four categories. She discussed Attachment IV (Natural and Economic Resources). The Governor's total budget recommendation is $292.4 Million. Representative Baker asked about matching money for drinking water, and Ms. Moon said this would be funded for the next five or six fiscal years out of the bond referendum money. Ms. Moon presented Attachment V (Senate Bills Assigned to NER) and Attachment VI (House Bills Assigned to NER) which were prepared by staff at

request of committee chairmen and are shared for the committee's review and information. Representative Baker asked if subcommittee would hear the bills assigned to it. Senator Martin said we would not have time, and Chair Fox said if we have a special request we will probably hear some of them. Representative Owens said the three chairs had sat down and other than things funded in the past, unless we come up with more cuts, we would not be able to fund any other bills including our own bills. Senator Cochrane stated if the money is really as it is being portrayed that if we do consider some of these bills that they be regional or statewide bills.

The meeting adjourned at 9:20 a.m. to reconvene on April 20, 1999.

Respectfully submitted,

Stan Fox
Representative Stan Fox, Chair

Mary Capps
Mary Capps, Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, April 15, 1999
Rep. Stan Fox, Presiding

1. Chairman's Comments

2. Department of Labor – Departmental Expansion Requests

3. Department of Agriculture - Departmental Expansion Requests

4. House and Senate Members' Bills

5. NER List of Nonrecurring Items Funded in 1997-99

6. Committee Discussion

7. Adjourn

Department of Agriculture and Consumer Services

To: Jennifer Herrera, Fiscal Research

From: Maurice Weaver

RE: Top Priority Expansion Requests

Date: April 12, 1999

Food safety and environmental quality are two of the most critical issues facing this agency, and the people of North Carolina. For this reason, we have chosen to limit agency expansion budget requests to proposals that impact these issues. These are the most urgent and far-reaching proposals facing this agency at this time.

Field Automation/Salmonella Sampling of Meat Products

Total Requirements	$ 893,616	$ 266,070
Estimated Receipts	446,808	133,035
Appropriation	446,808	133,035
Positions	(0)	(0)

In July of 1996 Congress passed the Pathogen Reduction Act with the goal of modernizing the meat inspection system through the incorporation of scientific inspection methods. A companion effort to this initiative is the automation of field personnel through the Field Automation Information Management (FAIM) program. By the use of notebook computers, inspectors will be able to access a vast data base of information detailing every processing plants inspection history, along with the daily inspection tasks and directives developed for that specific plant, based on its inspection history. The automated system will develop an inspection routine for each plant, directing resources to the historically weak points for each plant. The system will also provide inspectors with electronic access to the volumes of regulations that guide the inspection service. This is a vital companion step necessary to convert meat and poultry inspection from the long standing sight and smell technique to the more scientifically based HACCP (Hazard Analysis Critical Control Point) inspection program. This request would provide the equipment, training and communications to support field automation and electronic data transmission.

The Pathogen Reduction Act also mandates the sampling and laboratory analysis of ground meats and carcasses for Salmonella, a pathogenic bacteria. Samples are taken by field inspectors and shipped to the Food and Drug Laboratory in Raleigh. Regulations require analysis of each sample within 24 hours. The only mode of transporting the samples proven to be timely is by commercial courier service. Annual shipping cost approximates $35,000 with USDA paying 50%.

Center for Environmental Farming Systems

Total Requirements	$ 993,753	$1,147,853
Estimated Receipts	-0-	-0-
Appropriation	993,753	1,147,853
Positions	(7)	(7)

Concern over the perceived incompatibility of agricultural practices and environmental quality has led the Department of Agriculture and Consumer Services, NC State University and NC A&T State University to establish the Center for Environmental Farming Systems at the Cherry Farm Unit near Goldsboro. This research center will concentrate resources, personnel and equipment to accommodate the multiple research philosophies associated with environmental farming such as no-till, optimized yield, organic and sustainable agriculture. This site was chosen because it affords scientists isolated locations on which to conduct research but also provides concentration sufficient to demonstrate to farmers the relative benefits of each approach without traveling to another research station. Research will be conducted on current crops, ornamental plants, animals, and forest land while identifying and researching other agricultural commodities for diversification. One of the major values in designating a research unit for this use is to qualify for federal and private grant funds earmarked for this purpose. A good example are the funds available through USDA under the SARE (Sustainable Agriculture Research and Education) program. EPA also grants funds for water quality studies on sites of this nature. Personnel and other operating resources are needed to support research and demonstration projects designed to discover and relate to farmers the production techniques most compatible with the environment. Agricultural research in North Carolina is a joint effort of the Department of Agriculture and Consumer Services and North Carolina State University. All research projects are designed and the resulting data evaluated by scientists from NCSU. Department of Agriculture and Consumer Services personnel are responsible for installing and managing research plots and livestock herds at research sites located across the state. Technicians employed by the Department implement projects, control all project variables, manage inputs and, in many cases, gather the research data required by the scientists. This shared approach to research maximizes the limited time available to scientists, allowing them to conduct several research projects simultaneously and avoids using highly trained scientists for manual labor. Department personnel are also responsible for maintenance of all facilities and equipment at each research station.

ATTACHMENT II

NORTH CAROLINA DEPARTMENT OF LABOR
EXPANSION BUDGET REQUEST - 1999-2001

I. Receipt-Supported Expansion Items	1999-00	2000-01
1 ***Information Technology:***		
Central Message Store (provide funds to meet the IRMC policy which requires agencies to connect and store e-mail messages in a central message store maintained by Information Technology Service (ITS) effective 7-1-99).	$ 22,176	$ 22,896
Document Management System - Provide funds to ***continue*** implementation of the system started in 1998-99. The first year includes costs for design, configuration, installation, test training, and implementation along with software for Database, Jukebox, FAX Scanner, Import Server, and Web Server. The second year costs are primarily for hardware and system maintenance.	$ 300,000	$ 300,000
Total Information Technology Request	$ 322,176	$ 322,896
Less: Indirect Cost Receipts	$ 322,176	$ 322,896
APPROPRIATION	$ -	$ -
2 ***Staffing Needs:***		
Boiler Inspectors - Establish 4 boiler inspector positions to help in the bureau's efforts to ensure all boilers and pressure vessels are safe throughout the state.	$ 235,000	$ 233,417
Less: Boiler Receipts	$ 235,000	$ 233,417
APPROPRIATION	$ -	$ -
Elevator Inspectors - Establish 2 elevator inspector positions to provide additional support in the Raleigh and Charlotte areas.	$ 115,852	$ 109,972
Less: Elevator Receipts	$ 115,852	$ 109,972
APPROPRIATION	$ -	$ -
Total Requirements	$ 673,028	$ 666,285
Less: Receipts	$ 673,028	$ 666,285
APPROPRIATION	$ -	$ -
No. of Positions	6	6

II.	State Appropriation Expansion Items	1999-00	2000-01
1	***Vacant Position Reduction:*** Request that the recommendation to abolish the Applications Analyst Programmer I position in the Governor's proposed budget ***not*** be accepted. This position has been vacant for 12 months through no fault of the department's. It has been advertised numerous times without obtaining a qualified applicant. However, the position is critical to the OSH program and the work is currently being performed by contractual programmers. The annual salary is $44,675 and the position is 100% state funded.	$ 54,668	$ 54,668
2	***Department Travel Funds:*** The 1998 General Assembly increased in-state and out-of-state lodging allowance by $10 without additional state dollars. The amount requested is to provide state appropriations to cover the increase.	$ 25,709	$ 25,709
3	**Staffing Needs:** *Informations and Communications Specialist* - Assist current communications staff in writing, editing, project planning, and media relations duties (i.e. writing the monthly **Labor Ledger**, general informational materials, updating departmental webpage, etc.).	$ 41,013	$ 35,013
4	**Establish Apprentice Program in OSH Compliance:** Request funds for 30 "apprentice" safety officer positions (OSH Compliance Field Reviewer @ $27,833) to help existing safety officers with their duties. The intent would be to train these apprentices and allow them to develop the skills and abilities to fi fill vacant safety officer positions.	$ 1,485,281	$ 1,455,281
	TOTAL APPROPRIATIONS	$ 1,606,671	$ 1,570,671
	No. of Positions	32	32
	TOTAL EXPANSION REQUEST	$ 2,279,699	$ 2,236,956
	LESS RECEIPTS	$ 673,028	$ 666,285
	APPROPRIATION	$ 1,606,671	$ 1,570,671
	POSITIONS	38	38

Recent Nonrecurring Items Funded by NER

Department	Item	1997-98	1998-99
On-Going Items Funded Primarily with NR Funds			
HFA	Housing Trust Fund	5,000,000	2,000,000
DACS	Small, Family Farms Marketing and Promotion	50,000	50,000
DENR	Environmental Education Grant Funds	200,000	200,000
DENR	WRC - Beaver Control Program	450,000	500,000
Commerce	Industrial Recruitment Competitive Fund	1,000,000	3,000,000
Commerce	Utility Account - Industrial Development Fund	2,000,000	1,500,000
Commerce	Rural Tourism Grants Program	300,000	300,000
State Aid	Land Loss Prevention Project	350,000	350,000
State Aid	Coalition of Farm and Rural Families	250,000	250,000
State Aid	Institute of Minority Economic Development	1,000,000	1,000,000
State Aid	NC Minority Support Center	375,000	375,000
State Aid	Technological Development Authority	3,000,000	3,500,000
State Aid	World Trade Center of North Carolina	300,000	200,000
State Aid	Center for Community Self-Help - Housing Program	5,000,000	1,000,000
REDC	NC Association of CDCs	200,000	275,000
	Subtotal	**19,475,000**	**14,500,000**
Items in Continuation Budget that Recently Received NR Funds			
DACS	Goodness Grows in NC		200,000
DACS	Pseudorabies Eradication Funds		150,000
DENR	Grassroots Science Program	2,650,000	1,625,000
DENR	Adopt-a-Trail Grants Program	50,000	100,000
DENR	Env. Ed. Learning Experience (EELE)	30,000	
DENR	Ag Cost Share - BMPs	2,000,000	500,000
DENR	Soil & Water District Travel Funds	50,000	50,000
DENR	Ag Cost Share - Technical Assistance		100,000
DENR	Food Sanitation Program	100,000	100,000
DENR	Maintenance of Existing Water Quality Programs	1,000,000	
DENR	Expand Natural Heritage Program		125,000
Commerce	Industrial Development Fund	1,000,000	0
Commerce	Tourism - Advertising, Marketing and US Open Funds	2,000,000	2,500,000
Commerce	1-800-VISIT NC	250,000	
Commerce	B & I Marketing and Trade Missions		500,000
State-Aid	NC Community Development Initiative		275,000
Biotech Center	Historically Minority Univ..	1,000,000	
REDC	Supplemental Funding Program	3,150,000	8,000,000
REDC	Center Administration		200,000
REDC	Research and Demonstration Grants		50,000
	Subtotal	**13,280,000**	**14,475,000**

Recent Nonrecurring Items Funded by NER

Department	Item	1997-98	1998-99
Items Funded with NR, that are not Anticipated to Require Additional Funds at this Time			
DACS	Stanley County Agri-Center	50,000	
DACS	Fair and Exhibition Center	1,000,000	
DACS	Haywood County Agri-Center	200,000	
DACS	Local Ag. Fairs Grant Funds		150,000
DACS	Jacksonville-Onslow Farmers' Markets		50,000
DACS	Albemarle Farmers' Markets		50,000
DACS	Local Farmers' Markets Funds		250,000
Labor	Funds for Inf. Highway Site		30,000
Labor	Purchase Library Shelving/Furniture		190,000
DENR	Museum of Forestry	1,000,000	
DENR	Wastewater Treatment System Operator Training	474,795	
DENR	Regional Wastewater Management	1,000,000	
DENR	Federal Wastewater Assistance Matching Funds	4,001,775	4,860,532
DENR	Evaluation of Septic Problems	150,000	
DENR	Federal Water Supply Assistance Matching Funds	9,222,820	2,571,880
DENR	Cape Fear River Assembly	1,500,000	
DENR	Roanoke-Pamlico Estuary System Water Quality	400,000	
DENR	Core Sound Use Mapping	100,000	
DENR	South Mountains Gamelands Funds	5,000,000	
DENR	Junaluska Creek Damage		7,500
DENR	Coastal/Chevron		367,023
DENR	Oregon Inlet Sand Study		100,000
DENR	Isotope Study of Neuse and Cape Fear Rivers		321,000
DENR	Partnership of the Sounds		250,000
DENR	Study Alternative Animal Waste		750,000
DENR	MODMON		720,000
DENR	Upper Neuse River Basin		300,000
DENR	New River Monitoring Funds		50,000
DENR	Museum of Life & Science		400,000
DENR	LLRW Facility Siting Asst. Funds		100,000
DENR	County Recreational Building		50,000
Commerce	Enhance EDIN System	50,000	
Commerce	Industrial Commission - Temporary Positions	100,000	100,000
Commerce	Year of the Mountain	300,000	300,000
Commerce	Special Olympics	600,000	3,000,000
Commerce	Inst. for Aeronautical Tech	1,000,000	4,000,000
Commerce	Upper Coastal Plain COG		150,000
Commerce	Textile Technology		500,000
Commerce	Sotheastern Regional Econ. Development Comm.		225,000
State Aid	Yadkin-Pee Dee Lakes Project	100,000	150,000
State Aid	Jones Economic Development Funds		200,000
State Aid	Duplin Multi-purpose Center Funds		250,000
State Aid	Stanley & Montgomery County Airport Authorities		250,000

Recent Nonrecurring Items Funded by NER

Department	Item	1997-98	1998-99
State Aid	William S. Lee Leadership Institute		2,000,000
State Aid	4-H Clubs/Eastern NC Livestock Arena		600,000
State Aid	Textile Museum		100,000
State Aid	Charlotte/Mecklenburg Development Corp.		1,000,000
State Aid	Mountain Care-Trak System Pilot Project		141,400
State Aid	Town of Chadbourn-Emergency Repairs		400,000
State Aid	NC Global Center		500,000
State Aid	Piedmont Land Conservancy		25,000
State Aid	MCNC		4,500,000
Biotech Center	Bioscience Investment Fund	7,500,000	2,500,000
REDC	Capacity Grants Program		200,000
SIPS	Continue NC Information Highway		6,143,160
	Subtotal	**33,749,390**	**38,802,495**

New Initiatives Started with NR Funds

DACS	Small, Family Dairy Farm Grants	0	1,500,000
DACS	Farmland Preservation Trust Fund		250,000
DACS	Seafood & Aquaculture Marketing		300,000
DACS	Small, Family-Owned Farms Loan Program	0	1,500,000
DENR	Neuse and Tar-Pam River Basin Assistance		75,000
Commerce	Historic Waterfronts Revitalization		400,000
Commerce	NC Progress Board		400,000
	Subtotal	**0**	**4,425,000**
	GRAND TOTAL	**66,504,390**	**72,202,495**

Natural and Economic Resources

Operating Budget Subcommittee Target:	**$290.0**	**million**

Governor's Recommended Budget:

Continuation/Base Budget	$278.3	million
Recommended Reductions	($2.6)	million
Recommended Expansion	$16.7	million
Governor's Total Budget	**$292.4**	**million**

ATTACHMENT V

Senate Bills Assigned to NER

Bill #	Sponsor	Short Title	1999-2000	2000-2001	Priority
37	Cochrane, Dannelly	Elderly Housing Funds	2,000,000	2,000,000	
50	Metcalf, Carter	WNC Agricultural Center Funds	4,000,000	0	
66	Soles	Museum of Forestry Funds	1,000,000	0	
67	Soles	Chadbourn Water & Sewer Funds	250,000	0	
84	Jordan	Wilmington Farmers' Market Funds	50,000	50,000	
113	Metcalf, Carter	WNC Farmers Market Funds	1,851,300	0	
163	Martin, R.L.	State Fairground Bldg. Funds	12,640,800	0	
164	Martin, R.L.	NC Technological Dev. Auth. Funds	6,000,000	7,000,000	
180	Hoyle, Forrester	Establish MTN Island State Forest	3,255,581	268,846	
191	Reeves	NC Technological Dev. Auth. Funds	6,000,000	1,500,000	
237	Metcalf, Carter	Colburn Museum Funds	50,000	50,000	
276	Odom	Grassroots Science Museum Funds	3,250,000	0	
315	Albertson	Center for Env. Farming Funds-2	1,972,862	2,165,962	
316	Albertson	Structural Pest Control Funds-2	390,350	300,950	
317	Albertson	Gypsy Moth Control Funds-2	739,593	726,424	
318	Albertson	Agriculture Info Technology Funds	99,600	29,600	
319	Albertson	Pesticide Disposal Support Funds	209,253	189,053	
320	Albertson	LP Gas Inspection Funds-2	332,998	279,838	
322	Gulley, Lucas	Museum of Life & Science Funds	5,000,000	0	
356	Weinstein	SE Farmers Market Funds	2,000,000	0	
362	Albertson	Meat/Poultry Inspection Funds	1,104,720	266,070	
363	Albertson	Ctr. Env. Farming Funds-2	6,037,100	0	
364	Albertson	Oxford Research Station Funds	229,204	212,204	
367	Martin, R.L.	Rural Economic Dev. Ctr. Funds	221,924	228,258	
382	Jordan, Albertson	Jones Forestry Building Funds	500,000	0	
402	Robinson	Haywood Agricultural Ctr. Funds	500,000	0	
443	Albertson	Duplin Agri. Comm. Ctr. Funds	3,000,000	0	
502	Plyler, Purcell	Yadkin/Pee Dee Lakes Project Fund	100,000	0	
507	Lee, Kinnaird	Chatham Funds for Siting Costs	500,000	0	
545	Hoyle	Tourism Job Training/Funds	260,000	0	
581	Hoyle	Sanitation Program Funds	2,914,916	1,414,916	

Senate Bills Assigned to NER

Bill #	Sponsor	Short Title	1999-2000	2000-2001	Priority
631	Wellons, Martin R.L., Cooper	Imagination Station Funds	600,000	0	
635	Wellons, Martin R.L., Cooper	Wilson OIC Renovation Funds	550,000	0	
677	Odom	Southern Dairy Compact Cmsn. Fund	1,800,000	0	
726	Martin, R.L.	Eastern Ag Atr. Funds	4,000,000	0	
734	Albertson	Agric Finance Loan Funds	3,000,000	0	
744	Perdue	Tourism, Film & Sports Dev. Funds	8,663,868	8,663,868	
754	Phillips	Farmland Preservation Funds	1,000,000	1,000,000	
771	Kinnaird	Carrboro Farmers Market Funds	25,000	0	
778	Albertson	Sampson Economic Dev. Funds	500,000		
801	Rand	Cape Fear River Basin Research Funds	2,012,000	2,012,000	
825	L. Shaw	Housing Finance Agency Funds	$25 million in unspent Commerce funds for FY 1998-99		
854	Perdue	State Ports Capital Funds	12,419,000		
856	Perdue	Wilmington Harbor Deepening Funds	5,700,000		
858	Perdue	Pamlico Sound Monitoring/Modeling	1,360,000	635,000	
860	Rand	Museum of Natural Sciences Funds	4,000,000		
886	Cooper	Nash Asst. Forest Ranger Funds	47,820	23,309	
887	Cooper	Housing Finance Agency Funds	$25 million in unspent Commerce funds for FY 1998-99		
889	Phillips	Conservation Trust for NC Funds	150,000	150,000	
891	Metcalf	WNC Revitalization/Planning Funds	150,000		
893	Metcalf	WNC Industrial/Business Funds	250,000		

House Bills Assigned to NER

ATTACHMENT VI

				Senate	1999-2000	2000-2001	Priority
26	Clary	Elderly Housing Funds (Housing Finance Agency)	NER	37	2,000,000	2,000,000	
40	Nye	Turnbull State Forest Multi-purpose Center	NER		85,000		
90	Owens	Land Mapping Funds (Matching Grants)	NER			2,000,000	
177	Fox	NC Technological Development Authority	NER	164	6,000,000	7,000,000	
189	Cansler	Tourism 2000 Funds (Commerce)	NER		4,225,000	4,255,000	
203	Nesbitt	Colburn Gem and Mineral Museum (City of Asheville)	NER	237	50,000	50,000	
279	Redwine	ESC Automation Funds	NER		479,644		
305	Nesbitt	Agricultural Finance Authority for Farm Loans	NER		3,000,000		
311	Tolson	Agriculture Info Technology Funds (Similar to HB 340)	NER		99,600	29,600	
335	Hill	Meat & Poultry Inspection Funds	NER	362	1,104,720	266,070	
336	Hill	Center for Env. Farming Funds	NER	315	1,972,862	2,165,962	
338	Hill	Gypsy Moth Control Funds	NER	317	739,593	726,424	
340	Hill	Agriculture Info Technology Funds	NER	318	99,600	29,600	
341	Hill	Structural Pest Control Funds	NER	316	390,350	300,950	
342	Hill	LP Gas Inspection Funds	NER	320	332,998	279,838	
343	Hill	Pesticide Disposal Support Funds	NER	319	209,253	189,053	
344	Hill	Agricultural Research Station (Oxford)	NER	364	229,204	212,204	
347	Easterling	Grassroots Science Museum Funds	NER		3,250,000	3,250,000	
370	Cansler	Funds to Stop Straight Piping	NER		2,100,000	2,100,000	
432	Mosley	Alice Aycock Poe Center for Health Education (Grassroots Sc)	NER		250,000	250,000	
496	Hill	Goodness Grows in NC (Dept. of Agriculture)	NER		200,000	200,000	
497	Hill	Seafood/Aquaculture Marketing (Dept. of Agriculture)	NER		300,000	300,000	
546	Owens	Rural Economic Development Center Funds	NER	367	221,924	228,258	
742	Mitchell	Southern Dairy Compact Commission Funds	NER		1,800,000		

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — 4/15/, 1999

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	DOL
Becky Brown	DOL
Carl Tart	NCDA&CS
Dave Marshall	NCDA&CS
Jane Smith	DENR
Sharon Acriori	OSBM
Johnny Gray	OSBM

1999

JOINT APPROPRIATIONS – NATURAL & ECONOMIC RESOURCES

MINUTES

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, April 20, 1999 - afternoon
Sen. Bob Martin, Presiding

1. **Chairman's Comments**

2. **Committee Review of Questions/Flagged Items**
   - ❖ Complete Department of Commerce
   - ❖ Department of Environment and Natural Resources

3. **Committee Review of Governor's Recommended Reductions**

4. **Committee Review of Governor's Recommended Continuation Budget Changes**

5. **Committee Discussion**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, April 20, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday April 20 at 8:30 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Owens, Warren, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, Tolson, and Warwick were present.

Senator Martin called the meeting to order. Jennifer Herrera, Fiscal Research, reviewed the Committee questions and flagged items. The first handout began on R-1. This was submitted from the Housing Finance Agency from Bob Kucab, the Executive Director. This is Attachment A of these minutes.

The next NER agency that had some flagged items and follow-up questions was the Department of Agriculture and Consumer Services. Their responses can be found in the handout R-2 and R-3. This is Attachment B of these minutes.

The next handout was on the Department of Labor, which covered follow-up questions and flagged items. Jennifer Hoffmann, Fiscal Research, explained this handout which began on R-4. This is Attachment C of these minutes.

Jennifer Herrera, Mona Moon, and Jennifer Hoffmann, Fiscal Research, reviewed the flagged items and follow-up questions from the Department of Commerce. This handout began on R-30. This is Attachment D of these minutes. Committee members had questions regarding the State Development Zones including college campuses. Senator Horton said the Department should devise a way to take the colleges out of the zone so the money can go where it should go. Senator Martin asked the Department of Commerce get an answer for the Committee regarding this issue.

Senator Horton asked that the Department quantify for the Committee what the benefits have been to North Carolina from these international offices in terms of increased imports and exports. Senator Horton asked what these offices contribute to North Carolina's

economy. Senator Martin asked the Department to deliver figures on these specific offices to the Committee. (See handout D, page R-65-66)

Senator Horton questioned why the Heritage Tourism Program was funded through Commerce. Senator Horton questioned why this Program was not under the Department of Cultural Resources rather then the Department of Commerce. Mr. Gordon Clapp responded by saying that Heritage Tourism is a rural economic development program and marketed as such. It is a facet of tourism, which really addresses rural economic development. Senator Horton said he thinks this Program should be transferred to the Cultural Resources Department. (See handout D, page R-71)

The meeting recessed at 9:50 a.m. to reconvene at 2:00 p.m.

The meeting adjourned at 3:00 p.m.

The Committee convened at 2:00 p.m. Jennifer Hoffmann continued with the Department of Commerce, which is Attachment D, page R-99.

Mona Moon and Jennifer Herrera, Fiscal Research, reviewed the flagged items and follow-up questions from the Department of Environment and Natural Resources. This handout began on R-148. This is Attachment E of these minutes.

Jennifer Herrera, Fiscal Research, presented a summary of the Governor's recommended reductions for NER agencies. This handout began on R-259. The Governor's recommended continuation budget changes for NER agencies began on R-260. This is Attachment F of these minutes. Representative Owens made a motion to adopt the Governor's recommended reductions. Representative Tolson seconded the motion. Motion carried.

The meeting adjourned at 3:30 p.m.

Carolyn M. Gooden, Committee Clerk

R. L. Martin

Senator R.L. Martin, Chairman

Attachment A

NORTH CAROLINA
HOUSING
FINANCE
AGENCY

MEMORANDUM

TO: Jennifer Herrera
Fiscal Research

FROM: A. Robert Kucab
Executive Director

DATE: March 29, 1999

SUBJECT: Staffing

A self-supporting
public agency

A. Robert Kucab
Executive Director

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27611-8066

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L. 919-781-6115
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A good questions was asked at the joint Natural and Economic Resources Subcommittee meeting about our staff size.

As I mentioned, our operating costs are only 1.2% of the value of affordable housing produced by the agency each year. Further, our agency's Business Plan calls for a 10% increase in production for each of the next two years.

I want to add a few specifics:

Of the 87 staff at the Agency, a total of 20 are in asset management and servicing.

Currently, we have 13,416 home ownership loans and 137 rental development loans under active servicing with a value exceeding $911 million. Also, our rental asset managers oversee 1,419 rental developments of 32,246 housing units with a value exceeding $1.3 billion.

Our portfolio responsibilities are a high priority for the Agency and we perform this work at no cost to the state. We are also the only entity in the state that has contracted to do asset management work for HUD on a fee basis, because they lacked the technical staff.

Our staff size is smaller than the housing finance agencies in comparable states of Virginia, Georgia, Kentucky, Tennessee, West Virginia and South Carolina.

A. Robert Kucab
Executive Director

R-1

Attachment B

Department of Agriculture and Consumer Services

To: Jennifer Herrera, Fiscal Research

From: Maurice Weaver

RE: - NER Committee Follow-Up

Date: April 12, 1999

The information provided below is submitted in answer to questions or "flags" by the Appropriation Subcommittee on Natural and Economic Resources.

Structural Pest Control - The item flagged in this program was the apparent lack of improvement in the Rate of Compliance among structural pest operators, even after the General Assembly has provided additional inspection resources during the last session. There are two contributing factors to what appears to be lack of effectiveness. First, performance measures are developed without regard to **proposed** expansion budgets. At the time measures were submitted for the 1999-01 biennium, the General Assembly had not finished its 1998 short session. Consequently, the additional resources, ultimately approved for the Structural Pest Program, were only a **proposed** expansion at the time performance targets were developed and submitted for incorporation in the 1999-01 Performance Budget. The performance targets printed in the 1999-01 Budget Document were based on the pre-short session level of funding.

Secondly, the level of compliance with regulatory programs generally is directly related to the level of surveillance inspections and regulatory actions taken. As the frequency of inspection drops over time, so does the rate of compliance. With the sustained economic development experienced in this state over the past 10-15 years, the structural pest industry has grown dramatically. There are more operators treating more structures using more sophisticated techniques all requiring more man-hours to inspect. With the static work force heretofore approved for this program, the frequency of inspection has declined. Therefore, without significant additional resources, the rate of compliance will at best remain constant or trend downward.

Now that additional inspection resources have been approved for this program, we believe the compliance rate among structural pest operators will, in the short run, drop significantly as a result of more frequent inspections. However, given the remedial value of inspections and regulatory actions, we are confident the compliance rate will improve during the last half of the 1999-01 biennium to equal or exceed the 1997-98 level.

R-2

Standards Division - The question arising from committee discussions relative to this program concerned the drop in estimated receipts during the new biennium. This division is made up of Weights and Measures and, Gasoline and Oil programs. Receipts in Weights and Measures are generated from calibration services and remain rather static from year to year. The drop in receipts is related to the Gasoline and Oil program almost exclusively.

Gasoline and Oil is supported entirely by a .25 cent inspection fee as part of the tax on gasoline, collected by the Department of Revenue and credited to the Highway Fund. The amount necessary to operate the Gasoline and Oil Inspection Program is transferred each year to the Department of Agriculture and Consumer Services and the remainder is transferred to the Leaking Underground Storage Tank Fund to support cleanup efforts. On our accounting records, the transfer is classified as a receipt, as opposed to a tax because it is being transferred from the Highway Fund. For accounting purposes, transfers are always treated as receipts. Because the cost of operating the program does not remain static, the receipt level will rise and fall accordingly. In this particular case, the authorized 1998-99 receipts are higher to support the purchase of expensive laboratory equipment during the current year that will not be repeated during the 1999-01 biennium. Consequently, the receipts will fall to reflect the lower cost of operation.

Small, Family Farms Program - This program was mentioned in three presentations before the committee and the question of duplication of effort was voiced. To understand that there is no duplication of effort in this program, one need only understand the team approach being employed.

The 1998 General Assembly appropriated $50,000 to support a program of assistance to small, family farms. This program is operated directly from the Commissioner Office. Grants to public schools for the purchase of produce from local farmers is one of the strategies funded from this appropriation. The NCDA&CS Food Distribution program, because of it's other commodity distribution activities, maintains contact with school administrative units, particularly their purchasing offices. Food Distribution solicits orders for produce(strawberries, apples, sweet potatoes, watermelons & cabbage) from school units that are passed along to the US Department of Defense(DOD). The DOD has become involved through their purchasing operation, by combining school orders with orders from their military units to take advantage of volume buying. Our Division of Marketing maintains a data base of farmers who are able to supply produce. That information is passed along to the DOD as well. To minimize transportation costs, purchased produce is shipped to our Food Distribution warehouse and included with other commodity orders being trucked to local school units. Each of these organizational units provides data, contacts, services or funding to make this program a success. It is not a duplication of effort, but a splendid example of interagency cooperation and teamwork to achieve more than any one individual agency could accomplish alone.

R-3

Attachment C

Department of Labor

Flagged Items
and
Follow-up Questions

R-4

NORTH CAROLINA DEPARTMENT OF LABOR
EXPLANATION OF INCREASES - 1999-2001 CONTINUATION BUDGET

Division	Line Item Increased	Actual 1997-98	Authorized 1998-99	Increase 1999-2000	Increase 2000-2001	Explanation
Elevator	In-State Trans.	$102,453	$98,858	$17,340	$17,340	Used savings from leased space to help with travel. Four new inspectors positions were approved by the 1998 General Assembly. Two of the 4 positions were not filled until 3/98 and 5/98 respectively. Estimated travel to exceed amount budgeted by at least the $17,000 increase. Funds were transferred to this line item in 97-98 from supplies, out-of-state travel, employee education, and telephone service to cover the travel needs.
Wage & Hour	Rent-Leased Space	$24,471	$22,444	$281	$487	See detailed analysis of attached spreadsheet highlighting the projected rental costs for 1999-2001.
WORD	Rent-Leased Space	$4,612	$4,612	$338	$338	See detailed analysis of attached spreadsheet highlighting the projected rental costs for 1999-2001.
OSH	In-State Trans.	$228,623	$221,500	$5,000	$5,000	Used savings from leased space to adjust travel costs in categories noted. These funds will NOT allow any increases...just allow line items to be more in line with 1997-98 spending patterns. Transfer from other line items to cover the 97-98 spending level came from the following sources: Maintenance agreement, employee education, equipment, supplies, moving expense, books, and printing/duplicating. The General Assembly also passed legislation to increase per diem by $10 for in-state and out-of-state travel effective January 1, 1999. No funds were appropriated for this increase...therefore had to take from existing sources.
	In-State Lodging	$93,071	$46,936	$47,000	$47,000	
	Out-State Lodging	$35,371	$12,503	$23,000	$23,000	

OSH	Printing/Duplicating	$124,276	$62,190	$25,953	$22,878	Savings from leased space to allow this line item to be adjusted to more correctly reflect 1997-98 spending pattern. This expenditures is primarily for the OSH standards and the amount to support 97-98 costs came from computer equipment, printing/duplicating, travel, and other small amounts from various categories. ***This program (1350) is 50% federal/50% state funded.***
7-c-1 Consul.	Other Equipment	$5,252	$1,500	$6,434	$6,434	Savings from leased space to adjust equipment category for this program. Funds were transferred from scientific equipment and supply line item(s) to cover the 97-98 expenditure. ***This program (1358) is 90% federal/10% state funded.***

Attachments: Leased Space Analysis (Supports increase in 1340/1345).

Analysis of Rent Line Item (Shows no "new" money was appropriated for move)

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NORTH CAROLINA DEPARTMENT OF LABOR

Lease Space Analysis

Location	Subhead	Terms of Lease	1998-99	Estimate 1999-2000	Estimate 2000-2001	Remarks
Asheville	1340-532512	7-1-97--6-30-99	$1,344	$1,344	$1,344	Plan to renew space. Certain the rent will increase; however do not know how much at this time.
Edenton	1340-532512	9-1-98--8-31-2001	$1,740	$1,900	$2,020	7-98--8-98 rental amount $120 9-98--8-99 rental amount $150 9-99--8-2000 rental amount $160 9-2000-8-2001 rental amount $170
Greensboro	1340-532512	7-1-96--6-30-99	$10,780	$10,780	$10,780	Planning to renew space. Will be writing specs. in near future. Certain rent will increase; however unsure what the amount will be at this time.
Lumberton	1340-532512	5-1-98--4-30-2001	$2,277	$2,277	$2,277	Anticipate renewal, unsure of rate.
Pittsboro	1340-532512	12-1-97--11-30-98	$1,680	$1,680	$1,680	Will renew; however unsure of increase.
New Bern	1340-532512	1-1-98--12-31-98	$2,100	$2,100	$2,100	Will renew or relocate in area.
Wilmington	1340-532512	11-1-96--10-31-200	$2,523	$2,624	$2,730	Wilmington lease is shared with OSH. Approx. 9% of rental is 1340. See calculations in OSH analysis.
		Total	$22,444	$22,705	$22,931	
Fayetteville	1345-532512	4-1-97--3-31-2000	$4,612.50	$4,950	$4,950	Rental 1st year @$375/2nd and 3rd years @ $412.50/mo. Plan to renew 4-2000. Unsure of increase.
		Total	$4,612.50	$4,950	$4,950	
Raleigh	1310-532512	2-1-95--1-31-97 Month-to-Month since 1-97	$13,286.26	$0	$0	Anticipate move to Old Revenue Bldg. 1-99. These funds will be moved cover normal travel and other costs. No additional funds were appropriated when division moved to the space.
		Total	$13,286.26	$0	$0	

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Location	Subhead	Terms of Lease	1998-99	1999-2000	2000-2001	Remarks
Raleigh	1320-532512	2-2-95--1-31-97 Month-to-Month since 1-97	$17,339.70	$0	$0	Anticipate moved to Old Revenue Bldg 1-99. Funds will be redistributed to cover normal travel and other costs as required.
Raleigh	1320-532512	N/A	$2,520	$2,520	$2,520	Buffalo Storage @ $210/mo.
Greensboro	1320-532512	3-1-96--2-28-99	$4,560	$4,560	$4,560	Planning to renew space effective 3-99. Not sure of monthly increase.
		Total	$24,419.70	$7,080	$7,080	
Fayetteville	1420-532512	6-16-97--6-15-99	$3,240	$3,240	$3,240	Plan to renew. Unsure of monthly increase.
Maiden	1420-532512	3-15-96--3-14-99	$4,500	$4,500	$4,500	Plan to renew. Unsure of monthly increase.
		Total	$7,740	$7,740	$7,740	
Raleigh	1350-532512	3-1-97--2-28-98 Month-to-Month since 3-98	$182,359.08	$78,432	$78,432	Plan to relocate administrative staff to the Old Revenue Bldg. 1-99. Health and Safety inspection staff will remain in leased space. Bids have been let and proposed space is approx. $156,864 annually for 3 years (effective on or about 1-99)
Wilmington	1350-532512	11-1-96--10-31-200	$25,505.48	$26,528.32	$27,594.84	Terms of lease have monthly rental of $2275 for years 1 and 2. Years 3, 4, and 5 project a 4% increase over prior years--$2366, $2461, and $2560 respectively. 9% to come from 1340.
Winston-Salem	1350-532512	8-1-96--7-31-2001	$65,029.81	$66,980.75	$68,990.12	98% of rent paid from 1350 (1352 pays 2%). Monthly rental increases $5,371.75 to $5,543.20 to $5709.50 to $5,880.78 from 7-98 through 6-2001.
Charlotte	1350-532512	9-1-96--8-31-99	$82,369.04	$82,369.04	$82,369.04	Plan to continue in the space at the end of the lease period or relocate in the Charlotte area. 98% paid from 1350 and 2% from 1352.
	Total		$355,263.41	$254,310.11	$257,386	

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Location	Subhead	Terms of Lease	1998-99	Estimate 1999-2000	Estimate 2000-2001	Remarks
Raleigh	1352-532512	See 1350	$50,474.46	$78,432.00	$78,432.00	See 1350.
Winston-Salem	1352-532512	See 1350	$1,327.14	$1,366.95	$1,407.96	See 1350.
Charlotte	1352-532512	See 1350	$1,681.00	$1,681.00	$1,681.00	See 1350.
	Total		$53,482.60	$81,479.95	$81,520.95	
Raleigh	1358-532512	See 1350	$6,433.38	$0	$0	Consultation group plans to relocate to the Old Revenue Bldg. 1-99.
	Total		$6,433.38	$0	$0	
Wilmington	1350-532184	N/A	$3,000	$3,000	$3,000	Janitorial service for office.
	Total		$3.000	$3,000	$3,000	

Note: Where "Remarks" section indicates continuing in the current location and/or relocating in area, the budgeted amount is the current annual amc

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NORTH CAROLINA DEPARTMENT OF LABOR

ANALYSIS OF RENT LINE ITEM -- 1999-2001 CONTINUATION BUDGET

FY 1995-96

	Date	Boiler	Elevator	OSH			
606 No.	Approved	1310	1320	1350	1352	1358	Description
		$0	$4,200	$288,726	$172,230	$5,963	Beginning Balance
110006	12/7/95					$6,037	Federal Receipts
140003	1/9/96	$17,574	$22,680				Internal
140004	2/27/96		($372)		($30,000)	($156)	Internal
110010	4/2/96			$257,000			Federal Receipts
140011	5/9/96	$1,292	$3,092				Internal
140015	6/19/96	$120				($844)	Internal
140014	6/5/96	$1,597	$3,270		($31)		Internal
140016	6/21/96				($44,730)		Internal
		$20,583	$32,870	$545,726	$97,469	$11,000	Ending Balance

FY 1996-97

	Date	Boiler	Elevator	OSH			
606 No.	Approved	1310	1320	1350	1352	1358	Description
		$0	$4,200	$288,726	$172,230	$5,963	Beginning Balance
140025	9/30/96			$2,609		$1,803	Internal
140024	9/25/96	$20,583	$28,670	$61,000	($69,150)	$3,234	Internal
120098	10/4/96				($14,475)		Move to 532133
140044	5/5/97		$4,179				Internal
110104	6/16/97			$76,000			Federal Receipts
140052	6/23/97		$3,390	$7,872		$341	Internal
140049	6/18/97	($609)					Internal
140065	6/30/97				($11,902)		Internal
110059	6/16/97					$1,000	Federal Receipts
		$19,974	$40,439	$436,207	$76,703	$12,341	Ending Balance

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FY 1997-98

606 No.	Date Approved	Boiler 1310	Elevator 1320	OSH 1350	OSH 1352	OSH 1358	Description
		$20,583	$32,870	$352,335	$88,605	$11,000	Beginning Balance
140009	3/18/98	$3,774					Internal
140015	4/16/98	$2,214					Internal
110152	5/5/98	$4,429					Boiler Receipts
140027	6/8/98	($1)	($737)				Internal
110177	6/16/98			$70,000			Federal Receipts
140037	6/22/98			$33,647			Internal
140035	6/22/98				($62,394)		Internal
140025	5/20/98					$814	Internal
140029	6/16/98					$1,072	Internal
		$30,999	$32,133	$455,982	$26,211	$12,886	

Note: Ending balance agrees with BD-701 Authorized Budget for fiscal years. It further indicates no "new " money was ever appropriated to pay rent for the 4 divisions/bureaus returning to the Old Revenue Building.

R-11

REASONS WHY THE MINE AND QUARRY BUREAU DOES CHARGE A FEE FOR INSPECTIONS OF MINING OPERATIONS.

1 – Inspections are conducted to ensure that the miners (employees) have a working environment free as far as possible of recognized health and safety hazards. **There should not be a fee for assisting in providing a safe work place (OSHA does not charge).**

2 – By law all miners are to receive mine safety training. Inspections are conducted to ascertain mine specific materials to use in the training sessions. **Majority of the mining operations where we conduct training have less than 10 employees and if we charge for inspections or training they would not survive economically.**

3 – **In conclusion, most laws and services that charge a fee are provided for the general public, for their safety and well being (e.g. elevator inspections & boiler inspections) and protect business owners from public lawsuits. The services rendered by Mine and Quarry are for the safety and well being of the employees of mining companies and not the operators.**

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BUDGET & MGMT

North Carolina Department of Labor
Elevator / Amusement Device Bureau
Cost Analysis of Amusement Device Inspections

Current Amusement Device Fee Schedule

NOTE: Amusement Devices are inspected each time they are set up

Average hourly rate of inspector (which includes salary, benefits and expenses) = $38.15

Average time for the inspection of an amusement device = 1 hour

Number of devices inspected 97/98 = 6193

	# Of Devices	x	Cost	=	Total
Actual Cost :	6193	x	$38.15	=	$236,262.00
Actual Charges :	6193	x	$15.00	=	92,895.00
Total Loss :					($143,367.00)

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Proposed Fee Schedule

	# Of Devices	x	Cost	=	Total
Kiddie Rides :	4,278	x	$30.00	=	$128,340.00
Major Rides :	1922	x	$60.00	=	115,320.00
Total Income:					$243,660.00

NOTE: While a fee increase is in order, by splitting rides into two groups the smaller amusement device companies, many that are North Carolina based and play almost every weekend at company picnics and family days, would feel the increase but not be overwhelmed by it.

4/7/99

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North Carolina Department of Labor
Elevator / Amusement Device Bureau
Proposed Fee Schedule
Current Staff of 37 / 100% Fee Supported

Elevator Fee Schedule
Note: For A Six Month Period

Floors	Present	Proposed	# Inspected Per Year	# of Elevators	Total
1-5	$30	$55	2	13,183	$1,450,130
6-10	$40	$60	2	1,866	$223,920
11-15	$50	$75	2	498	$74,700
16-20	$60	$90	2	185	$33,300
21 -Up	$70	$115	2	48	$11,040
Handicap Lifts	$10	$35	2	840	$58,800
			Total:	16,620	$1,851,890
			Total # of Inspections	33,240	

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Amusement Device Fee Schedule
Note: Amusement Devices are inspected each time they are set up

	Present	Proposed	# of Devices		Total
Kiddie Rides	$15	$30	4,278		$128,340
Major Rides	$15	$60	1,922		$115,320
				Total:	$243,660

3/24/99

Total Estimated Income **$2,095,550**

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(18) To require that any device or equipment subject to the provisions of this Article which has been out-of-service and not continuously maintained for one or more years shall not be returned to service without first complying with all rules and regulations governing existing installations; and

(19) To coordinate enforcement and inspection activity relative to equipment, devices and operations covered by this Article in order to minimize duplication of liability or regulatory responsibility on the part of the employer or owner. (1985 (Reg. Sess., 1986), c. 990, s. 1; 1995, c. 217, s. 2.)

§95-110.6. Noncomplying devices and equipment; appeal.

(a) Whenever the Commissioner determines that a device or equipment is subject to the provisions of this Article, and that the operation of such device or equipment is exposing the public to an unsafe condition likely to result in serious personal injury or property damage, he may immediately order in writing that the use of the device or equipment be stopped or limited until such time as he determines that the device or equipment has been made safe for use by the public.

(b) Whenever the Commissioner determines that the provisions of this Article or the rules and regulations promulgated thereunder have not been complied with, he may refuse to issue or renew or may revoke, suspend or amend a certificate of operation.

(c) Whenever action is taken under this section, the affected party shall be given notice of the availability of an administrative hearing and of judicial review in accordance with Chapter 150B of the General Statutes, the Administrative Procedure Act. (1985 (Reg. Sess., 1986), c. 990, s. 1.)

§95-110.7. Operation without certificate; operation not in accordance with Article or rules and regulations; operation after refusal to issue or after revocation of certificate.

(a) No person shall operate or permit to be operated or use any device or equipment subject to the provisions of this Article without a valid certificate of operation unless the absence of a valid certificate is the result of the Commissioner's failure to inspect such device.

(b) No person shall operate or permit to be operated or use any device or equipment subject to the provisions of this Article otherwise than in accordance with this Article and the rules and regulations promulgated thereunder.

(c) No person shall operate or permit to be operated or use any device or equipment subject to the provisions of this Article after the Commissioner has refused to issue or has revoked the certificate of operation for such device or equipment. (1985 (Reg. Sess., 1986), c. 990, s. 1.)

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§95-110.8. Operation of unsafe device or equipment.

No person shall operate, permit to be operated or use any device or equipment subject to the provisions of this Article if such person knows or reasonably should know that such operation or use will expose the public to an unsafe condition which is likely to result in personal injury or property damage. (1985 (Reg. Sess., 1986), c. 990, s. 1.)

§95-110.9. Reports required.

(a) The owner of any device or equipment regulated under the provisions of this Article, or his authorized agent, shall within 24 hours notify the Commissioner of each and every occurrence involving such device or equipment when:

(1) The occurrence results in death or injury requiring medical treatment, other than first aid, by a physician. First aid means the one time treatment or observation of scratches, cuts not requiring stitches, burns, splinters and contusions or a diagnostic procedure, including examination and x-rays, which does not ordinarily require medical treatment even though provided by a physician or other licensed personnel; or

(2) The occurrence results in damage to the device indicating a substantial defect in design, mechanics, structure or equipment, affecting the future safe operation of the device. No reporting is required in the case of normal wear and tear.

(b) The Commissioner, without delay, after notification and determination that an occurrence involving injury or damage as specified in subsection (a) has occurred, shall make a complete and thorough investigation of the occurrence. The report of the investigation shall be placed on file in the office of the division and shall give in detail all facts and information available. The owner may submit for inclusion in the file results of investigations independent of the department's investigation.

(c) No person, following an occurrence as specified in subsection (a), shall operate, attempt to operate, use or move or attempt to move such device or equipment, or part thereof, without the approval of the Commissioner, unless so as to prevent injury to any person or persons.

(d) No person, following an occurrence as specified in subsection (a), shall remove or attempt to remove from the premises any damaged or undamaged part of such device or equipment or repair or attempt to repair any damaged part necessary to a complete and thorough investigation. The department must initiate its investigation within 24 hours of being notified. (1985 (Reg. Sess., 1986), c. 990, s. 1.)

§95-110.10. Violations; civil penalties; appeals.

(a) Any person who violates G.S. 95-110.7(a) or (b) (Operation without certificate; operation not in accordance with Article or rules and regulations) shall be subject to a civil penalty not to exceed two hundred fifty dollars ($250.00) for each day each device or equipment is so operated or used.

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(b) Any person who violates G.S. 95-110.7(c) (Operation after refusal to issue or after revocation of certificate) or G.S. 95-110.9(c) (Reports required) shall be subject to a civil penalty not to exceed five hundred dollars ($500.00) for each day any such device or equipment is operated or used.

(c) Any person who violates the provisions of G.S. 95-110.9(d) (Reports required) shall be subject to a civil penalty not to exceed five hundred dollars ($500.00).

(d) In determining the amount of any penalty ordered under authority of this section, the Commissioner shall give due consideration to the appropriateness of the penalty with respect to the size of the business of the person being charged, the gravity of the violation, the good faith of the person and the record of previous violations.

(e) The determination of the amount of the penalty by the Commissioner shall be final, unless within 15 days after receipt of notice thereof by certified mail the person charged with the violation takes exception to the determination in which event the final determination of the penalty shall be made in an administrative proceeding and in a judicial proceeding pursuant to Chapter 150B of the General Statutes, the Administrative Procedure Act.

(f) The Commissioner may file in the office of the clerk of the superior court of the county wherein the person, against whom a civil penalty has been ordered, resides, or if a corporation is involved, in the county wherein the corporation maintains its principal place of business, or in the county wherein the violation occurred, a certified copy of a final order of the Commissioner unappealed from, or of a final order of the Commissioner affirmed upon appeal. Whereupon, the clerk of said court shall enter judgment in accordance therewith and notify the parties. Such judgment shall have the same effect, and all proceedings in relation thereto shall thereafter be the same, as though said judgment had been rendered in a suit duly heard and determined by the superior court of the General Court of Justice. (1985 (Reg. Sess., 1986), c. 990, s. 1.)

§95-110.11. Violations; criminal penalties.

(a) Any person who violates G.S. 95-110.8 (Operation of unsafe device or equipment) shall be guilty of a Class 2 misdemeanor.

(b) Any person misrepresenting himself as an authorized inspector administering or enforcing the provisions of this Article or the rules and regulations promulgated thereunder shall be guilty of a Class 2 misdemeanor.

(c) Any person knowingly making a material and false statement, representation or certification in any application, record, report, plan or any other document filed or required to be maintained pursuant to this Article or the rules and regulations promulgated thereunder shall be guilty of a Class 2 misdemeanor which may include a fine of up to five thousand dollars ($5,000). (1985 (Reg. Sess., 1986), c. 990, s. 1; 1993, c. 539, s. 669; 1994, Ex. Sess., c. 24, s. 14(c).)

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N.C.A.C.

New Elevators

Eff. August 1, 1987.

.0306 CERTIFICATES OF OPERATION

(a) Issuing of Final Certificates of Operation. A certificate of operation shall be issued by the Director where the inspections and tests, required by Rule .0305 of this Section, show beyond a reasonable ~~doubt~~ that the equipment has been designed and installed in accordance with the requirements of these rules.

(b) Framing of Certificates. The certificate furnished by the Director shall be maintained in a suitable frame under transparent cover.

(c) Numbering of Certificates. The final certificate of operation shall show the registration number of the equipment for which it is issued, as required in Rule .0304 of this Section.

(d) Posting of Certificates of Operation. The required certificates shall be posted conspicuously as follows:

(1)inside elevator cars, or

(2)inside dumbwaiter cars, or

(3)inside escalator and moving walk machine rooms, or

(4)in locations designated by the Division.

(e) Limited Certificate of Operation.

(1)Issuance for Elevator. The Director may allow the temporary use of any elevator for passenger or freight service during its installation or alteration under the authority of a limited certificate, issued for each class of service. Such limited certificate shall not be issued for elevators until the elevator has been tested with rated load, and the car safety, hoistway door interlocks, car door switch, and terminal stopping devices have been tested to determine the safety of the equipment for construction purposes.

(2)Issuance for Personnel Hoist. The Director may allow the temporary use of any personnel hoist under the authority of a limited certificate. Such limited certificate shall not be issued until the personnel hoist has been tested with rated load, and the car safety, hoistway door interlocks, car door switch, and terminal stopping devices have been tested to determine the safety of the equipment.

(3)Life of Limited Certificates of Operation. Limited certificates of operation may in the case of an elevator be issued for a period not to exceed 90 days. Limited certificates of operation for a personnel hoist may be used for a period not exceeding the length of the applicable construction project. Such certificates may be renewed at the discretion of the Director upon receiving a written request showing justifiable cause for renewal. Such request must be received 15 days prior to the expiration of said limited certificate.

(4)Posting of Limited Certificates of Operation. Limited certificates of operation shall be posted conspicuously on each elevator or personnel hoist. Such limited certificates for elevators shall bear a notice stating that the equipment has not been finally approved.

History Note: Statutory Authority G.S. 95-110.5;
Eff. August 1, 1987.

.0307 MAINTENANCE AND PERIODIC INSPECTIONS AND TESTS

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N.C.A.C

(a) Inspections and Tests. Devices and equipment shall be subject to maintenance and periodic inspections and tests in accordance with the requirements of the applicable code as adopted in Section 200. Special equipment shall be subject to periodic and to maintenance inspections and tests as may be required by the Director in accordance with standard accepted safety practices to ensure safe operation.

(b) Inspections.

(1)Advance Notice. Inspections shall be accomplished without advance notice, except where the Director determines that advance notice of an inspection is necessary to complete the inspection.

(2)Inspection Report Forms. The inspector will note findings of his inspection and tests on the appropriate inspection report form.

(c) Certificate of Operation Issuance.

(1)Closing Conference. After the inspections and tests of the equipment prescribed in this Rule, the inspector shall, when possible, hold a closing conference with the owner or his representative.

.307 Periodic Insp.

(2)Approval. When the inspector has determined that the equipment is in compliance with the regulations of this Chapter and all applicable law, the inspector may reissue the certificate of operation.

(3)Denial. When the inspector has determined the equipment is not in compliance with the regulations of this Chapter and all applicable law, the inspector will provide the owner or his representative with a description of all violations and necessary repairs.

(4)Abatement. In the event of a reissuance denial, the inspector may issue an abatement permit which will be valid for a period not exceeding 60 days.

(5)Notice. When the equipment is brought into compliance, the owner or his representative shall notify the Division in writing.

(6)Reinspection. After a certificate reissuance denial, an inspector shall always reinspect to determine if the equipment is in compliance.

(d) Tests. Periodic tests required by the elevator safety code will be performed in the presence of an elevator inspector whenever possible. In the absence of an inspector, a signed copy of the test report shall be sent to the Director of the Division without delay. The report shall be signed by the person conducting such tests.

History Note: Statutory Authority G.S. 95-110.5;
Eff. August 1, 1987.

.0308 WIRING DIAGRAMS

Wiring diagrams for elevators shall be left in the machine room in a permanently mounted receptacle and shall not be removed except by permission of the Director.

History Note: Statutory Authority G.S. 95-110.5;
Eff. August 1, 1987.

.0309 LIMITATIONS ON WHEELCHAIR LIFTS

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§ 29.11 Complaints.

(a) This section is not applicable to any complaint concerning discrimination or other equal opportunity matters; all such complaints shall be submitted, processed and resolved in accordance with applicable provisions in 29 CFR Part 30, as amended, or applicable provisions of a State Plan for Equal Employment Opportunity in Apprenticeship adopted pursuant to 29 CFR Part 30 and approved by the Department.

(b) Except for matters described in paragraph (a) of this section, any controversy or difference arising under an apprenticeship agreement which cannot be adjusted locally, and which is not covered by a collective bargaining agreement, may be submitted by an apprentice, or his/her authorized representative, to the appropriate registration authority, either Federal or State, which has registered and/or approved the program in which the apprentice is enrolled, for review. Matters covered by a collective bargaining agreement are not subject to such review.

(c) The complaint, in writing and signed by the complainant, or authorized representative, shall be submitted within 60 days of the final local decision. It shall set forth the specific matter(s) complained of, together with all relevant facts and circumstances. Copies of all pertinent documents and correspondence shall accompany the complaint.

(d) The Bureau or recognized State Apprenticeship Agency, as appropriate, shall render an opinion within 90 days after receipt of the complaint, based upon such investigation of the matters submitted as may be found necessary, and the record before it. During the 90-day period, the Bureau or State agency shall make reasonable efforts to effect a satisfactory resolution between the parties involved. If so resolved, the parties shall be notified that the case is closed. Where an opinion is rendered, copies of same shall be sent to all interested parties.

(e) Nothing in this section shall be construed to require an apprentice to use the review procedure set forth in this section.

(f) A State Apprenticeship Agency may adopt a complaint review procedure differing in detail from that given in this section provided it is proposed and has been approved in the recognition of the State Apprenticeship Agency accorded by the Bureau.

§ 29.12 Recognition of State agencies.

(a) The Secretary's recognition of a State Apprenticeship Agency or Council (SAC) gives the SAC the authority to determine whether an apprenticeship program conforms with the Secretary's published standards and the program is, therefore, eligible for those Federal purposes which require such a determination by the Secretary. Such recognition of a SAC shall be accorded by the Secretary upon submission and approval of the following:

(1) An acceptable State apprenticeship law (or Executive order), and regulations adopted pursuant thereto;

(2) Acceptable composition of the State Apprenticeship Council (SAC);

(3) An acceptable State Plan for Equal Employment Opportunity in Apprenticeship;

(4) A description of the basic standards, criteria, and requirements for program registration and/or approval; and

(5) A description of policies and operating procedures which depart from or impose requirements in addition to those prescribed in this part.

(b) *Basic requirements.* Generally the basic requirements under the matters covered in paragraph (a) of this section shall be in conformity with applicable requirements as set forth in this part. Acceptable State provisions shall:

(1) Establish the apprenticeship agency in (i) the State Department of Labor, or (ii) in that agency of State government having jurisdiction of laws and regulations governing wages, hours, and working conditions, or (iii) that State agency presently recognized by the Bureau, with a State official empowered to direct the apprenticeship operation;

(2) Require that the State Apprenticeship Council be composed of persons familiar with apprenticeable occupations and an equal number of representatives of employer and of employee organizations and may include public members who shall not exceed in number the number named to represent either employer or employee organizations. Each representative so named shall have one vote. Ex officio members may be added to the council but they shall have no vote except where such members have a vote according to the established practice of a presently recognized council. If the State official who directs the apprenticeship operation is a member of the council, provision may be made for the official to have a tie-breaking vote;

(3) Clearly delineate the respective powers and duties of the State official and of the council;

(4) Clearly designate the officer or body authorized to register and deregister apprenticeship programs and agreements;

(5) Establish policies and procedures to promote equality of opportunity in apprenticeship programs pursuant to a State Plan for Equal Employment Opportunity in Apprenticeship which adopts and implements the requirements of 29 CFR Part 30, as amended, and to require apprenticeship programs to operate in conformity with such State Plan and 29 CFR Part 30, as amended;

(6) Prescribe the contents of apprenticeship agreements;

(7) Limit the registration of apprenticeship programs to those providing training in "apprenticeable" occupations as defined in § 29.4;

(8) Provide that apprenticeship programs and standards of employers and unions in other than the building and construction industry, which jointly form a sponsoring entity on a multistate basis and are registered pursuant to all requirements of this part by any recognized State Apprenticeship Agency/Council or by the Bureau, shall be accorded registration or approval reciprocity by any other State Apprenticeship Agency/Council or office of the Bureau if such reciprocity is requested by the sponsoring entity;

(9) Provide for the cancellation, deregistration and/or termination of approval of programs, and for temporary suspension, cancellation, deregistration and/or termination of approval of apprenticeship agreements; and

(10) Provide that under a program proposed for registration by an employer or employers' association, and where the standards, collective bargaining agreement or other instrument provides for participation by a union in any manner in the operation of the substantive matters of the apprenticeship program, and such participation is exercised, written acknowledgement of union agreement or "no objection" to the registration is required. Where no such participation is evidenced and practiced, the employer or employers' association shall simultaneously furnish to the union, if any, which is the collective bargaining agent of the employees to be trained, a copy of its application for registration and of the apprenticeship program. The State agency shall provide a reasonable time period of not less than 30 days nor more than 60 days for receipt of union comments, if any, before final action on the application for registration and/or approval.

(c) *Application for recognition.* A State Apprenticeship Agency/Council desiring recognition shall submit to the Administrator, BAT, the documentation specified in § 29.12(a) of this part. A currently recognized Agency/Council desiring continued recognition by the Bureau shall submit to the Administrator the documentation specified in § 29.12(a) of this part on or before July 18, 1977. An extension of time within which to comply with the requirements of this part may be granted by the Administrator for good cause upon written request by the State agency but the Administrator shall not extend the time for submission of the documentation required by § 29.12(a). The recognition of currently recognized Agencies/Councils shall continue until July 18, 1977 and during any extension period granted by the Administrator.

(d) *Appeal from denial of recognition.* The denial by the Administrator of a State agency's application for recognition under this part shall be in writing and shall set forth the reasons for the denial. The notice of denial shall be sent to the applicant by certified mail, return receipt requested. The applicant may appeal such a denial to the Secretary by mailing or otherwise furnishing to the Administrator, within 30 days of receipt of the denial, a notice of appeal addressed to the Secretary and setting forth the following items:

(1) A statement that the applicant appeals to the Secretary to reverse the

R-20

MEMORANDUM

TO: Dana Cope

FROM: Barry Judge BJ

RE: Apprentices

As of April 7, 1999 : 7,827 Total Apprentices registered in the system:

.127 % - High School
.873 % - Adult

interoffice
MEMORANDUM

to: Dana Cope
from: Louise V. Lilac
subject: Legislative Information Requested
date: April 13, 1999

Attached you will the information that is needed for you to supply to the legislature. You will find the percentages used on the total number of apprentices in registered occupations. The categories are now "clumped" together to reflect a more organized way of reviewing these numbers.

Top 5 registered occupations:

Electrician	1133	14.58%
Automotive	587	7.55%
Machine Trades	539	6.94%
Maintenance Mechanic	451	5.80%
Medical	322	4.14%

As I mentioned before, these numbers change daily. I hope this information is helpful. If you should need any additional information, please give me a call.

CC: Barry Judge
Bob Witchger
Harold Megredy

R-22

Occupation Title	Total Number of Apprentices in Occupation	Total % of Apprentices in Occupation
Accounting	8	0.10%
Administrative Assistant	23	0.30%
Agricultural Equipment Specialist	1	0.01%
Agronomist	1	0.01%
Aircraft Maintanence & Repair	307	3.95%
Appraiser, Real Estate	1	0.01%
Artillery Repairer	1	0.01%
Asbestos Worker/Insulator	3	0.04%
Assembler	8	0.10%
Assistant Manager Restaurant	1	0.01%
Automotive	587	7.55%
Banking	16	0.21%
Boatbuilder	2	0.03%
Boiler	15	0.19%
Bricklayer	77	0.99%
Bulk Fuel Specialist	44	0.57%
Cable Splicer	2	0.03%
CAD Operators	4	0.05%
Calibration Lab Tech	2	0.03%
Carpentary	291	3.74%
Casegood Manuafaturing Technician	2	0.03%
Central Office	9	0.12%
Certified Nursing Assistant	18	0.23%
Chemical Operator	193	2.48%
Chief of Party	1	0.01%
Child Care	46	0.59%
CIA Agent	14	0.18%
CNC Operators	99	1.27%
Collection Analyst	2	0.03%
Computer Technology	72	0.93%
Construction Equipment	39	0.50%
Cook	298	3.83%
Correction Officer	56	0.72%
Counselor	9	0.12%
Customer Service	26	0.33%
Dance Instructor	1	0.01%
Denistry	18	0.23%
Deputy Sheriff	14	0.18%
Detention Officer	6	0.08%
Development Tech, (Health Care)	120	1.54%
Drafter	22	0.28%
Dry Wall Mechanic	5	0.06%
Electrician	1133	14.58%
Electronic Repair	265	3.41%
Electronics	88	1.13%
Engineer Equipment Mechanic	114	1.47%
Engineering	17	0.22%
Estimator	4	0.05%
Extrustion Line Oper/Tech	27	0.35%
Fabricator	8	0.10%
Farm Operations	25	0.32%
Fashion Coordinator	1	0.01%
Finishing Machine Operator	2	0.03%
Firefighter	170	2.19%
Florist	1	0.01%
Food Service Manager	1	0.01%
Forestry Nursery Tech	1	0.01%
Funeral Director	3	0.04%

R-23

Occupation Title	Total Number of Apprentices in Occupation	Total % of Apprentices in Occupation
Furniture	15	0.19%
Glazier	1	0.01%
Goldsmith	1	0.01%
Golf Course Tech	7	0.09%
Grading/Paving Equip Oper	14	0.18%
Granite Cutter	16	0.21%
Graphics	8	0.10%
Grocery Manager	2	0.03%
Groundskeeper	1	0.01%
Heat Treaters	8	0.10%
Heating & Air Conditioning	161	2.07%
Heavy Equipment Operator	6	0.08%
Horse Trainer	4	0.05%
Horticulture	2	0.03%
HR Interview Assistant	2	0.03%
Industrial Technician	126	1.62%
Information Center Spec.	1	0.01%
Inspector, Building	1	0.01%
Installer, Manufactured Homes	1	0.01%
Instrumentation Mechanic	37	0.48%
Interior Designer	2	0.03%
Iron Worker	3	0.04%
Knitting/Sewing Technician	51	0.66%
Land Surveyor	7	0.09%
Landscaper	11	0.14%
Layout Tech	4	0.05%
Legal	24	0.31%
Letterer Vinyl Sign	1	0.01%
Letterpress Operator	1	0.01%
Librarian	2	0.03%
Lifeguard	1	0.01%
Logistic Management Spec.	1	0.01%
Machine Repairers	49	0.63%
Machine Trades	539	6.94%
Maintenance Mechanic	451	5.80%
Management	9	0.12%
Manufactures Representative	1	0.01%
Marine Mechanic	3	0.04%
Marketing Assistant	1	0.01%
Mechanic Millwright	76	0.98%
Medical	322	4.14%
Metal Fabricator	15	0.19%
Metal Stud-Dry Wall Accoustical Installer	2	0.03%
Meterologist	1	0.01%
Meter Tester	1	0.01%
Motion Picture Camera Tech	1	0.01%
Motor Transport Operator	7	0.09%
Motor/Molding Operator	1	0.01%
Motorcycle Mechanic	3	0.04%
Non-Destructive Tester	1	0.01%
Operating Engineer	97	1.25%
Optician	5	0.06%
Ordnance Artificer	23	0.30%
Painter	5	0.06%
Pawnbroker	1	0.01%
Pharmacy	31	0.40%
Photography	23	0.30%
Picture Frame Maker	2	0.03%

R-24

Occupation Title	Total Number of Apprentices in Occupation	Total % of Apprentices in Occupation
Plumber/Pipefitter	230	2.96%
Pneudraulics Systems Mech.	13	0.17%
Police Officer	29	0.37%
Powerline Technician	133	1.71%
Powerplant Mechanic	20	0.26%
Precision Metrology Tech	1	0.01%
Predictive Maintence Mechanic	1	0.01%
Printing	80	1.03%
Process Technician	5	0.06%
Pumper-Gauger	25	0.32%
Purchasing Aide	1	0.01%
Quality Assurance Tech	4	0.05%
Quality Control Tech	32	0.41%
Radio Comm/Tech/Mech.	180	2.32%
Raw Material Handler	3	0.04%
Real Estate Appraiser	1	0.01%
Recreation Specialist	6	0.08%
Referral Coordinator	1	0.01%
Refridgeration Mechanic	58	0.75%
Reporter	2	0.03%
Rigger	3	0.04%
Risk Management Rep	16	0.21%
Sales	8	0.10%
Security Guard	6	0.08%
Sheetmetal Mechanic	89	1.15%
Shipping & Receiving	4	0.05%
Sinuos Wire Tech	6	0.08%
Small Engine Mechanic	1	0.01%
Small Weapon Repairer	12	0.15%
Spray Technician	19	0.24%
Sprinkler Fitter	14	0.18%
Station Installer & Repairer	2	0.03%
Surveyor	12	0.15%
Swimming Pool Installer	1	0.01%
Teacher Aide/Assistant	6	0.08%
Telecommunications	32	0.41%
Television & Radio Repairer	4	0.05%
Tennis Instructor	1	0.01%
Traffic Rate Clerk	1	0.01%
Training Education Tech.	8	0.10%
Travel & Tourism Operator	7	0.09%
Trouble Locator, Test Desk	3	0.04%
Truck Driver Heavy	24	0.31%
Upholsterer	2	0.03%
Utility Equipment Mechanic	1	0.01%
Veterinary Tech/Assistant	36	0.46%
Warehouser	1	0.01%
Waste Water Treatment Plant Operator	42	0.54%
Welder	67	0.86%
Wood Technologist (Grader)	1	0.01%
Woodworking Machine Operator	1	0.01%
Total	**7771**	**100.00%**

R-25

MEMORANDUM

To: Dana Cope

From: Mary Fant Donnan M.F.D.

Date: April 8, 1999

Re: IDAs -- Program Information and Evaluation

Regarding your request for information about the operation of the Individual Development Account demonstration, the following summarizes the status of this pilot project and describes the various attachments being used to monitor and evaluate program development.

Funding Status

The General Assembly appropriated $600,000 in the 1997-98 session to be administered by NC DOL in conjunction with DHHS. The funds were allocated $300,000 in FY 1998 and FY 1999. The pilot project is to run five years.

Site Selection

Working with the Joint Legislative Public Assistance Commission, we developed a site selection process that publicized the demonstration across the state by mailing information and application packets to county and city elected officials and managers, county directors of the DSS offices, ESC offices, Workforce Development Boards, Banks, County Extension offices and more -- 2800 people for each year's mailing. (See Attachment A which describes procedures.)

Eight sites were selected in FY98 and seven in FY99 for a total of fifteen sites. We contracted with them to develop local program policies and to identify, train and administer the local programs. At the state level, we established a reserve fund that would hold the state's matching funds to be available when individual savings had accumulated to their match level for the intended use. At that time, the department would send a check to the vendor of the services, for example, a bank or the lawyer handling closing for a home purchase or to the local community college for training. This mechanism for payment was developed to ensure payments will be made for their intended use.

Program Status

The first sites were selected in June 1998 and the second group in January 1999. (See Attachment B.) They are required to develop written policies that show how participants are recruited and selected for their program as well as describing overall program operation and client tracking. (A draft sample policy from one site is Attachment C.) Local partnerships have come in for training about IDAs and were given 6 months to develop program guidelines . The first sites are now in the process of recruiting participants and opening accounts. Of the 150 accounts to be opened by the first group of sites, approximately 50 participants have recently opened accounts.

Planned Evaluation

Because this is a demonstration project, an evaluation is considered essential to determine

the effectiveness of this program and its potential for future replication. In preparation for that evaluation and in order to monitor the ongoing development of programs, I am working on the following efforts:

1. Management Information System for Individual Development Accounts (MIS IDA) -- The Center for Social Development at the University of Washington in St. Louis developed software for tracking program development and client participation in local IDA programs. We are requiring each local site to collect this data on paper. Attachment D shows the forms. Regarding program operators, the forms show financial record keeping and tracks matching funds that are obligated. For clients, the forms show ongoing individual deposits into savings accounts as well as client background information. We would like to collect this data electronically. However, each license costs approximately $1000. We have been looking for grants or other programs to cover these costs, which would facilitate monitoring progress. As programs are getting started, we are currently relying on the paper forms.

2. Evaluation by the University of North Carolina's Center for Urban and Regional Studies (CURS) -- As part of the IDA Working Group's Evaluation Committee, I have worked with the design of a proposed study by the UNC Center for Urban and Regional Studies. They have conducted an early program evaluation and description that tells how programs are getting started (Attachment E is a draft of this early report.) The full proposal would evaluate the client information collected by MIS IDA as well as information collected through focus groups which CURS would conduct. The proposal has been submitted to the Z. Smith Reynolds Foundation for consideration in their May funding cycle. I am very interested in seeing a third party evaluate the quality and impact of the local programs and hope that their proposal will be funded. Even if it is not funded, we are keeping track of program and individual data.

3. Ongoing efforts for evaluation -- The Corporation for Enterprise Development in Washington, DC has been awarded 50 Vista volunteers to work in the coming year with developing IDA programs. The working group is applying for a Vista who would be placed at our office. This person would help connect the reporting and tracking system between the local and state levels.

What is an IDA?

Individual Development Accounts are dedicated savings accounts, similar in structure to Individual Retirement Accounts (IRAs), that can only be used for purchasing a first home, education or job training expenses, or capitalizing a small business (microenterprise development). They are managed by community organizations and accounts are held at local financial institutions. Contributions for lower income participants are matched using both private and public sources. Additionally, all participants receive economic literacy training that shows them how to clean up their credit, set up a budgeting and savings schedule, and teaches them the basics of money management.

Current income maintenance policy raises people to the poverty line, leaving them only one sickness, one accident, or one divorce away from poverty. While providing food, shelter and clothes to low-income families is imperative, this aid alone will not produce viable escapes from poverty. Washington University Professor Michael Sherraden notes, "Income may feed people's stomachs, but assets change their heads."

Why an IDA Demonstration?

Sherraden, who introduced the concept of IDAs in his 1991 book, *Assets and the Poor*, explains that the distribution of assets in this country is much less equal than income distribution. While the top 10% of Americans command 40% of the national income, the top 1% control 90% of the assets. Fully one-third of American households have no or negative investable assets; more than half have negligible amounts. National policy reinforces ass inequality. Asset acquisition for the non-poor is subsidized by over $200 billion annually in the form of home mortgage deductions, preferential capital gains, and pension fund exclusions. Meanwhile, welfare recipients have been denied eligibility if they exceeded the $1,000 asset limitation and thus were prohibited from acquiring the piece of business machinery that could enable them to create their own job, or save for their or their children's college education, or purchase a first home.

Owning assets gives people a stake in the future – a reason to save, to dream, to invest time, effort, and resources in creating a future for themselves and their children. Sherraden pinpoints nine effects of asset-building. Assets:

- Improve household stability.
- Psychologically connect people with a viable, hopeful future.
- Stimulate development of other assets, including human capital.
- Enable people to focus and specialize.
- Provide a foundation for risk-taking.
- Increase personal efficacy.
- Increase social influence.
- Increase political participation.
- Enhance the welfare of offspring.

IDAs address the deficiencies of the current system by returning to the asset-based policies responsible for America's greatest periods of economic growth and prosperity. Our long history of asset-building policies includes the Homestead Act of the 19th Century and the G.I. Bill of the 20th Century. The former provided land on the frontier to stimulate the economic growth. The later subsidized college tuition for war veterans, who in turn, drove our post-war economic expansion.

Why Test IDAs in North Carolina?

North Carolina has one of the strongest and most extensive community economic development networks in the nation, and has already assembled significant support behind IDAs and asset-based policies. Having attracted the investment of not only the private philanthropic sector, but also state and federal funds, North Carolina has a great opportunity to help its under-served populations build assets and promote self-sufficiency.

Attachment D

Department of Commerce

Flagged Items/Follow-Up Questions

R-30

North Carolina
Department of Commerce

James B. Hunt, Jr., Governor **Rick Carlisle, Secretary**

April 14, 1999

MEMORANUDM

TO: Joint Appropriations Subcommittee on Natural and Economic Resources

FROM: Leza Aycock Leza Aycock

SUBJECT: Questions from the Executive Aircraft NER Presentation

In response to questions raised at the presentation on the Department's Executive Aircraft operations presentation, as summarized by Fiscal Research staff, we offer the following:

1. Heliport on Old Garner Road

The heliport for the Department of Commerce is located on state-owned property on Old Garner Road. The Department has been deeded 4.75 acres of that property, of which 1.5 acres is covered by hangar, office and meeting space and parking area. The Department of Crime Control and Public Safety owns the adjoining property,

The hangar facility at this location cannot accommodate the rotor span of the new Sikorsky helicopter. For this reason, we have leased additional space in the same Piedmont Aviation hangar at RDU in which our two airplanes housed.

2. New Aircraft Lease Costs

Questions were also raised about the annual lease-purchase payments for the new aircraft. The monthly payment for the Citation Bravo is $42,421, or $509,052 per year. We were able to negotiate a better rate for the Sikorsky than we had expected. The monthly payments on that aircraft are $66,854.10, or $802,249.20 per year. The total lease payments for both aircraft are $1,311,301.20 per year.

cc: Fiscal Research
Kathy Sawyer
Phil Wilson

North Carolina. A Better Place To Be
Leza Aycock•Assistant Secretary for Administration
301 North Wilmington Street•P. O. Box 29571•Raleigh, North Carolina 27626-0571
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R-31

North Carolina Department of Commerce
Division of Community Assistance

North Carolina Division of Community Assistance

1998 Accomplishments for

Small Cities Community Development Block Grant Program

Community Planning Program

Main Street Program

State Development Zones

Director, William A. McNeil
1307 Glenwood Ave., Suite 250
PO Box 12600
Raleigh, North Caorlina 27605-2600
(919) 733-2850
bmcneil@dca.commerce.state.nc.us

R-32

North Carolina Department of Commerce

Division of Community Assistance

Helping local governments build
stronger communities.

DCA works to improve the lives of North Carolinians in partnership with local communities to develop with quality neighborhoods, vibrant downtowns, and sustainable economies.

R-33

Community Development Block Grant Program

92 grants
$43,912,220

In 1998 92 grants were awarded through DCA in 8 categories as well as grants for the State Aquisition and Relocation Fund. The Commerce Finance Center adminsters the Economic Development grants. These grants to local governments all accomplish the following: Rehabilitate 898 units, benefiting 1,850 people; install 267,550 linear feet of water lines, benefiting 4,473 people. Install 182,331 linear feet of sewer lines, benefiting 6,412 people. Improve 9,957 linear feet of streets to benefit 359 people. Repair 11,760 linear feet of drainage for 464 citizens. Relocate 167 families to safe housing.

Community Revitalization
58 awards
$32,457,495

The **Community Revitalization (CR)** category provides funds to local governments for improving residential areas, primarily for low-to-moderate income citizens. Grants are awarded on a competitive basis and fall into the categories of scattered site, concentrated needs and infrastructure. Grants for concentrated need (ten or more homes in a geographical area) are used for housing activities, water and/or sewer installation or replacement, construction or upgrading of streets and drainage improvements. Scattered site grants (homes not located in one geographical area) to fund projects that provide installation or improvement of on-site waste water treatment and water and housing rehabilitation. Infrastructure funds are used to provide water and waste water disposal. 1998 winners include:

Angier	$750,000
Ashe County	$388,000
Aulander	$850,000
Avery County	$391,785
Bladenboro	$400,000
Brunswick	$750,000
Bryson City	$238,325
Burgaw	$396,150
Cherokee County	$400,000
Claremont	$122,644
Clay County	$400,000
Duplin County	$750,000
Edenton	$400,000
Everetts	$850,000
Forest City	$354,134
Forsyth County	$273,688
Fremont	$423,500
Harnett County	$666,800
Harrells	$300,000
Hertford	$850,000
Huntersville	$400,000
King	$272,905
Kings Mountain	$725,727
Lake Waccamaw	$750,000
Lattimore	$167,631
Lewiston-Woodville	$750,000
Long View	$850,000
Lumberton	$744,300
Macon County	$400,000
Magnolia	$850,000
Martin County	$750,000
Maxton	$750,000
Mebane	$750,000
Mecklenburg County	$400,000
Mocksville	$553,291
Moore County	$770,000
Mooresville	$369,150
Norwood	$449,490
Oak City	$750,000
Oxford	$349,150
Parmele	$850,000
Pasquotank County	$400,000
Pender County	$750,000
Polk	$400,000
Pollocksville	$750,000
Powellsville	$750,000
Rockingham County	$429,824
Roxboro	$750,000
Swain County	$400,000
Washington	$750,000
Washington County	$400,000
Whiteville	$748,250
Wilkes County	$296,900
Williamston	$750,000
Wilson County	$400,000
Winterville	$750,000
Winton	$750,000
Yancey County	$375,850

North Carolina Department of Commerce
Division of Community Assistance

R-34

Housing Development 4 awards $612,525

Housing Development (HD) provides funds for projects that are designed to increase the number of houses and apartments available to low-to-moderate income persons. These funds may cover the following: installation of public infrastructure which includes water and sewer lines, and streets; removal of hazardous materials such as asbestos, lead-based paint, and underground storage tanks; and acquisition of vacant land by nonprofit organizations. Four HD grants were awarded in 1998 totaling $612,525. Grants were awarded to Holly Springs $250,000; Kernersville $ 32,525; Laurinburg $250,000; Pamlico County $ 80,000.

Community Empowerment

Community Empowerment (CE) grants are designed to help individuals and families achieve self-sufficiency by addressing the needs of a target population or neighborhood. Activities focus on filling gaps that impede an individual's or family's ability to become self-sufficient. Activities should be related to the areas of employment, housing and/or services.

Economic Development 28 awards $10,901,161

Economic Development (ED) funds are available for public facilities needed to serve a specific business, or as direct loans to private businesses for equipment purchases or for new or expansion construction. Public facility projects involve grants for up to 75% of the proposed facility costs, with 25% to be paid by the local government applicant. In 1998 28 grants were awarded to:

Alexander County	$ 160,500	Maiden	$ 96,000
Alexander County	$ 270,000	Martin County	$ 598,927
Ayden	$ 231,919	McDowell County	$ 148,804
Ayden	$ 165,000	McDowell County	$ 745,286
Cabarrus County	$1,000,000	Monroe	$ 420,000
Carteret County	$ 885,750	Moore County	$ 66,750
Conover	$ 120,000	Pikeville	$ 135,000
Gaston County	$1,000,000	Robbins	$ 750,000
Granite Falls	$ 192,500	Robersonville	$1,000,000
Hamlet	$ 225,000	Shallotte	$ 279,359
Harnett County	$ 809,250	Spruce Pine	$ 240,000
Holly Springs	$ 224,140	Swansboro	$ 135,000
Jefferson	$ 144,131	Valdese	$ 450,000
Johnston County	$ 120,000	Weldon	$ 287,845

Urgent Need 6 awards $2,758,250

Urgent Need (UN) funds address serious and immediate threats to the health and welfare of a community. Usually resulting from a major disaster, such as hurricanes, floods, or tornedoes, threats must have developed within 18 months. CDBG funds can only be used when no other funds are available. Six grants were awarded in 1998 totaling $2,758,250. Grants were awarded to:

Bakersville	$600,000	Rockingham County	$600,000
Mayodan	$600,000	Spring Hope	$260,000
Mitchell County	$600,000	Stoneville	$ 98,250

R-35

STEP Program
2 counties selected

The **Small Towns Environment Program (STEP)** is a project to eliminate black water straight piping and outhouses using self-help techniques. The STEP program has begun in two NC counties; Halifax and Mitchell. Unique in its approach, STEP works by getting the communities motivated to solve their problems often tapping volunteer resources that already exist. Much of the labor and cost of equipment rental is donated by county residents. Residents of North Carolina counties that participate in STEP will get full technical and organizational support from their county health departments and county management offices, and they will also be eligible for federal grants to help cover costs.

STEP is a national program that has been engaging communities in self-help projects for over 25 years. Created and managed by the Rensselaervile Institute, STEP has enabled over 400 communities to make water and sewer improvements when they need them - at a cost they can afford. The initiative to eliminate outhouses and straight pipes is supported by the North Carolina Department of Commerce, Division of Community Assistance, TRI and county partners like the Health Department and DEHR.

Disaster Relief Initiative
10 awards
$5,190,446

Disaster Relief Initiative (DRI) In response to Hurricane Fran, HUD allocated $6.6 million dollars to North Carolina. In 1998 awards were made to:

Beaufort County	$600,000	Kinston	$ 94,062
Belhaven	$597,348	New Bern	$600,000
Carteret	$600,000	Pamlico	$600,000
Columbia	$600,000	Tabor City	$368,536
Farmville	$600,000	Washington	$530,500

Individual Development Accounts
4 awards
$240,000

Individual Development Accounts (IDA) are designed to help low-to-moderate income citizens save money for long-term needs by providing matching funds for down payments on homes. Money saved by those participating will be matched with CDBG funds, dollar-for-dollar up to $1000. In 1998 funding was provided to Caldwell, Forsyth, Buncombe and Beaufort Counties. Local partners include: Caldwell County and the Western Piedmont Council of Government; Forsyth County, Forsyth County Division of Social Services and the Department of Planning; Buncombe County and the Buncombe County Affordable Housing Coalition; Beaufort County and Metropolitan Low Income Housing Community Development Corporation and the Community Developers of Beaufort/Hyde. These funds, totaling $240,000, should result in 80 first-time home owners.

Work First
2 awards
$399,251

Work First grants are designed to address issues such as housing and training that can prevent Work First participants from being successful in becoming self-sufficient. At the state level, partners include DCA, NC Housing Finance Agency, Office of Economic Opportunity (HHS) and the AIDS Care Branch. Grants were awarded to Wilson County and Halifax County, totaling $399,251. These demonstration projects are collaborative efforts between CDBG staff and local agencies including Wilson County Department of Social Services, Wilson Housing Authority, Opportunities Industrialization Center of Wilson, and Wilson Community Improvement Association in Wilson County and the Halifax Department of Social Services, Chamber of Commerce, Department of Mental Health, the Department of Health, and the Haliwa-Saponi Tribe in Halifax County. The Upper Coastal Plain Council of Governments is involved with both county projects. These two grants plan to serve 80 Work First participants.

State Acquisition and Relocation Fund
6 awards
$2,250,791

State Acquisition and Relocation Fund (SARF) SARF funds are used in conjunction with funds from the Federal Hazard Mitigation Grant program to complete relocation projects. SARF funds are The funds are used to meet any unmet financial needs when homes are purchased and the occupants relocated to insure them safe housing. SARF awards were made to 6 local governments in 1998 totaling $2,250,791.

Boone	$395,000	Roanoke Rapids	$ 25,000
Goldsboro	$460,980	Sampson County	$ 57,656
Lenoir	$814,275	Wayne County	$497,880

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1999 Community Development Block Grant Awards - Community Revitalization

Aberdeen	$750,000	Lee County	$350,000
Albemarle	$350,000	Matthews	$347,600
Ayden	$750,000	Monroe	$333,300
Beulaville	$441,000	Murfreesboro	$750,000
Bladen County	$370,000	Nashville	$750,000
China Grove	$631,323	Northampton County	$235,622
Cofield	$600,000	Person County	$383,600
Columbia	$600,000	Roanoke Rapids	$344,947
Cornelius	$342,250	Robersonville	$350,000
Craven County	$402,500	Saint Helena	$350,000
Davidson	$350,000	Scotland County	$370,000
Duplin County	$750,000	Snow Hill	$354,000
Elizabethtown	$718,600	Southport	$300,000
Franklin County	$400,000	Spring Hope	$656,460
Haywood County	$350,000	Tabor City	$750,000
Hudson	$198,120	Taylorsville	$750,000
Jamesville	$588,200	Tyrrell County	$750,000
Jonesville	$743,662	Wallace	$500,000
Lake Waccamaw	$750,000	Winton	$547,000

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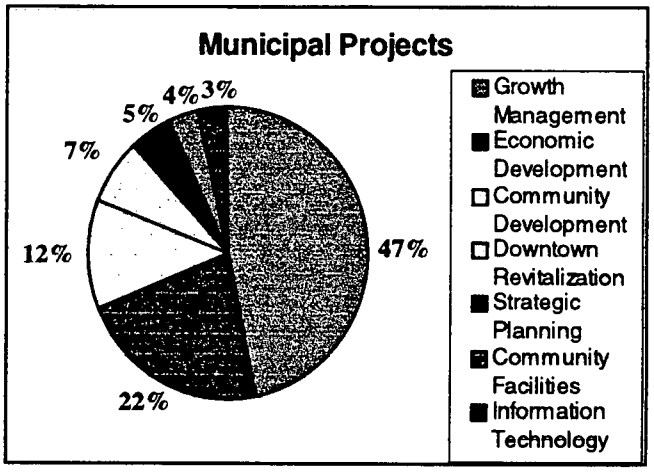
Community Planning Progam

The Division of Community Assistance, Community Planning Program is made up of seven regional offices staffed with 26 professional planners who are available to assist local governments with a wide variety of planning issues. Services are provided at no cost to units of government in primarily located in rural counties that do not have planning staff. Activities include specialized assistance in the areas of land use planning, growth management, economic development, downtown revitalization, historic preservation, community appearance, neighborhood conservation, board and committee goal-setting and meetings facilitation for governing boards and planning commissions. In 1998, planners assisted local governments in 93 counties. A total of 228 county projects and 502 municipal projects were completed during the year.



Of the 502 municipal projects, 391 addressed growth management issues; 185 dealt with economic development; 102 were community development projects; 61 were downtown revitalization projects; 41 strategic planning issues; 30 community facilities planning and 28 were information technology projects. During the year, 61% of assistance was delivered to governments in rural counties.

Examples of Community Planning Program Projects

Town of Lucama Manufactored Housing Zoning issues

In 1999 the **Town of Lucama** in Wilson County approached DCA's Raleigh regional office with concerns about zoning for mobile homes within its zoning jurisdiction. While the town recognized that manufactured housing provided a viable alternative for affordable housing, they were concerned about the aesthetic impacts some manufactured homes may have on single family residential neighborhoods. DCA staff recommended that the town adopt a manufactured home ordinance that would establish design criteria and regulations that would continue to allow manufactured homes to be placed in single family residential neighborhoods, yet make them more

North Carolina Department of Commerce
Division of Community Assistance

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compatible with traditional site built homes. The Town adopted the ordinance prepared by DCA in the summer of 1998. As a result more land is available for manufactured homes and more residents can attain their dream of home ownership within a diverse neighborhood setting.

Jackson County Growth Management

Jackson County Board of Commissioners to consider growth management strategies, including community-based zoning due to increased development pressure and public concern. Asheville regional office staff helped the Jackson County Planning Board and Board of Commissioners draft ordinances and facilitate public debate on this issue. The newly elected Board of Commissioners affirmed their support for these growth management tools.

Hertford County Growth Planning

In **Hertford County**, the Washington office staff began assisting local governments with growth planning related to the Nucor plant. Local governments are aware of the significant impact this intense growth will have on Hertford County, several municipalities, and major facilities and institutions. Currently, Washington office staff are assisting with plans for the short-range construction phase only. These immediate impacts will be very different from the 10 year impacts resulting from Nucor and other related employers having a permanent workforce in place with far-reaching secondary impacts.

Land Use Planning Guidelines

Over the past year, CPP staff have been working with the Center for Urban and Regional Studies at UNC-Chapel Hill to develop modern land-use planning guidelines for local governments in North Carolina. The project began with a survey to determine how many governments had land-use plans. Sample plans were reviewed to determine best management practices. This project will be completed in Spring 1999.

R-40

State Development Zones

Cities throughout North Carolina contain pockets of severe, persistent distress that have not shared in the economic gains experienced by the state as a whole. To complement efforts underway in North Carolina cities to improve these areas, a state-initiated 'development zone' strategy was legislated in 1998. Through this strategy, local governments, private businesses, as well as nonprofit organizations will have an expanded "toolbox" to address chronic problems in the state's most distressed areas. Components include enhanced job-creation and investment incentives and priority for additional state funding to stimulate local economic activity that will benefit residents of these areas. DCA is the lead agency for the development and designation of zones.

As of April 11, 1999, the following cities or towns had been designated State Development Zones:

Asheboro	Greenville	Oxford
Asheville	Hamlet	Shelby
Boone	Henderson	Raleigh
Burlington	Hendersonville	Reidsville
Charlotte	Hickory	Rocky Mount
Clayton	High Point	Roanoke Rapids
Clinton	Jacksonville	Salisbury
Dunn	Kinston	Sanford
Durham	Laurinburg	Washington
Eden	Lenoir	Waynesville
Edenton	Lumberton	Whiteville
Elizabeth City	Marion	Williamston
Forest City	Monroe	Wilmington
Gastonia	Morehead City	Wilson
Greensboro	New Bern	Winston-Salem

North Carolina Department of Commerce
Division of Community Assistance

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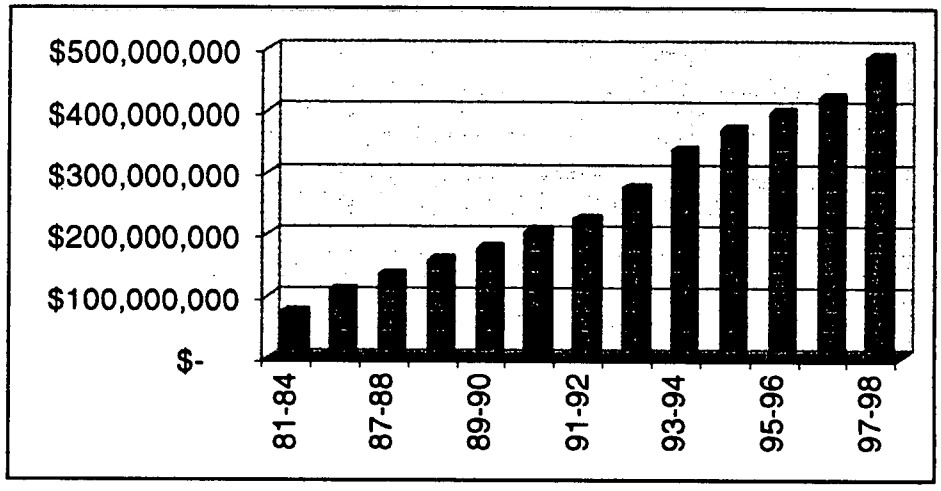
North Carolina Main Street Program

The NC Main Street program takes an innovative approach to economic development in small towns across North Carolina. The NC Main Street program was developed by the National Trust for Historic Preservation during the 1980s. The program is designed to provide technical assistance to participating downtowns. As Main Street communities, towns have access to support services designed to help revitalize and stimulate growth in their downtown areas. Main Street's four staff provide a variety of services including technical assistance in the areas of organization, design, promotions and economic restructuring as well as guidance, training and networking.

North Carolina Main Street Cumulative Investment



Since 1981 Main Street communities have had 88 facades redone, 107 building renovations, had a net gain of 461 new jobs, had a net gain of 106 new businesses and 52 business expansions. 1998 saw $8,811,114 of public funds invested and $25,669,745 of private investment for a total of $34,489,859 invested.

North Carolina's Main Street communities include: Aberdeen, Albemarle, Boone, Brevard, Burlington, Clinton, Concord, Elkin, Elizabeth City, Farmville, Franklin, Goldsboro, Henderson, Hendersonville, Kinston, Lenoir, Lexington, Lincolnton, Lumberton, Mocksville, Monroe, Mooresville, Morganton, Mt. Airy, New Bern, Newton, Oxford, Reidsville, Rocky Mount, Roxboro, Rutherfordton, Salisbury, Sanford, Shelby, Smithfield, Southport, Sparta, Spruce Pine, Statesville, Sylva, Tarboro, Wadesboro, Washington, Waynesville, and Wilson.

North Carolina Department of Commerce
Division of Community Assistance

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April 12, 1999

Division of Community Assistance Staff

Fund 1620	Program		Staff
	Community Planning Program		32.5
	• Asheville regional office	7.5	
	• Fayetteville regional office	3.5	
	• Raleigh regional office	6	
	• Salisbury regional office	3	
	• Washington regional office	6	
	• Wilmington regional office	3	
	• Winston-Salem regional office	3.5	
	Main Street Program		4
	Division Administration		4.5
	Fund 1620 Total		**41**
Fund 1631			
	Community Development Block Grant		24.5
	• Grants Management & Compliance	10	
	• Program Development	6	
	• Special Projects (Disaster recovery)	0.5	
	• Lead Based Paint	1	
	• Information Services	3	
	• Econ. Dev. (Commerce Finance Ctr.)	4	
	CDBG Administration		4
	Fund 1631 Total		**28.5**
Total -- Division of Community Assistance			**69.5**

North Carolina
Department of Commerce

James B. Hunt, Jr., Governor — Rick Carlisle, Secretary

April 14, 1999

MEMORANUDM

TO: Joint Appropriations Subcommittee on Natural and Economic Resources

FROM: Leza Aycock

SUBJECT: Questions from the Wanchese Seafood Industrial Park NER Presentation

In response to questions raised at the presentation on the Wanchese Seafood Industrial Park presentation, as summarized by Fiscal Research staff, we offer the following:

1. Rental Income

The Committee questioned the rental income received by Wanchese. Attached please find a detail of the budgeted and actual receipts received by the Park since 1993-94 through the current fiscal year-to-date and the receipts budgeted in the Governor's recommended Continuation Budget.

This schedule indicates that Wanchese has realized greater receipts throughout the period than the amount included in the Continuation Budget recommendation. The Governor's budget recommendations for several years included proposals to increase the budgeted receipts at Wanchese. The General Assembly chose not to accept those recommendations and, in fact, approved Special Provision language giving the Wanchese Seafood Industrial Park significant latitude in using unexpended appropriations for capital projects. In light of these actions, the decision was made to leave the receipts in the Continuation Budget for 1999-2001 at the level approved by the General Assembly for the current fiscal year.

Also attached please find a current list of tenants of the Park and information regarding the property which they are leasing and the terms of the lease agreements.

2. Personnel Costs

The Committee had questions regarding the positions and personnel cost for the Seafood Park. Attached please find a list of positions currently budgeted in Fund 1561, Wanchese Seafood

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Industrial Park. It is important to note that one of these positions, the Oregon Inlet Project Coordinator position (4617-0000-0017-005), was not established at the time the Continuation Budget was prepared.

The funding for that position and an administrative support position for the Oregon Inlet Project are shown in the Continuation Budget in a Reserve for the Oregon Inlet Project, account 7141. The Department of Commerce was given responsibility for the Oregon Inlet Project by the General Assembly in the Appropriations Bill that was ratified on October 29, 1998. In order to allow time to write job descriptions, classify and establish the positions, the funding was Certified into a Reserve account.

The Continuation Budget erroneously shows the budget and actual cost for two of the Wanchese positions in the category of EPA salaries. All positions at Wanchese are subject to the Personnel Act and should be budgeted in the SPA account. That error has now been corrected.

The total actual salaries for the three permanent positions budgeted at Wanchese in FY 97-98 were $113,256 ($84,101+$29,155). The amount shown in the Continuation Budget for FYs 1999-2001 is $118,480 ($91,024+27,456). The difference of $5,224 is due to a position reclassification for the maintenance position approved in April 1998 and salary reserve funds.

In addition, the Continuation Budget shows actual expenditures in FY 97-98 of $49,719 in a temporary salaries account (1300). This represents the cost of a contracted employee who serves as a liaison to the Oregon Inlet and Waterways Commission under a contract supported by receipts from the Department of Environment and Natural Resources (account 8000). This is a year-to-year contract and transfer of funds from DENR. Therefore, this cost is not shown in the current year or out-years budgets for Wanchese.

cc: Fiscal Research Staff
Kathy Sawyer
Phil Wilson
Rod Perry

Department of Commerce
Wanchese Seafood Industrial Park Revenue History

RCE	Certified	Authorized	Actual	Certified	Authorized	Actual
Maintenance & Repair	0	0	0	0	0	0
Utility Sales & Service	2,500	2,500	4,361	2,500	2,500	4,079
Rental of Real Property	62,532	74,532	96,204	61,551	99,051	134,604
Dock Fees	0	0	4,366	0	0	8,769
Rental of Commercial Bldg.	15,000	15,000	4,669	15,000	15,000	0
Imprest/Petty Cash	50	50	50	50	50	50
Tfr. From DENR	0	0	0	0	0	0
Tfr. From Prior Fiscal Year	0	6,645	6,645	0	0	0
TOTAL REVENUES	80,082	98,727	116,295	79,101	116,601	147,502

	95-96			96-97		
SOURCE	Certified	Authorized	Actual	Certified	Authorized	Actual
Maintenance & Repair	0	0	0	0	0	0
Utility Sales & Service	4,781	4,781	5,167	5,928	5,928	6,080
Rental of Real Property	163,887	177,786	174,170	195,037	197,936	194,202
Dock Fees	1,325	1,325	1,325	2,045	2,045	2,045
Rental of Commercial Bldg.						
Imprest/Petty Cash	50	50	50	50	50	50
Tfr. From DENR	0	0	0	35,000	35,000	35,000
Tfr. From Prior Fiscal Year	0	0	0	20,556	20,556	20,556
TOTAL REVENUES	170,043	183,942	180,712	258,616	261,515	257,933

	97-98			98-99 (1/31/99)		
SOURCE	Certified	Authorized	Actual	Certified	Authorized	Actual
Maintenance & Repair	490	490	490	0	0	0
Utility Sales & Service	5,894	5,894	6,120	2,500	2,500	3,409
Rental of Real Property	202,240	202,240	215,043	114,260	114,260	153,182
Dock Fees	731	731	731	0	0	366
Rental of Commercial Bldg.						
Imprest/Petty Cash	50	50	50	50	50	0
Tfr. From DENR	51,561	51,561	51,561	51,561	51,561	0
Tfr. From Prior Fiscal Year	8,888	8,888	8,888	996	996	996
TOTAL REVENUES	269,854	269,854	282,883	169,367	169,367	157,953

	99-00 RECOMMENDED	00-01
SOURCE		
Maintenance & Repair	0	0
Utility Sales & Service	2,500	2,500
Rental of Real Property	105,799	105,799
Dock Fees	0	0
Rental of Commercial Bldg.		
Imprest/Petty Cash	50	50
Tfr. From DENR	0	0
Tfr. From Prior Fiscal Year	0	0
AL REVENUES	108,349	108,349

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WANCHESE SEAFOOD INDUSTRIAL PARK
TENANT INFORMATION

BAVARIA SOUTH, INC. - The warehouse located on Lot 27 stores food and supplies for The Weeping Radish, a Manteo-based restaurant and micro-brewery. In addition to storing fresh and frozen seafood and other foods to be served at the restaurant, the tenant stores stainless steel containers of beer from which he will bottle and cap at this facility. Lease began February 1, 1995 for 3 years with 2, 5 year renewal options. First 5 year option exercised January 31, 1998, lease expires January 31, 2003. Lot 27 is 27,682 square feet. Monthly rental is $461.37.

BAYCO - Lot 3 supports the sales of seafood packaging products and construction fasteners. The waxed fish and crab boxes used to ship fresh seafood are now available from a local source which promises to be not only convenient but allows local seafood packing houses to reduce their own packaging inventory costs. Lease began June 1, 1995 for 5 years with 2, 5 year renewal options. Lease expires May 31, 2000. Lot 3 is 19,890 square feet. Monthly rental is $331.50.

CAROLINA YACHT INTERIORS, INC. - Occupies the southern half of Lot 28-B building in order to perform custom millwork and marine cabinetry for boats and yachts. Lease began March 1, 1996 for 2 years with 2, 5 year renewal options. Currently operating under a month-to-month lease with a 30 day cancellation notice by either party. Lot 28-B South is 7,500 square feet. Monthly rental is $850.00

DAVIS MARINE MAINTENANCE CENTER, INC. - This business offers their services of vessel haul-out and marine maintenance on Lot 22 & 23. A 90-ton travel lift transports vessels after construction to this haul-out in order to be launched in the deep-water harbor of the Park. Also located within this complex is Carolina Welding, Inc., manufacturing marine-related items including tuna towers and handrails. Lease of Lot 22 began February 1, 1998 for 5 years with 3, 5 year renewal options. Lease expires January 31, 2003. Lot 22 is 75,135 square feet. Monthly rental is $1,627.92. Lease of Lot 23 began March 15, 1984 for 3 years with a 3 year renewal option. At this time, Lot 23 contained 42,702 square feet. The lease was amended on March 1, 1989 to add 38,569 square feet. On March 15, 1990, a new lease was entered into for 20 years, with a 20 year renewal option. Lease expires March 14, 2010. Lot 23 now contains 81,271 square feet. Monthly rental is $1,716.57.

D & D PARTNERSHIP – Also leases Lot 24 in order to provide watercraft sales and service, marine engine sales and service, and watercraft launch and haulout. Lease began March 1, 1999 for 5 years with 2, 5 year renewal options. Lease expires February 29, 2004. Lot 24 is 33,000 square feet. Monthly rental is $1,450.00.

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D & D PARTNERSHIP - Leasing Lot 25 for the purposes of construction, maintenance, and storage of boats and boat building components is this division of Davis Boatworks. Lease began December 1, 1997 for 2 years with 3, 5 year renewal options. Lease expires November 30, 1999. Lot 25 is 32,400 square feet. Monthly rental is $540.00.

GREGORY POOL EQUIPMENT COMPANY - Occupies Lot 29 in order to provide sales, service, and parts distribution of marine, construction, and industrial engines and equipment. Lease began February 1, 1998 for 7 years with 2, 5 year renewal options. Lease expires January 31, 2005. Lot 29 is 74,052 square feet. Monthly rental is $3,294.46.

HARBOR WELDING, INC. - Aluminum fishing rod racks and tuna towers are produced on Lots 18 & 19. This company also makes repairs on commercial and recreational fishing boats dockside at their harborfront location. Lease of Lot 18 began April 1, 1989 for 5 years with 4, 5 year renewal options. Two, 5 year options have been exercised, lease expires March 31, 2004. Lot 18 is 32,521 square feet. Monthly rental is $677.93. Lease of Lot 19 began May 1, 1998 for 3 years with 3, 5 year renewal options. Lease expires April 30, 2001. Lot 19 is 28,434 square feet. Monthly rental is $473.90.

HATHAWAY MARINE, INC. - From Lot 11, Jeff Hathaway operates his marine engine and propeller repair business. Hathaway Marine was approved by the North Carolina Seafood Industrial Park Authority February 10, 1997. Lease began April 1, 1997 for 5 years with 2, 5 year renewal options. Lease expires March 31, 2002. Lot 11 is 16,144 square feet. Monthly rental is $269.07.

N.C. MARINE FISHERIES - Employees maintain the oyster cultch program in order to rehabilitate the oyster stocks in area waters from Lot 29-A. Piles of stone for this program are stored on Lot 16 in the Park near the Corps of Engineers' dock. The stone is loaded on a barge and dumped overboard at locations of potential oyster beds to stimulate growth. Both children and adults enjoy looking for sharks' teeth in the piles. A Marine Fisheries Field Office and Licensing Agent are also located at this site to monitor seafood activities and offer commercial fishing licenses. Lease of Lot 16 began January 1, 1994 for 5 years with 3, 5 year renewal options. First 5 year renewal option exercised January 1, 1999, lease expires December 31, 2004. Lot 16 is 40,000 square feet. Monthly rental is $767.00. Lease of Lot 29-A began March 1, 1998 for 5 years with 3, 5 year renewal options. Lease expires February 28, 2003. Lot 29-A is 53,884 square feet. Monthly rental is $2,051.25.

O'NEAL'S SEA HARVEST, INC. - Leasing Lot 28-A for the purpose of a hard crab distribution business as well as a soft crab shedding operation is Benny O'Neal, a resident of Wanchese and a long time waterman. Lease began March 1, 1995 for 3 years with 2, 5 year renewal options. First 5 year option exercised on February 28, 1998, lease

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expires February 28, 2003. Lot 28-A is 13,650 square feet. Monthly rental is $1,889.00.

OUTER BANKS MARINE MAINTENANCE – This boat repair facility is leasing Lots 12, 13, & 15 in order to provide the necessary yard space for conducting business and allows more boats to be hauled and maintained. Lot 12 is currently operating under a month-to-month lease with a 30 day cancellation notice by either party. Lot 12 is 20,000 square feet. Monthly rental is $500.00 Lease of Lot 13 began December 1, 1998 for 3 years with 3, 5 year renewal options. Lease expires November 30, 2001. Lot 13 is 44,448 square feet. Monthly rental is $740.80. Lease of Lot 15 began January 1, 1999 for 1 year. Lease expires December 31, 1999. Lot 15 is 78,778 square feet. Monthly rental is $1,969.45.

OUTER BANKS MARINE MAINTENANCE – Also leases Lot 19-A located across the street. This lot allowed them to establish a new boat repair facility complete with travelift for boat haulout. Lease began December 1, 1998 for 5 years with 3, 5 year renewal options. Lease expires November 30, 2003. Lot 19-A is 24,997 square feet. Monthly rental is $542.00.

MICHAEL A. PARKS - A future site of another boat building operation will be located on Lot 20-A next to Davis Marine Maintenance. Located dockside on the harbor, access to the water is crucial to boat builders. Lease began June 1, 1997 for 5 years with 3, 5 year renewal options. Lease expires May 31, 2002. Lot 20-A is 24,837 square feet. Monthly rental is $538.14.

PINNACLE TOWERS - Located behind the wastewater treatment plant, Lot 4-A is the site of a communications tower that offers cellular phone service and two-way radio communications to commercial and pleasure boats as well as other users. Lease began November 1, 1998 for 5 years with 5, 5 year renewal options. Lease expires October 31, 2003. Lot 4-A is 41,695 square feet. Monthly rental is $521.19.

U.S. COAST GUARD - Lot 19-B is the future site of the U.S. Coast Guard's Aid to Navigation Team. This location will allow them to maintain buoys, day beacons, and lighthouses in the Outer Banks region. Lease began October 1, 1994 for 1 year with 20, 1 year renewal options. Four, 1 year options have been exercised, lease expires September 30, 1999. Lot 19-B is 25,000 square feet. Monthly rental is $541.67.

WANCHESE BOAT BUILDERS - Leasing Lot 2-A for the purposes of construction and maintenance of yachts and sportfishing vessels is this local boat builder. Demand is at an all-time high in this industry now. Boat construction is supporting and driving a large part of this community's economy. Lease began January 15, 1997 for 5 years with 3, 5 year renewal options. Lease expires January 14, 2002. Lot 2-A is 18,269 square feet. Monthly rental is $304.50.

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WANCHESE MACHINE, INC. – This company leases the northern half of the building located on Lot 28-B. Specializing in boat shafts and rudders, they are also a full service machine and repair shop. Lease began July 1, 1998 for 2 years with 2, 5 year renewal options. Lease expires June 30, 2000. Lot 28-B North is 7,500 square feet. Monthly rental is $850.00.

WANCHESE TRAWL & SUPPLY COMPANY - Leases Lot 17 on the harbor. They sell commercial fishing equipment and foul weather gear such as jackets, boots and gloves. Lease began January 1, 1989 for 2 years with 2, 2 year renewal options. Lease amended December 4, 1989 to correct lease start date to July 1, 1989 for 10 years with 3, 10 year renewal options. Lease expires June 30, 1999. Lot 17 is 75,000 square feet. Monthly rental is $1,584.13.

R-50

Department of Commerce
Wanchese Seafood Industrial Park Staffing

	Employee Name	Working Title	Classification	Position Number	Salary Grade	Annual Salary	Annual Fringe	Total Cost
	Appropriations Supported Position:							
*1	Rodney W. Perry	Director	Community Development Specialist II	4617-0000-0017-001	74	58,943	12,198	71,141
*2	Vacant	Oregon Inlet Project Coordinator	Program Development Coordinator	4617-0000-0017-005	76	62,724	12,870	75,594
	Receipt Support Positions:							
	Randolph V. Tolley	Maintenance	Maintenance Mechanic IV	4617-0000-0017-002	64	29,165	6,913	36,078
*1	Christine Walker	Secretary	Processing Assistant V	4617-0000-0017-003	61	28,280	6,756	35,036
						179,112	38,737	217,849

Notes:

1. All positions are SPA. Director and Secretary positions are shown in Continuation Budget in EPA accouns in error.
2. Oregon Inlet positions are shown in Reserve account (537141) in Continuation Budget. Project Coordinator position has now been established and is shown, above. Funding was also appropriated for an administrative support position which has not yet been established.

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North Carolina
Department of Commerce

James B. Hunt, Jr., Governor **Rick Carlisle, Secretary**

April 15, 1999

MEMORANDUM

TO: Mona Moon

FROM: Leza Aycock

SUBJECT: Questions Regarding the Roles of Various Economic Development Organizations

Per your request, I will try to describe the relationship between developers in the Department of Commerce, at the State and Regional level, with one another, with the Partnerships for Economic Development and with local developers.

As was referenced in the Committee discussion, there has been some perceived tension in the relationship between state developers and Partnership representatives and between the Partnerships and local developers. The Partnerships have engaged Mac Holliday of Market Street Partners to conduct an assessment of the Partnerships and regionalism after the first five years of operations. Market Street conducted interviews with over 80 local developers, Partnership staff, and DOC staff in preparing their report. The Department has been working with the Chairs of the seven Partnerships to finalize the report. We believe that the result of this effort will be a strengthening of the relationship between the Department and the Partnerships and a clarification of the various roles and responsibilities.

State, regional, and local development organizations exist to enhance the economic potential of their assigned area. The various allies cooperate on most projects, because no single organization has the resources necessary to meet all needs of the client. In every project, the Department of Commerce serves as the lead state agency. However, in recruiting new and expanding industry, the organization that is first approached by the client usually serves as the lead, coordinating entity on that particular project.

Within the Department of Commerce, our Regional Office developers perform two primary functions. First, they offer support to existing industry located in the region. This includes keeping the companies up-to-date regarding changes at the state level that could have an impact upon their

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operation, including information on changes to the William S. Lee Act. In this role they also try to stay in close enough contact with the companies so that they will be aware of possible changes at the company - proposals for expansion, downsizing, restructuring, relocation, etc. Secondly, the Regional Staff play a lead role in projects when it is clear from the beginning of the project that the company is only interested in a specific region of the state.

The Department's developers located in the Raleigh office take the lead on projects that come into the state via leads generated through our marketing efforts. They also serve as the primary contact when the company may be interested in exploring possibilities throughout the state or in several regions. Finally, they usually serve as the lead developer on high-profile projects when the issues involved can be very complex.

No two economic development projects are run exactly the same, but in general the attached chart displays the lead entity for each function at the International, National and State level, the regional level and the local level.

Roles of Economic Development Agencies

Function	Lead Agency for Each Level		
	International, National, State Level	Regional Level	Local Level
General Marketing materials - information regarding business climate, workforce, etc.	State DOC	Partnership	Local Developer
Trade Shows	State DOC	Limited role	N/A
Product Development (industrial parks, certified sites, spec. buildings, etc.)	N/A	Partnership	Local Developer
Available Buildings & Sites Inventory	State DOC maintains system	Partnerships responsible for data	Local Developers input property
Services to Existing Companies		DOC Regional Offices	Local Developers
Project Management - New & Expanding Industries	State DOC	DOC Regional Offices/Partnership	Local Developers
Incentives to Industry	State DOC		Local Developers

CHARLOTTE REGION

MEMORANDUM

Carolinas Partnership

To: Mona Moon

From: Mark Heath

Re: Non-state funds

Date: April 19, 1999

As promised per our conversation the following represents the Partnership funding for FY 98-99.

• N. C. State funds:($41,522 special appropriation for film commission)	$425,837
• Charlotte Region Private funds:	$850,000
• Charlotte Region Private funds:(one time for TransAtlantic Business Dialogue)	$650,000
• Charlotte Region Public funds: (.30¢ per capita per member county)	$525,000
Total:	$2,450,837

Thanks for all your help. Please call if you need anything else.

P.S. We have just received an 18 month audit for the period January 1997 – June 30, 1998 and will send that under separate cover. The audit was for an 18 month period due to changing our fiscal year to July 1.

Carolinas Partnership

112 S Tryon Street • Suite 900 • Charlotte, NC 28284
704-347-8942 • 704-347-8981 Fax

R-55

GLOBAL TRANSPARK DEVELOPMENT COMMISSION - FY 98/99 BUDGET

E	CATEGORIES	BUDGET WITH AMENDMENTS
	REVENUES:	
	NC Partnership	345,900.00
	Interest Income	300,000.00
	DMV 15% Revenue	600,000.00
	Trust Fund Interest Income	600,000.00
	Fund Balance Appropriation	
	Unrestricted	200,000.00
	Restricted	82,276.00
	Contributions	
	TOTAL REVENUES	$ 2,128,176.00
	EXPENSES:	
	Personnel:	
	Salaries	279,000.00
705	Executive Director	
718	Information Manager	
719	Research Manager	
715	Administrative Coordinator	
716	Marketing Director	
717	Receptionist/Secretary	
720	Payroll Taxes	22,400.00
725	Health Insurance	27,500.00
730	Retirement	19,600.00
	Workers' Compensation Insurance	1,700.00
	Temporary Labor	6,500.00
	Total Personnel	356,700.00
	Office/Administrative:	
745	Postage and Freight	11,000.00
746	Telephone	16,300.00
747	Auto Insurance	2,000.00
748	Staff Travel	13,500.00
749	Auto Supplies	5,000.00
750	Subscriptions and Publications	2,900.00
752	Office Supplies	10,000.00
753 (01)	IEDIN Operations	65,300.00
(02)	* IEDIN Maintenance	
(03)	* Web Site Improvements	
(04)	* Multimedia System Enhancement	
(05)	* Graphics Software	
(06)	* Mapping Software for EDC's	
(07)	* Computer Upgrade/Enhancements	
(08)	* Briefing Center Maint/Enhancements	
754	Board Travel/Per Diem	34,400.00

COST CODE	CATEGORIES	BUDGET WITH AMENDMENTS
755	Membership Dues and Fees	14,700.00
758	Insurance/Bond	2,600.00
759	Legal Notices and Classified Ads	2,500.00
760	Professional Services	105,000.00
765	Meals and Entertainment	3,000.00
767	Rent to GTP Foundation	27,000.00
769	Equipment Rental/Maintenance	5,500.00
770	Cleaning Service and Supplies	3,200.00
780	Utilities	14,000.00
781	Special Occasion Mementos	3,000.00
795	Miscellaneous	8,000.00
	Total Office/Administration	348,900.00
	Grants:	
851	Environmental	182,276.00
853	Economic Development	-
854	CIS and Mega Site Program	650,000.00
855	Mega Site Criteria Development	5,000.00
856	MAG Product Program	100,000.00
	Total Grants	937,276.00
	Marketing:	
902	Staff Training	16,200.00
903	Materials Development/Printing	45,000.00
905	Public Relation Opportunities	10,000.00
906	Direct Mail	23,300.00
909	Marketing Trips	58,400.00
910	Advertising	120,000.00
911	Promotional Items	1,200.00
935	Trade Shows	73,200.00
937	Prospect Visits	30,000.00
941	Miscellaneous	5,000.00
942	Workforce/Labor Availability Study	75,000.00
945	Consultants - Special Projects	25,000.00
	Total Marketing	482,300.00
	Capital Outlay:	
977	Office Equipment	1,500.00
978	Office Furnishings	1,500.00
	Total Capital Outlay	3,000.00
	Contingency	-
	TOTAL EXPENSES	2,128,176.00

GTP

02/15/1999

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EXHIBIT B

NORTHEASTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION AND SUBSIDIARY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 1998

	COMMISSION/ SUBSIDIARY	DISMAL SWAMP	TOTAL
TEMPORARILY RESTRICTED NET ASSETS			
Revenues and support:			
State of North Carolina	$ 1,038,943	$ 75,000	$ 1,113,943
Donations	59,051	1,582	60,633
Investment earnings	75,750		75,750
Total revenues and support	1,173,744	76,582	1,250,326
Expenses:			
Salaries/wages/benefits	294,247	72,974	367,221
Supplies and materials	5,107	332	5,439
Occupancy expenses	29,104	400	29,504
Legal/accounting/other services	21,286	240	21,526
Travel/meeting expense	23,642	1,460	25,102
Per diem	29,700		29,700
Communication	21,637	1,295	22,932
Professional/education/meetings	30,870	195	31,065
Marketing expense	16,032	1,249	17,281
Rental of equipment and maintenance	3,732	464	4,196
Depreciation	52,726		52,726
Insurance	6,084		6,084
Other	17,322		17,322
Special projects	63,382		63,382
EDIS - computers	71,265		71,265
Tourism development	29,902		29,902
Economic development	71,952		71,952
TAB	284,099		284,099
EDAC	252,904		252,904
Total expenses	1,324,993	78,609	1,403,602
Decrease in temporarily restricted net assets	$ (151,249)	$ (2,027)	(153,276)
Net assets, July 1			1,317,676
Net assets, June 30			$ 1,164,400

The accompanying notes are an integral part of the financial statements.

R-57

Exhibit B

PIEDMONT TRIAD PARTNERSHIP

STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

Year Ended June 30, 1998

	Unrestricted	Temporarily Restricted	Total
Public Support			
Contributions	$ 859,179	$ 10,000	$ 869,179
In-kind	57,683	—	57,683
Net assets released from restriction	10,000	(10,000)	—
Total Public Support	926,862	—	926,862
Other Revenue [Expense]			
Interest	14,323	—	14,323
Loss on disposal of fixed assets	(5,182)	—	(5,182)
Rental income	9,900	—	9,900
Other income	1,100	—	1,100
Total Other Revenue [Expense]	20,141	—	20,141
Total Public Support and Revenue	947,003	—	947,003
Expenses			
Program services	731,235	—	731,235
Supporting services	259,793	—	259,793
Total Expenses	991,028	—	991,028
Change in Net Assets	(44,025)	—	(44,025)
Net Assets, beginning	325,876	14,000	339,876
Net Assets, ending	$ 281,851	$ 14,000	$ 295,851

See accompanying notes to financial statements.

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Research Triangle Partnership

4. ANNUAL BUDGET

Total annual operating budget for FY 98-99	$872,100	
Total amount of state funding for FY 98-99	$393,096	(45% of total budget)

5. FY 98-99 ANNUAL REVENUES AND EXPENDITURES

Income Statement Detail (July 1998-December 1998):

Line Item	Annual Budget	½ Fiscal Year Income
Greater Raleigh Chamber	100,000.00	25,000
Greater Durham Chamber	25,000.00	0.00
Research Triangle Foundation	50,000.00	25,000
Interest Income	18,000.00	5,867
County Governments	134,552	89,331
State of North Carolina	393,298	392,096
Moore County CVB/EDC	31,250	31,250
Corporate Contributions	120,000	47,025
Miscellaneous	0.00	865
Transfer from Net Assets	0	0
TOTAL OPERATING FUNDS	872,100	616,434

Expenses:

Line Item	Annual Budget	½ Fiscal Year Expenditures
Salaries (5)	213,000	104,187
Payroll Tax (5)	19,200	6,980
Insurance – Employee (5)	24,000	9,956
Insurance (workers comp, liability, etc.)	5,000	2,624
Retirement (2)	21,300	9,359
Contract Services(Accounting)	12,000	8,828
Rent (Space, Furniture, Equip.)	53,000	23,738
Telephone	14,000	5,579
Training	5,000	1,098
Office Supplies	25,000	11,700
Moving Expenses	4,000	3,295
Depreciation (Fixed Assets)	26,000	10,553
Bank Fee	0	338
Sub-Total	426,500	198,235

Expenses Continued:

Line Item	Annual Budget	½ Fiscal Year Expenditures
Travel & Recruitment Expenses	74,000	39,483
Auto & Mileage	15,000	5,131
Communications	24,300	9,771
Dues	3,000	2,498
North Carolina Partnership for Economic Development	10,000	5,000
Web Site	5,000	1,770
Training (RTRP Staff)	5,000	1,995
Computer Consultant	1,000	0
Client Expense	15,300	7,592
Trade Shows	15,000	228
Public Relations & Advertising	138,000	56,264
Collateral Materials & Reports	45,000	9,797
Red Carpet Project (1999 US Open)	85,000	0
Consultant	10,000	0
TOTAL MARKETING EXPENSES	872,100	337,764

Southeastern North[redacted]na Regional Economic Development Commission

Statement of Revenues and Expenditures - Cash Basis

Budget and Actual

For the Six Months Ended December 31, 1998

	Annual Budget	Current Month Actual	% of Budget Received This Month	Year-to-Date Actual	Budget Variance: Under or (Over) Budget	% of Budget Received This Year
Revenues						
Admin. Grant: State of NC	$ 587,994.00	$ 0.00	0%	$ 587,994.00	$ 0.00	100.0%
Investment Interest	20,000.00	3,060.06	15.3%	10,910.07	9,089.93	54.6%
Fund Balance Approp.	522,000.00	0.00	0.0%	0.00	522,000.00	0.0%
FY 97-98 Carry Forward	7,239.25	0.00	0.0%	0.00	7,239.25	0.0%
The Southeastern Partnership, Inc.:	12,000.00	0.00	0.0%	0.00	12,000.00	0.0%
City of Wilmington	60,000.00	0.00	0.0%	30,000.00	30,000.00	50.0%
New Hanover County	60,000.00	0.00	0.0%	30,000.00	30,000.00	50.0%
Production Guide Sales	50,000.00	0.00	0.0%	0.00	50,000.00	0.0%
Wilmington Chamber Transfer of Fund	14,300.00	0.00	0.0%	0.00	14,300.00	0.0%
Fund Balance after FY 97-98 Audit	30,643.00	0.00	0.0%	0.00	30,643.00	0.0%
FY 97-98 Sales & Use Tax Refund	5,172.00	0.00	0.0%	5,171.43	0.57	100.0%
Film Industry FY 97-98 Carry Forward	10,326.00	0.00	0.0%	0.00	10,326.00	0.0%
CP&L Reimbursement - Travel Brochure	8,300.00	0.00	0.0%	8,405.00	(105.00)	101.3%
State Appropriations Fund	225,000.00	0.00	0.0%	225,000.00	0.00	100.0%
Total Revenues	1,612,974.25	3,060.06	0.2%	897,480.50	715,493.75	55.6%

	Annual Budget	Current Month Actual	% of Budget Expended This Month	Year-to-Date Actual	Budget Variance: Under or (Over) Budget	% of Budget Expended This Year
Expenditures						
Salaries - Regular	$ 229,060.00	$ 26,475.29	11.6%	$ 123,945.87	$ 105,114.13	54.1%
Per Diem - Comm. Members	24,000.00	400.00	1.7%	8,500.00	15,500.00	35.4%
Prof. Service: Legal	1,200.00	589.57	49.1%	589.57	610.43	49.1%
Prof. Service: Accountant	14,000.00	8,500.00	60.7%	9,500.00	4,500.00	67.9%
FICA	17,383.00	1,996.94	11.5%	7,233.96	10,149.04	41.6%
Retirement	23,701.00	2,183.52	9.2%	12,511.23	11,189.77	52.8%
Personnel Other Benefits: Dental, Life, etc.	600.00	0.00	0.0%	753.00	(153.00)	125.5%
Postage/Mailings	4,000.00	13.50	0.3%	1,910.22	2,089.78	47.8%
Telephone	13,000.00	377.22	2.9%	4,011.16	8,988.84	30.9%
Travel/Training	42,000.00	3,196.61	7.6%	19,465.57	22,534.43	46.3%
Travel: Marketing	36,000.00	2,566.89	7.1%	15,075.37	20,924.63	41.9%
Printing	2,000.00	0.00	0.0%	488.10	1,511.90	24.4%
Insurance	6,000.00	430.00	7.2%	1,801.00	4,199.00	30.0%

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See accompanying notes and accountant's report.

Southeastern North Carolina Regional Economic Development Commission

Statement of Revenues and Expenditures - Cash Basis

Budget and Actual

For the Six Months Ended December 31, 1998

	Annual Budget	Current Month Actual	% of Budget Expended This Month	Year-to-Date Actual	Budget Variance: Under or (Over) Budget	% of Budget Expended This Year
Supplies: Office	9,000.00	723.95	8.0%	3,972.48	5,027.52	44.1%
Equipment: Office	1,200.00	0.00	0.0%	462.16	737.84	38.5%
Equipment: Lease	4,000.00	249.05	6.2%	1,494.30	2,505.70	37.4%
Office: Lease	12,000.00	4,000.00	33.3%	14,000.00	(2,000.00)	116.7%
Facility Improvements/Furnishings	6,000.00	0.00	0.0%	0.00	6,000.00	0.0%
Utilities	6,500.00	29.92	0.5%	334.19	6,165.81	5.1%
Maintenance: Building & Grounds	8,000.00	655.00	8.2%	3,396.90	4,603.10	42.5%
Services: Contracted General	42,956.00	1,211.79	2.8%	7,116.81	35,839.19	16.6%
Services: Contracted Personnel	40,114.00	2,662.19	6.6%	14,439.95	25,674.05	36.0%
Service: Telephone Lease	2,400.00	0.00	0.0%	771.68	1,628.32	32.2%
Maint & Rep: Equipment	1,000.00	0.00	0.0%	1,083.50	(83.50)	108.4%
Dues/Subscriptions	6,000.00	176.14	2.9%	2,790.22	3,209.78	46.5%
Commission Pro/activities/programs	156,621.00	0.00	0.0%	0.00	156,621.00	0.0%
FY 97-98 Carry Forward	7,239.25	0.00	0.0%	8,042.25	(803.00)	111.1%
FY 98-99 Commission Projects/Activities/ Programs	0.00	0.00			0.00	
Accrued Leave	671,000.00	32,254.63	4.8%	206,306.95	464,693.05	30.7%
Contingency	49,000.00	0.00	0.0%	0.00	49,000.00	0.0%
Non-Public Expenditures	15,000.00	896.14	6.0%	1,307.87	13,692.13	8.7%
Capital Outlay - Office Building	12,000.00	67.22	0.6%	3,411.85	8,588.15	28.4%
Total Expenditures	150,000.00	150,000.00	0.0%	150,000.00	0.00	0.0%
	1,612,974.25	239,655.57	14.9%	624,716.16	988,258.09	38.7%
Revenues Over (Under) Expenditures	$ 0.00	(236,595.51)		272,764.34		
Cash and Cash Equivalents - Beginning		1,072,328.52		562,968.67		
Cash and Cash Equivalents - December 31, 1998		$ 835,733.01		$ 835,733.01		

See accompanying [illegible] accountant's report.

R-63

Western North Carolina Regional Economic Development Non - Profit Corporation
Statements of Revenue, Expenses and Changes in Retained Earnings
Years Ended June 30

	1998	1997
Operating Revenues		
State of North Carolina	$ 1,175,989	$ 1,238,694
Federal Grants	-	25,000
Total Operating Revenues	1,175,989	1,263,694
Expenditures		
Executive Management	252,434	348,231
Operations	151,016	-
Grants Administration	437,662	293,672
Marketing and Communications	287,005	366,541
Marketing and International Trade	272,693	-
Information Systems Services	194,971	146,498
WNC Film Commission	118,355	122,392
Advisory Council	-	26,000
Competitive Council	-	43,500
Total Expenditures	1,714,136	1,346,834
Operating Income (Loss)	(538,147)	(83,140)
Nonoperating Revenues		
Interest Income	67,869	89,226
Corporate Contributions	54,500	32,500
Other Income	44,173	2,849
Sub - Lease Income	9,785	9,010
Total Nonoperating Revenues	176,327	133,585
Net Income (Loss)	(361,820)	50,445
Retained Earnings - Beginning of Year	1,585,867	1,535,422
Retained Earnings - End of Year	$ 1,224,047	$ 1,585,867

See accompanying notes.

R-64

North Carolina
Department of Commerce

James B. Hunt, Jr., Governor **Rick Carlisle, Secretary**

April 14, 1999

MEMORANUDM

TO: Joint Appropriations Subcommittee on Natural and Economic Resources

FROM: Leza Aycock

SUBJECT: Questions from the International Trade Division NER Presentation

In response to questions raised regarding the Division's Foreign Offices at the presentation on the International Trade Division presentation, as summarized by Fiscal Research staff, we offer the following:

1. Cost of new offices in London and Dubai

Please see the attached schedule that details the cost of the new offices in London and Dubai. The Dubai office opened in mid-November, 1998, so there was no cost for that operation in FY 97-98. The cost during this fiscal year represents seven months salary and six months operational cost. The projected annual cost for the Dubai operation is $200,000.

When the Department opened the new office in London, we did so by transferring the Senior Trade Representative from our Dusseldorf office to London. We now have a German citizen under contract as a Trade Specialist in Dusseldorf who works under the supervision of the Senior Trade Rep. in London. Therefore, the increased cost associated with the London office is the salary of the Trade Specialist in Dusseldorf, her travel, supplies and client expense and the rent and equipment for the London office. This has made the additional cost associated with the London office much less than it would otherwise have been, although the cost still is projected to be approximately $105,000 per year.

2. Contract Salary in Hong Kong

Our Hong Kong office is staff by William Chu. His annual salary in the current contract period is $81,768.

cc: Fiscal Research

North Carolina. A Better Place To Be
Leza Aycock•Assistant Secretary for Administration
301 North Wilmington Street•P. O. Box 29571•Raleigh, North Carolina 27626-0571
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R-65

Department of Commerce
International Trade Division
Cost of London and Dubai Foreign Offices

98-99 Through March, 1999

	London		Dubai	
Category of Expense	**97-98**	**98-99**	**97-98**	**98-99**
Personnel Cost	39,981	35,780		61,833
Lease	12,521	19,704		6,199
Telephone/Postage	4,073	2,656		3,041
Supplies	2,218	2,516		489
Travel	36,017	1,109		9,954
Client Expense	13,620	3,455		845
Equipment	8,073			2,994
Other		96		175
Total	116,503	65,316		85,530

North Carolina
Department of Commerce

James B. Hunt, Jr., Governor **Rick Carlisle, Secretary**

April 14, 1999

MEMORANUDM

TO: Joint Appropriations Subcommittee on Natural and Economic Resources

FROM: Leza Aycock

SUBJECT: Questions from the Workforce Division NER Presentation

In response to questions raised during the presentation on the Workforce Division, as summarized by Fiscal Research staff, we offer the following:

***1.* How much in federal funds does the Commission receive that requires a state match?**

Section 123 funds under the Job Training Partnership Act require a match. The Commission on Workforce Preparedness received $162,571 of Section 123 funding from the current program year allotment (July 1, 1998 through June 30, 1999). Of this funding, $94,964 was allocated to support the Commission and $67,607 was allocated to support the JTPA coordination and project management position assigned to the Department of Public Instruction.

Per §628.315 (b)(3) of the JTPA regulations, these funds ($94,964) are provided to help support the state's Human Resource Investment Council (HRIC). In North Carolina, the HRIC is the Governor's Workforce Preparedness Commission.

These funds must be matched dollar for dollar expended per §628.315 (e) of the JTPA regulations. The Governor is charged with defining and assuring the provision of adequate resources by the State to meet this requirement. Funds allocated to the Commission are matched by state appropriation for those funds supporting the Commission's activities and by Department of Public Instruction funding for the position supporting JTPA activities within the Department of Public Instruction.

Copies of pertinent sections of the JTPA regulations are attached.

North Carolina. A Better Place To Be
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R-67

2. **Can any of the funds "that flow into the Division be used to support the New and Expanding Industry Training Program offered by the community college system?**

The Division of Employment and Training receives funding from the federal Job Training Partnership Act, the federal Welfare-to-Work Grants program, and the NC Employment and Training Grant Fund. These funds may not be transferred directly to the Department of Community Colleges for the New and Expanding Industries Program, although, in fact, many of the dollars do go to community colleges to pay for particular courses for specific individuals. The funds must be used for training for individuals who meet certain established eligibility criteria.

By statute, these funds are earmarked for distribution to the local level or for a particular purpose at the state level. Most of the funds must be passed down directly to the sub-state delivery structure by formula. Under the federal legislation, there are a few small set-asides at the state level for particular state-level responsibilities or target groups. These include capacity building and technical assistance, incentive awards for high performance against local standards, older workers programs, projects for hard-to-serve welfare recipients, education and coordination grants (school-to-work services, literacy and lifelong learning, programs for women in nontraditional employment, support to the HRIC) and state level administration.

Once funds have been allocated to the local level, each Workforce Development Board and local elected official jointly submit a plan for these JTPA funds for their area each year. These local plans provide for skills training for eligible individuals. Typically, this training is either conducted through the local community college(s) in their area or provided by local employers in on-the-job training arrangements.

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included only if the Governor and the head of the State agency responsible for the administration of the program jointly agree to include such program. In addition, programs under the Carl Perkins Vocational and Applied Technology Act shall require the agreement of the State council on vocational education (section 701(b)(1)(B)).

(c) *Composition.* (1) The Governor shall establish procedures to ensure appropriate representation on the HRIC from among the categories of representation specified in section 702 of the Act.

(2) In addition, when the functions and responsibilities of the SCOVE are included on the HRIC, the Governor is encouraged to consider appointing the State Director for Vocational Education as a representative on the HRIC.

(d) *Funding.* (1) Funding to carry out the functions of the HRIC shall be available pursuant to section 703(a) of the Act.

(i) The costs associated with the operation of the HRIC should be allocated among the various funding sources based on the relationship of each funding source or program to total spending of all applicable funding sources and programs (section 703(d)).

(ii) Costs of the HRIC that are in excess of costs paid by funds from participating State agencies are, subject to the availability of funds from applicable JTPA sources, allowable JTPA costs (section 703(a) and (d)).

(2) A HRIC which meets the requirements of title VII and includes each of the programs listed at section 701(b)(2)(A) of the Act shall be authorized to use JTPA State Education Coordination and Grants funds (section 123(a)(2)(D)(ii)).

(e) *Replacement of other councils.* A HRIC meeting the requirements of title VII of the Act shall replace the councils of the participating programs listed at section 701(b)(2)(A) of the Act.

(f) *Expertise.* The Governor shall ensure that in the composition of the HRIC and the staff of the HRIC there exists the proper expertise to carry out the functions of the HRIC and the

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Subpart C—State Programs

§ 628.300 Scope and purpose.

This subpart provides requirements for the State-operated programs including the education coordination and grants, services to older workers, and incentive grants to SDA's and grants to SDA's for capacity building and technical assistance.

§ 628.305 State distribution of funds.

(a) The funds made available to the Governor under sections 202(c) and 262(c) of the Act shall be used to carry out activities and services under this subpart.

§ 628.310 Administration.

Funds provided to the Governor under sections 202(c)(1)(A) and 262(c)(1)(A) of the Act may be used for overall administration, management, oversight of program performance, technical assistance to SDA's failing to meet performance standards, as described in section 106(j)(1) of the Act; auditing; and activities under sections 121 and 122 of the Act.

§ 628.315 Education coordination and grants.

(a) *Governor's responsibilities.* The Governor shall allocate funds available pursuant to sections 202(c)(1)(C) and 262(c)(1)(C) of the Act to any State education agency. For the purposes of this section, "State education agency" shall not include the State agency which administers the JTPA program within the State or other agencies which do not have education as a primary and operational function, such as correctional agencies, although this limitation shall not preclude such an agency from being an ultimate subrecipient of funds (section 123(a)(1)).

(b) *Agreements.* (1) The State education agency to be allocated funds under section 123(a)(1) of the Act shall participate in joint planning activities with the Governor in order to develop a plan which shall be submitted in the GCSSP (section 123(c)).

(2) The Governor and the State education agency shall jointly agree on the plan required in paragraph (b)(1) of this section, which shall include a description of the agreements described in paragraph (b)(3) of this section (section 123(c)).

(3) Projects to undertake the activities set forth in section 123(a)(2) shall be conducted in accordance with agreements between the State education agency(ies) and administrative entities in service delivery areas in the State. The agreements may include other entities such as State agencies, local education agencies and alternative service providers (section 123(b)(1)(B)).

(4)(i) When there is a failure by the State education agency and the Governor to develop the joint plan described in paragraph (b)(2) of this section, the Governor shall not allocate funds under section 123(a)(1) to such education agency nor shall such funds be available for expenditure by the Governor (section 123(c)).

(ii) When no State education agency accepts the allocation of funds under section 123(a)(1), or when there is a failure to reach the agreement(s) specified in paragraph (b)(3) of this section, the funds may only be used by the Governor pursuant to section 123(e) and in accordance with the GCSSP (section 123(e)).

(c) *Allowable activities.* (1) Funds made available for education coordination and grants under section 123 of the Act shall be used to pay the Federal share of education coordination and grants projects (section 123(a)(2)).

(2) Projects, as defined at section 123(a)(2)(A), (B), and (C) of the Act shall be conducted for eligible individuals and should include those which:

(i) Provide school-to-work services of demonstrated effectiveness, including youth apprenticeship programs;

(ii) Provide literacy and lifelong learning opportunities and services of demonstrated effectiveness, including basic education and occupational skills training; and

(iii) Provide statewide coordinated approaches to education and training services, including model programs, designed to train, place, and retain women in nontraditional employment (section 123(a)).

(3) Projects for coordination of education and training may also be conducted which may include support activities pertaining to the HRIC which meets the requirements of title VII.

(d) *Expenditure requirements.* (1)(i) At least 80 percent of the funds allocated under section 202(c)(1)(C) and section 262(c)(1)(C) of the Act shall be expended to pay for the Federal share of projects described in paragraph (c)(2) of this section (section 123(d)(2)(B)).

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(ii) The Governor shall assure that not less than 75 percent of the funds expended for such projects are expended for projects for eligible economically disadvantaged participants who experience barriers to employment. For purposes of meeting this requirement, participants meeting the conditions of section 263(a)(2)(B) and (C) and (g) of the Act may be considered economically disadvantaged (section 123(d)(2)(C)).

(iii) Priority for funds not expended for the economically disadvantaged shall be given to title III participants and persons with barriers to employment.

(iv) The Governor may assure compliance with the requirement to serve participants with barriers to employment by targeting projects to particular barrier groups (*e.g.*, school dropouts).

(2) Not more than 20 percent of funds allocated under section 202(c)(1)(C) of the Act may be expended to:

(i) Facilitate coordination of education and training services for participants in the projects described in section 123(a)(2)(A), (B) and (C), or

(ii)(A) Support activities pertaining to a HRIC that meets the requirements of § 628.215 of this part, or

(B) Support activities pertaining to a State council which carries out functions similar to those of a HRIC if such council was established prior to July 1, 1992.

(e) *Contribution.* (1) Except as provided in paragraph (e)(3) of this section, the State shall provide for the contribution of funds, other than the funds made available under this Act, of a total amount equal to the amounts allotted under Section 123;

(2) The Governor shall define and assure the provision of adequate resources by the State to meet the requirements of paragraph (e)(1) of this section. Such amount may include the direct cost of employment and training services provided by other Federal programs or agencies if such use for matching is in accordance with the applicable Federal law governing the use of such funds.

(3) When there is a failure to reach agreement between the State education agency and the administrative entity in the service delivery area, as set forth in paragraph (b)(3) of this section, the requirement for the contribution of funds shall not apply.

(f) Eligible youth, age 14 through 15, may be served in the program under this section to the extent set forth in the agreements under paragraph (b)(3) of this section.

§ 628.320 Services for older individuals.

(a) *Consultation.* (1) The Governor shall consult with the appropriate PIC's and chief elected official(s) prior to entering into agreements to provide services under section 204(d) and to assure that services provided to participants under section 204(d) are consistent with the programs and activities provided in the SDA to eligible older participants.

(2) The GCSSP shall specify the process for accomplishing the consultation required by paragraph (a)(2) of this section.

(b) Funds available under section 204(d) shall be used by the Governor to provide services on an equitable basis throughout the State, taking into account the relative share of the population of eligible older individuals residing in each SDA and the participation of such older individuals in the labor force.

(c) *Delivery of services.* (1) Services to participants eligible under section 204(d) shall be delivered through agreements with SDA's, private industry councils, public agencies, private nonprofit organizations (including veterans organizations) and private-for-profit organizations.

(2) Priority for delivery of services under this section shall be given to agencies and organizations which have a demonstrated effectiveness in providing training and employment services to such older individuals.

(d) *Eligibility.* (1) Individuals provided services under section 204(d) of the Act shall be economically disadvantaged, based on criteria applicable in the SDA in which they reside, and shall be age 55 or older. However, each program year not more than 10 percent of participants enrolled under section 204(d) may be individuals who are not economically disadvantaged but have serious barriers to employment as identified by the Governor and have been determined within the last 12 months to meet the income eligibility requirements for title V of the Older Americans Act of 1965 (section 204(d)(5)(B)(i)).

(2) The following criteria shall apply to joint programs for older workers.

(i) In order to carry out a joint program with operators of programs under title V of the Older Americans Act, there shall be a written financial or non-financial agreement, or written joint program description when the entity which operates the JTPA and title V program are the same.

(ii) Joint programs under this paragraph (d)(2) may include referrals between programs, co-enrollment and provision of services.

(iii) Under agreements pursuant to this paragraph (d)(2), individuals eligible under title V of the Older Americans Act shall be deemed to satisfy the requirements of section 203(a)(2) of the Act (Older Americans Act, Pub. L. 103-171, section 510).

(e) *Applicable requirements.* Except as provided in the Act, the provisions of title II–A shall apply to programs conducted under section 204(d) (section 204(d)(6)).

(f) The Governor shall make efforts to coordinate the delivery of services under section 204(d) with the delivery of services under title V of the Older Americans Act of 1965. Such coordination may include coenrollment, coordination of a continuum of services between this section and title V of the Older Americans Act and other appropriate linkages.

(g) The Governor shall give consideration to assisting programs involving training for jobs in growth industries and jobs reflecting the use of new technological skills (section 204(d)(3)).

§ 628.325 Incentive grants, capacity building, and technical assistance.

(a) Funds available to the Governor under sections 202(c)(1)(H) and 262(c)(1)(G) of the Act shall be used to provide incentive grants to SDA's and for capacity building and technical assistance.

(b) *Incentive grants.* (1) Not less than 67 percent of the funds available under sections 202(c)(1)(B) and 262(c)(1)(B) of the Act shall be used by the Governor to provide incentive grants for programs, except programs under section 204(d) of the Act, exceeding title II performance standards (section 106(b)(7)).

(2) Incentive grant funds under this section shall be distributed by the Governor among SDA's within the State pursuant to section 106(b)(7) of the Act.

(3) The Governor shall, as part of the annual statement of goals and objectives required by section 121(a)(1) of the Act, provide SDA's with the specific policies and procedures to implement section 106(b)(7) of the Act.

(4) In a State which is the service delivery area, incentive grant funds shall be distributed in a manner determined by the Governor and described in the GCSSP. The Governor shall give consideration to recognizing the performance of service providers within the State.

(5) SDA's should use incentive grant funds for capacity building and technical assistance activities and/or for the conduct of allowable Title II activities for eligible youth, eligible

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North Carolina
Department of Commerce

James B. Hunt, Jr., Governor **Rick Carlisle, Secretary**

April 14, 1999

MEMORANUDM

TO: Joint Appropriations Subcommittee on Natural and Economic Resources

FROM: Leza Aycock

SUBJECT: Questions from the Tourism, Film and Sports Development Presentation

Please find attached a response to the questions raised regarding the Heritage Tourism Program and the Rural Tourism Grant Program during the presentation from the Division of Tourism, Film and Sports Development.

cc: Fiscal Research
Kathy Sawyer
Phil Wilson
Gordon Clapp
Lynn Minges

R-71

North Carolina Division of Tourism
Heritage Program

Smoky Mountain Host

Description: Smoky Mountain Host of N.C. Inc. promotes travel and tourism on behalf of southwestern North Carolina, specifically the counties of: Haywood, Jackson, Macon, Swain, Graham, Clay and Cherokee and the Cherokee Indian Reservation.

Location: SMH operates the Smoky Mountain Visitor Center, located three miles south of Franklin on U.S. Hwy. 441, under a public-private partnership with the N.C. Dept. of Transportation.

Number of visitors per year: Visitation at the Smoky Mountain visitor information center has averaged approximately 170,000 annually since the center opened on July 2, 1990.

State funds: SMH is funded by membership investment contributions from private businesses in the seven counties, plus a limited amount of state funding which currently totals $75,000 per year.

Business Status: Smoky Mountain Host of N.C. Inc. is a private, non-profit organization.

Historic Hope Foundation, Inc.

Description: Hope Plantation, restored home of former North Carolina Governor David Stone, offers unique insight into the area's late 18th - and early 19th-century agrarian and rural domestic life through guided tours of the estate. At Hope Plantation's Roanoke-Chowan Heritage Center, visitors are introduced to the facilities though such educational tools as orientation films, exhibits and the Hope research library.

Location: Hope Plantation is located in southern Bertie County on the edge of Roquist Pocosin, five miles west of Windsor, adjacent to NC Highway 308.

Number of visitors per year: In 1998, Hope Plantation hosted approximately 10,000 visitors.

State funds: Hope Plantation receives $50,000 per year for the position held by LuAnn Joyner and the accompanying office expenses. Hope Plantation received a one-time $300,000 legislative grant in 1998 for continued restoration work on the Hope Mansion and the King-Bazemore House.

Business Status: Hope Plantation is a private, non-profit organization.

Murfreesboro Historical Association

Description: The Murfreesboro Historical Association was founded over 35 years ago. The main purpose is to preserve the historically significant sites in and around Murfreesboro.

Location: The town is located on Highways 158 and 258 (35 miles from I-95) and 10 miles from the Virginia line. The Association is responsible for a twelve-block National Register Historic District and owns and maintains over a dozen buildings. Eight of these buildings are opened to the public for touring on a regular basis.

Number of visitors per year: Attendance during 1998 totaled over 35,000. This includes visitors to the N.C. Watermelon Festival (25,000) and the Candlelight Christmas Tour (1,000).

State funds: In 1998, the Association received $50,000 through the Division of Tourism to fund a position. For the past three years, funds from the Department of Cultural Resources has been received. This amount varies each year and averages $150,000.

Business Status: The Murfreesboro Historical Association is a non-profit organization. Historic Murfreesboro is supported through membership dues (600+ members), donations (private and corporate), grants from foundations, and fundraisers.

Newbold-White House

Description: The Newbold-White House dates to 1730 and is the oldest brick house in North Carolina and the oldest house in the state that is open to the public on a regular basis. In addition, between 1689 and 1704, the property on which the Newbold-White House is situated was the site of the early courts and the General Assembly of North Carolina. The Newbold-White House is operated by the Perquimans County Restoration Association that strives to foster in Perquimans County, the surrounding area, and throughout the United States a respect and reverence for Perquimans County's cultural heritage by collecting, preserving and interpreting the history of the county, from Native-American occupation to the present, with special emphasis on the period of 1730-1750s.

Location: The Newbold-White House is located just off Hwy. 17, outside the town of Hertford.

Number of visitors per year: Visitation to the Newbold-White House is approximately 6,000 annually. The site is closed in January and February and only open Saturdays during December.

State funds: In addition to the $50,000 allocated for the development officer position, in 1998-99, PCRA received jointly with the Perquimans Chamber of Commerce, a grant for $2,850 from the Division of Tourism, Film, and Sports Development's Tourism Matching Funds project. This grant will be used for an advertising campaign promoting Perquimans Historic Homes Tour and Perquimans Spring Weekend, May 21-23. The campaign is targeted to Hampton Roads, Virginia.

Business Status: The Newbold-White House/Perquimans County Restoration Association is a private, not-for-profit organization.

NC Department of Commerce
Division of Tourism, Film, and Sports Development
Heritage Tourism Positions
12-Apr-99

Employee name	Position number	Classification	Salary
Luanne S. Pendergraft	4618-0000-0018-785	Development Officer (68T)	$33,587
Lucille W. Joyner	4618-0000-0018-786	Development Officer (68T)	$35,549
Kay P. Brownley	4618-0000-0018-787	Development Officer (68T)	$35,549
Ronald L. Ruehl	4618-0000-0018-788	Development Officer (68T)	$35,549
Daniel L. Kidd	4618-0000-0018-789	Tourist Information Specialist (70)	$35,000
Katherine A. Etheridge	4618-0000-0018-790	Program Assistant IV (59)	$19,329

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State of North Carolina Office of State Personnel Position Description Form (PD-102R-92)	Approved Classification_____ Effective Date: _____ Analyst: _____ *(This Space for Personnel Department Use Only)*
1. Present Classification Title of Position New Positions	7. Pres. 15 Digit Pos. # /Prop. 15 Digit Pos. # 4618-0000-0018-785 4618-0000-0018-786 4618-0000-0018-787
2. Usual Working Title of Position	8. Dept., University, Commission or Agency NC Department of Commerce
3. Requested Classification of Position Development Officer (68T)	9. Institution and Division NC Travel and Tourism
4. Name of Supervisor Lynn D. Minges	10. Section and Unit
5. Supervisor's Position Title & Position # Director of Tourism Development (78T) #4618-0000-0018-108	11. Street Address, City and County 301 N. Wilmington Street Raleigh, NC 27601
10. Name of Employee VACANT	12. Location of Workplace, Bldg. and Room No. Education Building

I: GENERAL INFORMATION:

A. Primary Purpose of Organizational Unit:

The mission of the North Carolina Travel & Tourism Division is to unify and lead our state's travel industry toward the common goal of developing North Carolina as a major leisure travel, tour, and convention destination, and to develop and execute the marketing programs to accomplish this goal for the benefit of the travel industry, the economy, and the citizens of North Carolina.

B. Primary Purpose of Position:

The primary purpose of this position is to determine and develop various heritage/historic tourist sites within a specified region of the State. Position is tasked with site development, fund raising, and promotion. Position will develop program components and set policy and guidelines for each site and will pinpoint financial support through contact with various funding sources locally and statewide. Also, position must determine the most appropriate means of promotion at each site and will employ marketing strategies through the use of television, radio, and print media.

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C. **Work Schedule:**

8:00 a.m. to 5:00 p.m. Monday through Friday. Some assignments may require adjustments to normal schedule. Weekend work and travel will occur monthly.

D. **Change in Responsibilities or Organizational Relationship:**

As the tourism industry makes a shift to focus on heritage/historical site development, the Division is in need of three new position to spearhead the development of this specific market within the industry.

II. A. DESCRIPTION OF DUTIES AND RESPONSIBILITIES: (ORDER OF IMPORTANCE)

Regional Heritage Tourism Development - 65%

Position will oversee the development of long range plans related to establishing heritage/historical tourism sites, as well as the expansion of current sites. Position will be tasked with setting program goals and objectives for each site within a designated region. Position must initiate the efforts of each project, and will be responsible for developing procedures and guidelines where none have previously existed. Partnerships between agencies, organizations, and individuals at the local, state, regional, and national levels will be developed in order to carry out program goals and objectives. Position will serve a lead role in instructing, negotiating, and persuading local officials in order to promote economic growth and social improvement. This role will also involve directing and coordinating the work of residents and community leaders in developing cultural/historic attractions and assessing the potential for heritage development within the particular community. Assistance will be sought from local tourism developers in securing expertise either at the planning or implementation stages of more complex projects. Position will serve as the primary contact for all communities for interpreting and presenting resources, and in securing funding and identifying existing and potential heritage tourism resources.

This employee is to be the primary project coordinator of Heritage Tourism within a specified region and is not assigned particular aspects of projects under the supervision of a higher level specialist. The immediate supervisor will have little or no involvement with projects. Work requires familiarity with available resources in the state, within state government, and outside organizations.

Fundraising and Promotions - 35%

Will develop funding resources for all projects within the region. Funds will be needed for site maintenance, renovation, and promotion. Once funds have been determined, position will be responsible for prioritizing needs at each location and must determine how moneys should be spent. Position will also determine if and where admission fees are charged to visitors and will set fees according to relevant statistics. In general, position must market and promote heritage tourism and development in order to garner funding and support within the surrounding community. Marketing efforts will involve promoting programs/events through the news media (print, TV, radio). These efforts will include conducting research studies of proposed programs, such as economic impact, benefits, etc. Position will work with NC Travel and Tourism and other agencies and organizations to secure and provide the necessary technical assistance, coordination, and financial aid at different stages of the heritage tourism development process.

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II. B. OTHER POSITION CHARACTERISTICS:

1. Accuracy Required in Work:

Accuracy is critical to work as position must determine the most appropriate means of spending donated dollars as well as determining the most attractive and interesting way of presenting each historic site.

2. Consequence of Error:

Errors in decisions could result in the loss of community and local government support of various local sites. Without this level of support, sites will not be successful.

3. Instructions Provided to Employee:

Position will be responsible for at least a five county area within the State and will operate with minimal weekly supervision from the immediate supervisor.

4. Guides, Regulations, Policies and References Used by Employee:

State Personnel policy, local government law.

5. Supervision Received by Employee:

Minimal; no immediate supervisor on site.

6. Variety and Purpose of Personal Contacts:

Contacts run the gamut from local and State officials, community leaders and members, the general public. private organizations, local businesses, etc.

7. Physical Effort:

Some physical effort may be exerted in the initial stages of renovating a site, but shall be kept at a minimum.

8. Work Environment and Conditions:

Conditions range from typical office environment to surveying run down properties without electricity. Position may spend several continuous days outdoors in extreme weather conditions.

9. Machines, Tools, Instruments, Equipment and Materials Used:

General office supplies.

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10. Dynamics of Work:

Changes in priorities of work can result from local political interests or civic groups requesting the opening of specified sites within a community.

III. KNOWLEDGE, SKILLS & ABILITIES AND TRAINING & EXPERIENCE REQUIREMENTS

A. Knowledge, Skills and Abilities:

Position must have general research skills and be adept at locating and obtaining funds for heritage site development. Position must be knowledgeable of prioritizing needs, meeting project deadlines, allocating funds, and determining the most effective means of promoting a product.

B. 1. Required Minimum Training:

Graduation from a four year college or university and one year of experience in development, marketing, sales, or business management with proven ability to organize fund raising activities and motivate volunteers and volunteer groups; or an equivalent combination of training and experience.

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IV. CERTIFICATION: I certify that (a) I am the Immediate Supervisor of this position, that (b) I have provided a complete and accurate description of responsibilities and duties and (c) I have verified (and reconciled as needed) its accuracy and completeness with the employee.

Signature _____ Title _____ Date: _____

Employee's Certification: I certify that I have reviewed this position description and that it is a complete and accurate description of my responsibilities and duties.

Signature _____ Title _____ Date _____

Section or Division Manager's Certification: I certify that this position description, completed by the above named immediate supervisor, is complete and accurate..

Signature _____ Title _____ Date: _____

Department Head or Authorized Representative's Certification: I certify that this is an authorized, official position description of the subject position.

Signature Leo Tilley Title Asst Secretary-Adm Date: 9/23/97

R-79

State of North Carolina Office of State Personnel Position Description Form (PD-102R-92)	Approved Classification_____ Effective Date: _____ Analyst: _____ *(This Space for Personnel Department Use Only)*
1. Present Classification Title of Position New Positions	7. Pres. 15 Digit Pos. # /Prop. 15 Digit Pos. # 4618-0000-0018-788
2. Usual Working Title of Position Heritage Tourism Specialist	8. Dept., University, Commission or Agency NC Department of Commerce
3. Requested Classification of Position Development Officer (68T)	9. Institution and Division NC Travel and Tourism
4. Name of Supervisor Lynn D. Minges	10. Section and Unit
5. Supervisor's Position Title & Position # Director of Tourism Development (78T) #4618-0000-0018-108	11. Street Address, City and County 301 N. Wilmington Street Raleigh, NC 27601
10. Name of Employee VACANT	12. Location of Workplace, Bldg. and Room No. Education Building

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B. Primary Purpose of Position:

The primary purpose of this position is to determine and develop various heritage/historic tourist sites within a specified region of the State. Position is tasked with site development, fund raising, and promotion. Position will develop program components and set policy and guidelines for each site and will pinpoint financial support through contact with various funding sources locally and statewide. Also, position must determine the most appropriate means of promotion at each site and will employ marketing strategies through the use of television, radio, and print media.

R-80

C. Work Schedule:

8:00 a.m. to 5:00 p.m. Monday through Friday. Some assignments may require adjustments to normal schedule. Weekend work and travel will occur monthly.

D. Change in Responsibilities or Organizational Relationship:

As the tourism industry makes a shift to focus on heritage/historical site development, the Division is in need of three new position to spearhead the development of this specific market within the industry.

II. A. DESCRIPTION OF DUTIES AND RESPONSIBILITIES: (ORDER OF IMPORTANCE)

Regional Heritage Tourism Development - 65%

Position will oversee the development of long range plans related to establishing heritage/historical tourism sites, as well as the expansion of current sites. Position will be tasked with setting program goals and objectives for each site within a designated region. Position must initiate the efforts of each project, and will be responsible for developing procedures and guidelines where none have previously existed. Partnerships between agencies, organizations, and individuals at the local, state, regional, and national levels will be developed in order to carry out program goals and objectives. Position will serve a lead role in instructing, negotiating, and persuading local officials in order to promote economic growth and social improvement. This role will also involve directing and coordinating the work of residents and community leaders in developing cultural/historic attractions and assessing the potential for heritage development within the particular community. Assistance will be sought from local tourism developers in securing expertise either at the planning or implementation stages of more complex projects. Position will serve as the primary contact for all communities for interpreting and presenting resources, and in securing funding and identifying existing and potential heritage tourism resources.

This employee is to be the primary project coordinator of Heritage Tourism within a specified region and is not assigned particular aspects of projects under the supervision of a higher level specialist. The immediate supervisor will have little or no involvement with projects. Work requires familiarity with available resources in the state, within state government, and outside organizations.

Fundraising and Promotions - 35%

Will develop funding resources for all projects within the region. Funds will be needed for site maintenance, renovation, and promotion. Once funds have been determined, position will be responsible for prioritizing needs at each location and must determine how moneys should be spent. Position will also determine if and where admission fees are charged to visitors and will set fees according to relevant statistics. In general, position must market and promote heritage tourism and development in order to garner funding and support within the surrounding community. Marketing efforts will involve promoting programs/events through the news media (print, TV, radio). These efforts will include conducting research studies of proposed programs, such as economic impact, benefits, etc. Position will work with NC Travel and Tourism and other agencies and organizations to secure and provide the necessary technical assistance, coordination, and financial aid at different stages of the heritage tourism development process.

R-81

B. OTHER POSITION CHARACTERISTICS:

1. Accuracy Required in Work:

Accuracy is critical to work as position must determine the most appropriate means of spending donated dollars as well as determining the most attractive and interesting way of presenting each historic site.

2. Consequence of Error:

Errors in decisions could result in the loss of community and local government support of various local sites. Without this level of support, sites will not be successful.

3. Instructions Provided to Employee:

Position will be responsible for at least a five county area within the State and will operate with minimal weekly supervision from the immediate supervisor.

4. Guides, Regulations, Policies and References Used by Employee:

State Personnel policy, local government law.

5. Supervision Received by Employee:

Minimal; no immediate supervisor on site.

6. Variety and Purpose of Personal Contacts:

Contacts run the gamut from local and State officials, community leaders and members, the general public, private organizations, local businesses, etc.

7. Physical Effort:

Some physical effort may be exerted in the initial stages of renovating a site, but shall be kept at a minimum.

8. Work Environment and Conditions:

Conditions range from typical office environment to surveying run down properties without electricity. Position may spend several continuous days outdoors in extreme weather conditions.

9. Machines, Tools, Instruments, Equipment and Materials Used:

General office supplies.

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10. **Dynamics of Work:**

Changes in priorities of work can result from local political interests or civic groups requesting the opening of specified sites within a community.

III. KNOWLEDGE, SKILLS & ABILITIES AND TRAINING & EXPERIENCE REQUIREMENTS

A. Knowledge, Skills and Abilities:

Position must have general research skills and be adept at locating and obtaining funds for heritage site development. Position must be knowledgeable of prioritizing needs, meeting project deadlines, allocating funds, and determining the most effective means of promoting a product.

B. 1. Required Minimum Training:

Graduation from a four year college or university and one year of experience in development, marketing, sales, or business management with proven ability to organize fund raising activities and motivate volunteers and volunteer groups; or an equivalent combination of training and experience.

IV. CERTIFICATION: I certify that (a) I am the Immediate Supervisor of this position, that (b) I have provided a complete and accurate description of responsibilities and duties and (c) I have verified (and reconciled as needed) its accuracy and completeness with the employee.

Signature _____ Title _____ Date: _____

Employee's Certification: I certify that I have reviewed this position description and that it is a complete and accurate description of my responsibilities and duties.

Signature _____ Title _____ Date _____

Section or Division Manager's Certification: I certify that this position description, completed by the above named immediate supervisor, is complete and accurate..

Signature L. Leo Tilley Title Asst Secretary Date: 12/12/97

Department Head or Authorized Representative's Certification: I certify that this is an authorized, official position description of the subject position.

Signature _____ Title _____ Date: _____

R-84

State of North Carolina Office of State Personnel Position Description Form (PD-102R-92)	Approved Classification Effective Date: Analyst: *(This Space for Personnel Department Use Only)*
1. Present Classification Title of Position new position	7. Pres. 15 Digit Pos. # /Prop. 15 Digit Pos. # 4614 - 0000 - 0018 - 789
2. Usual Working Title of Position Director of Heritage Tourism	8. Dept., University, Commission or Agency Department of Commerce
3. Requested Classification of Position Tourist Information Specialist	9. Institution and Division Division of Tourism, Film, and Sports Development
4. Name of Supervisor Gordon Clapp	10. Section and Unit Office of Tourism
5. Supervisor's Position Title & Position # Division Director, # 18000	11. Street Address, City and County 301 N. Wilmington St., Raleigh, NC 27601
10. Name of Employee	12. Location of Workplace, Bldg. and Room No. Education Building, 1st Floor

I: GENERAL INFORMATION:

A. Primary Purpose of Organizational Unit:

The mission of the NC Office of Tourism is to unify and lead our state's travel industry toward the common goal of developing North Carolina as a major leisure travel, tour and convention destination, and to develop and execute the marketing programs to accomplish this goal for the benefit of the travel industry, the economy and the citizens of North Carolina.

Specific Goals:

- Maximizing the economic benefits of travel and tourism to the State of North Carolina and its residents, including economic development, the creation of new jobs, and the creation of new business.
- Enhancing the contribution of travel and tourism to the physical, cultural and social well-being of the state's residents.
- Increasing North Carolina's travel and tourism competitive advantage in the Southeast and the nation.

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- Providing direction for the effective promotion, orderly development, and coordination of travel as a sustainable product.
- Optimizing coordination and communication among North Carolina's tourism partners including public agencies, travel distributors and private sector tourism suppliers.
- Developing opportunities for professional education, technical assistance, training and product development for the travel industry.
- Enhancing North Carolina's image as both a desirable destination and a leader in the travel industry.
- Encouraging the optimal use and protection of North Carolina's natural and human resources.

B. Primary Purpose of Position:

This position is responsible for planning, design, implementation, and coordination of North Carolina's Heritage Tourism Program. It is responsible for setting policy and guidelines which relate to NC heritage tourism program and for coordinating the work of heritage tourism development initiatives including partnerships between a diverse group of agencies, organizations and individuals at the local, state, regional, and national levels, in order to achieve the protection and promotion of our state's valuable heritage assets. Key components of this heritage development strategy will include: education and technical assistance, product assessment, resource protection, product development, and marketing.

Position will:

- Promote heritage tourism and its value to economic and community development programs
- develop or reinforce existing organizations to gain and maintain broad involvement in their heritage tourism development process
- coordinate and oversee the compilation and management of an inventory/database of heritage assets statewide
- enhance this inventory to include "hidden" assets that need to be considered in future planning, development and marketing
- ensure compatibility of these data for use in inter-community or corridor tourism development and marketing by designing inventory templates and setting standards and criteria
- assess the preservation needs, thematic potential, and carrying capacities of individual sites and communities
- plan heritage asset protection, interpretation, and marketing together with appropriate infrastructure development
- coordinate technical assistance teams and the work necessary to develop and then implement heritage tourism plans at the local, state, and regional level
- develop marketing strategies to promote heritage tourism

C. Work Schedule:

8:00 a.m. to 5:00 p.m. Monday through Friday. Some assignments may require adjustments to normal schedule. Travel will occur frequently and some limited weekend work may be required.

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D. Change in Responsibilities or Organizational Relationship

Heritage tourism--the identification, development, and marketing of our state's natural, cultural and historic resources– has emerged as a promising vehicle for economic development and has become a major focus of the NC Division of Tourism, Film, and Sports Development and. This position is needed to direct the NC heritage tourism development program for the Department of Commerce and to coordinate the work of other agencies and organizations throughout the state who are involved in heritage tourism efforts.

II. A. DESCRIPTION OF DUTIES AND RESPONSIBILITIES: (ORDER OF IMPORTANCE)

Planning and Development--40%

Position will develop a comprehensive statewide heritage tourism program and will set policy and guidelines which relate to heritage tourism development. It will be responsible for forming partnerships with a wide range of state agencies, statewide associations, regional initiatives, tourism development authorities, community development programs, corporate leaders, non-profits, foundations, and others. Position will be responsible for overseeing and coordinating an extensive and diverse inventory/database of all NC heritage assets and for developing a mapping system showing heritage sites as well as roads, public lands, protected areas, parking and relationships to other similar areas. Position will also be responsible for developing a heritage tourism growth plan , a long range heritage tourism plan for NC, and coordinating research efforts on a statewide basis which relate to heritage tourism development and promotion.

Education /Technical Assistance--40%:

Position will be responsible for educating a diverse group of individuals and organizations about the importance of heritage tourism and its value to a local community. and to our state and will serve as a central source of information. Position will work with local, state and regional officials as well as local citizens to bring them together to promote economic and social improvement, while protecting important natural, cultural and historic resources. Position will work in conjunction with community and economic developers and tourism/marketing professionals to :

- Identify resources and evaluate their potential for heritage development
- Provide examples of heritage tourism strategies for consideration by the host community
- Help communities prioritize goals and objectives
- Help interpret local resources/traditions and ensure authencity in preservation/development

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- Help communities convert their knowledge and inventories into a planning/development tool and rewarding tourism experience and
- Act as a mediator/facilitator to reconcile differences as necessary.

The position will help to supplement the community-based survey and planning efforts and provide technical assistance in interpretation and heritage programming. It will educate and encourage local ownership of heritage tourism-related businesses, which will enable continued local control of heritage development and programming, and will promote economic development, civic involvement and enhanced quality of life in heritage communities.

Marketing--20%:
Heritage tourism relies on a regional approach to tour planning and development, promoting visitation to a number of sites along a circuit, or connected by a particular themes. This position will be responsible for coordinating the marketing of heritage tourism in the state and for determining the appropriate marketing strategies through the use of creative television, radio, print and electronic media.

II. B. OTHER POSITION CHARACTERISTICS:

1. **Accuracy Required in Work:**
Accuracy is critical to work.

2. **Consequence of Error:**
Errors in decisions could result in the loss of state, community and local government support for various heritage tourism initiatives.

3. **Instructions Provided to Employee:**

Position will be responsible for a management and oversight of a statewide program and will receive limited supervision and oversight. Division director will insure that program goals are consistent with division and departmental goals and objectives.

4. **Guides, Regulations, Policies and References Used by Employee:**
State personnel policy, state and local governmental law, Commerce Department Strategic Plan, and Division of Tourism, Film, and Sports Development Strategic Plan.

5. **Supervision Received by Employee:**
Minimal. Employee should initiate and manage program with minimal supervision. This position is expected to identify, research, and develop goals and objectives which are consistent with department and division goals. Supervision is of a very broad nature.

6. **Variety and Purpose of Personal Contacts:**
Contacts include a diverse group of local and state officials, community and business leaders, foundations, non-profits, and other organizations.

7. **Physical Effort:**
Minimal.

8. **Work Environment and Conditions:**

Most work is performed in an office environment. Travel may be required to remote and rural areas.

9. **Machines, Tools, Instruments, Equipment and Materials Used:**
General office equipment.

10. **Dynamics of Work:**
Work is varied and diverse. Dramatic shifts in goals and priorities can occur quickly and the ability to adapt appropriately is critical in this role. Ability to handle multiple tasks simultaneously, moving effectively from one to another is crucial. Work requires constituent evaluation and analysis of changing circumstances and rapid formulation of appropriate responses and solutions. Requests for assistance can come at any moment from members of the travel industry, the public, local community leadership, news media, prospective economic development clients, elected officials, department secretaries or the Governor's office. The ability to change and adapt quickly with little guidance is critical.

III. KNOWLEDGE, SKILLS & ABILITIES AND TRAINING & EXPERIENCE REQUIREMENTS

A. Knowledge, Skills and Abilities:

Position requires extensive knowledge of community and economic development, tourism planning and marketing, and product development. Position must have excellent writing and speaking skills and the leadership and management skills to build consensus and coalitions among a diverse group of people in order to reach goals. Must have a good appreciation of North Carolina's natural, historical, and cultural assets.

B. 1. **Required Minimum Training:**

Position requires graduation from a four-year college or university and three years experience in public relations, communications, or publicity work; or graduation from high school and six years experience in public relations, communications, or publicity work; or an equivalent combination of training and experience.

2. **Additional Training/Experience:**

Experience in tourism product development and marketing, economic and community development, business development, and administration, or strategic planning are preferred.

IV. **CERTIFICATION:** I certify that (a) I am the Immediate Supervisor of this position, that (b) I have provided a complete and accurate description of responsibilities and duties and (c) I have verified (and reconciled as needed) its accuracy and completeness with the employee.

Signature Evan W. Clapp Title Director Date: 1/21/98

Employee's Certification: I certify that I have reviewed this position description and that it is a complete and accurate description of my responsibilities and duties.

Signature _____ Title _____ Date ____

Section or Division Manager's Certification: I certify that this position description, completed by the above named immediate supervisor, is complete and accurate..

Signature _____ Title _____ Date: ___

Department Head or Authorized Representative's Certification: I certify that this is an authorized, official position description of the subject position.

Signature _____ Title _____ Date: ___

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State of North Carolina Office of State Personnel Position Description Form (PD-OSS-92)	Approved Classification Effective Date: Analyst: (This Space for Personnel Department Use Only)
1. Present Classification Title of Position New Position	7. Pres. 15 Digit Pos. # /Prop. 15 Digit Pos. # 4618-0000-0018-790
2. Usual Working Title of Position Heritage Tourism Program Assistant	8. Dept., University, Commission or Agency Commerce
3. Requested Classification of Position Program Assistant IV	9. Institution and Division Division of Tourism, Film, and Sports Development
4. Name of Supervisor	10. Section and Unit Office of Tourism
5. Supervisor's Position Title & Position # Director of Heritage Tourism	11. Street Address, City and County 310 N. Wilmington Street
10. Name of Employee	12. Location of Workplace, Bldg. and Room No. 1st Floor, Education Building

CERTIFICATION: Signatures indicate agreement with all information provided, including designation of essential functions.

SUPERVISOR'S CERTIFICATION: I certify that (a) I am the Immediate Supervisor of this position, that (b) I have provided a complete and accurate description of responsibilities and duties and (c) I have verified (and reconciled as needed) its accuracy and completeness with the employee.

Signature _____ Title _____ Date _____

EMPLOYEE'S CERTIFICATION: I certify that I have reviewed this position description and that it is a complete and accurate description of my responsibilities and duties.

Signature VACANT Title _____ Date _____

SECTION OR DIVISION MANAGER'S CERTIFICATION: I certify that this position description, completed by the above named immediate supervisor, is complete and accurate..

Signature [signature] Title Director Date Jan. 21, 1998

PERSONNEL DIRECTOR'S CERTIFICATION: I certify that this is an authorized, official position description of the subject position.

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Signature _____ Title _____ Date _____

SECTION I: GENERAL INFORMATION

A. PRIMARY PURPOSE OF ORGANIZATIONAL UNIT

The mission of the NC Office of Tourism is to unify and lead our state's travel industry toward the common goal of developing North Carolina as a major leisure travel, tour and convention destination, and to develop and execute the marketing programs to accomplish this goal for the benefit of the travel industry, the economy and the citizens of North Carolina.

Specific Goals:

- Maximizing the economic benefits of travel and tourism to the State of North Carolina and its residents, including economic development, the creation of new jobs, and the creation of new business.
- Enhancing the contribution of travel and tourism to the physical, cultural and social well-being of the state's residents.
- Increasing North Carolina's travel and tourism competitive advantage in the Southeast and the nation.
- Providing direction for the effective promotion, orderly development, and coordination of travel as a sustainable product.
- Optimizing coordination and communication among North Carolina's tourism partners including public agencies, travel distributors and private sector tourism suppliers.
- Developing opportunities for professional education, technical assistance, training and product development for the travel industry.
- Enhancing North Carolina's image as both a desirable destination and a leader in the travel industry.
- Encouraging the optimal use and protection of North Carolina's natural and human resources.

B. PRIMARY PURPOSE OF POSITION

This position will support the work of the heritage tourism program. It will assist with day to day office procedures including data entry, record keeping, drafting letters, answering telephone and written inquiries which relate to the heritage program, filing, taking minutes at heritage tourism meetings, preparing agendas, assisting with meeting arrangements and details, assisting with presentation materials, etc.

C. CHANGES IN ORGANIZATIONAL STRUCTURE

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Heritage tourism–the identification, development, and marketing of our state's natural, cultural and historic resources– has emerged as a promising vehicle for economic development and has become a major focus of the NC Division of Tourism, Film, and Sports Development and. This position is needed to assist the director of the NC heritage tourism development program for the Department of Commerce and to assist with the coordination of the work of other agencies and organizations throughout the state who are involved in heritage tourism efforts.

SECTION II : DUTIES AND RESPONSIBILITIES

A. PUBLIC CONTACT (nature, scope, purpose and frequency of personal contact with persons within the agency, other agencies and organizations and the general public)

Position will have a considerable amount of public contact with tourism development authorities, local and state officials, economic development officials, community development planners, and representatives from a diverse array of organizations and agencies who are involved in heritage tourism planning and development.

Position will work directly with Destination Marketing Organizations and Convention and Visitor Bureaus, as well as Chambers of Commerce and Local and State Arts Councils, etc. in responding to requests for information regarding heritage tourism and related data, meetings, research, etc. Position will be responsible for gathering inventory information and updating it periodically as changes occur in the industry.

Position will assist with details and arrangements of planning the annual Heritage Tourism Conference including registration, mailings, sponsorships, speakers, preparing package materials, etc.

B. RECORDS AND REPORTS (include all major processing steps from receiving the document to final processing)

This position will be responsible for data collection of the state's heritage assets. Position will enter data into the states comprehensive heritage tourism inventory and keep it maintained on a current basis. Position will be responsible for keeping all relevant records and reports associated with the heritage tourism development and promotion program and for providing that information (or appropriate portions of it) to assist local and state government leaders, agency heads, community leaders, etc. Research data, community profiles, etc. will be maintained and kept current by this position.

C. COMPOSITION (composing and drafting documents- NOT typing or transcribing)

Position will be responsible for the development of support materials for the heritage tourism development and marketing program. Position will draft correspondence, prepare educational and technical assistance materials as needed using appropriate research and inventory information. Position will routinely prepare presentation materials including Power Point presentations, etc. and will be responsible for making appropriate modifications and changes to the Heritage database/inventory including updating both Internet and Intranet sites.

D. OFFICE EQUIPMENT OPERATION (operating any office machine to process or complete work)

Employee in this position should have good computer skills and experience working a windows 95 environment. Employee should be familiar with Access, Excell, Powerpoint, Word 6.0, MS Mail, etc. (computer work will comprise approximately 80% of the employees office equipment responsibilities.) Employee will answer industry related telephone calls and respond to voice mail inquiries (10%).

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Employee will also operate a fax machine (5%) and copier (5%).

E. FILES (retaining, filing, accessing, and/or managing the work unit's collection of forms, records, papers, and/or reports)

Employee will be responsible for setting up and maintaining a heritage tourism filing system.

F. MAIL (incoming and outgoing correspondence, documents, packages and applications)

Employee will review and independently handle routine mail which is received in the heritage tourism section. Employee will file appropriate information, respond independently to routine inquiries or requests for information, and route important information to the director of heritage tourism for personal response.

G. SUPERVISION EXERCISED (if applicable)

None

H. OTHER (Any other work performed)

Position will be responsible for coordination and assisting with planning of the annual Heritage Tourism Conference which is a statewide conference attended by tourism officials, and key members of the history, arts, and cultural communities. Much independent decision-making is involved in arrangements for this conference--sponsors, agenda, budgeting and calculating registration costs, collecting registrations, etc.

SECTION III : PERCENTAGES OF TIME RANK ORDER OF IMPORTANCE BY FUNCTIONAL AREA

Estimate the percentage of time spent in each functional area. The total percentages of time should equal 100. Rank the functions according in order of importance (1 being most important) .

Functional Area	Percentage Based on all Functions	Rank of Importance	Functional Area	Percentage Based on all Functions	Rank of Importance
Public Contact	30%	1	Files	5%	5
Records and Reports	15%	4	Mail	5%	6
Composition	20%	2	Supervision	0%	
Office Equipment Operation	20%	3	Other	5%	7

SECTION IV: ADDITIONAL CONSIDERATIONS

A. SUPERVISION RECEIVED

Functions:

- Public Contact--tasks are completed with minimal supervision

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- Records and reports--tasks are completed with no supervision
- Files--tasks are completed with no supervision
- Composition --tasks are frequently completed with no supervision: however, most will have the final review/approval of the director
- Office equipment operation--tasks are completed with no supervision.
- Mail–tasks are completed with no supervision

B. RESOURCE AND GUIDELINE AVAILABILITY

SECTION V : QUALIFICATIONS REQUIRED

Graduation from high school and demonstrated possession of knowledge, skills, and abilities gained through at least one year of office assistant/secretarial experience; or an equivalent combination of training and experience. Prefer three years experience in data base maintenance and a comprehensive knowledge of Microsoft Office for Windows and Access; Ideal candidates will have demonstrated excellent organizational skills; be detailed oriented, and have the ability to work well under deadlines.

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North Carolina Division of Tourism, Film and Sports Development

1998-99 Rural Tourism Grant Recipients

Submitting Organization	Project Title	Money Awarded	Counties Affected
Martin County Travel & Tourism Authority	Coastal Carolina Trail Master Plan(Rail Trails)	$6,500	Martin
Havelock Chamber of Commerce	Trade Store Restoration Project	$25,000	Craven
Swain County Economic Development Commission	Tuckaseigee River-Governor's Island Boat Take Out	$25,000	Swain
Greater Hyde County Chamber of Commerce Tourism Committee	Queen Anne's Revenge Replica	$20,000	Hyde
NC Zoological Society	Development of the Pisgah Covered Bridge	$25,000	Randolph
Town of Long Beach	Waterway Park Nature Center	$25,000	Brunswick
Yancey County Historical Association	Display Cases for the Yancey County Museum Start-up	$24,990	Yancey
LaGrange Redevelopment Foundation	LaGrange Regional Cultural, Historical & Art Museum	$15,000	Lenoir
Sanford Area Chamber of Commerce	Tourism Development Campaign	$6,000	Lee
Camden County	Camden County Museum	$4,125	Camden
Better Badin, Inc.	Town of Badin Museum	$25,000	Stanly
Onslow County Tourism	Development of the Sturgeon City Waterfront	$25,000	Onslow
Hatteras Island Business Association	Hatteras Island Restroom Facilities	$25,000	Dare
Jones County Manager & EDC	Heritage Tourism Implementation Program	$19,572	Jones
Alleghany County Chamber of Commerce	Office Technology Development Grant	$6,053	Alleghany
Henderson Vance County Chamber of Commerce	Visitor Information & Resource Center	$5,000	Vance
Averasboro Battlefield Commission, Inc.	Refit & Development of the Averasboro Battlefield Museum Artifacts & Weapons Display Area	$17,760	Harnett
Total		$300,000	

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North Carolina Division of Tourism, Film and Sports Development

1997-98 Rural Tourism Grant Recipients

Submitting Organization	Project Title	Money Awarded	Counties Affected
Atlantic Coastal Corporation	TOUR America - NC Coastal Project	$25,000	Hyde
City of Kinston Parks & Recreation Dept.	Neuseway Nature Center and Climbing Rock	$25,000	Lenoir
Concerned Citizens of Tillery, Inc.	African-American Heritage Tourism Day in Tillery	$25,000	Halifax
Greater Hyde County C of C Tourism Committee	Hyde County Talking Houses and Historic Places	$2,200	Hyde
Halifax County TDA	Lake Gaston Public Access Project	$12,000	Halifax
Meherrin Indian Tribe, Inc.	Development of a Meherrin Village	$25,000	Hertford
Murfreesboro Historical Association	MurfreesboroWaterfront Dvlpmnt Strategic Plan	$25,000	Hertford
NC Coastal Waters Heritage Tourism Council	NC Coastal Waters Heritage Tourism Council	$13,910	Beaufort
NC High Country Host	Accommodations Communications Project	$21,890	Watauga, Ashe, Alleghany, Wilkes, Avery, Mitchell
North Carolina Pottery Center	Seagrove Pottery Information Display	$25,000	Randolph
Partnership for the Sounds	Columbia Theatre Sportsman Animation Exhibit	$25,000	Tyrrell
Smoky Mountain Host of North Carolina	Regional Data-Based Inquiry System	$25,000	Cherokee, Clay, Macon, Jackson, Graham, Haywood, Swain
Trail of Faith	Waldensian Trail of Faith	$25,000	Burke
Yadkin County	Upper Yadkin River Valley Heritage	$25,000	Yadkin
Total		$300,000	

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North Carolina Division of Tourism, Film and Sports Development

1996-97 Rural Tourism Grant Recipients

Submitting Organization	Project Title	Money Awarded	Counties Affected
Alamance County Historical Museum	1874 Granary Restoration for Exhibits	$3,000	Alamance
Mid-East Resource Conservation & Development	Lower Roanoke River Canoe Platform Development Project	$25,000	Bertie, Washington, Martin
Partnership for the Sounds	Floating Aqualab for the NC Estuarium	$20,000	Beaufort
Mattamuskeet National Wildlife Refuge	Holland Circle - Old Town Center Walk	$19,000	Hyde
Blowing Rock Stage Company, Inc.	Two - Way Stop	$5,000	Watauga
Swain County Economic Development Corporation	Private Take-Out Rehabilitation Nantahala River	$14,000	Swain
Cherokee County Chamber of Commerce	Hanging Dog Bicycle Trail	$9,000	Cherokee
Total		$95,000	

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North Carolina
Department of Commerce

James B. Hunt, Jr., Governor **Rick Carlisle, Secretary**

Memorandum

Date: April 14, 1999

To: Joint Appropriation Subcommittee for Natural and Economic Resources

From: Brent Lane, Executive Director
Center for Entrepreneurship and Technology

Subject: Revised Response to Fiscal Research staff information request

In response to questions raised during the presentation on the Center for Entrepreneurship and Technology, I offer the following clarification on the role of the Center.

Background of Center for Entrepreneurship and Technology and its Relationship to NC ACTS

The Center began the 1998-99 fiscal year as the North Carolina Alliance for Competitive Technologies (NCACTs). NCACTs was established in 1994 by Executive Order of Governor Jim Hunt as the State of North Carolina's technology-based economic development strategic planning and coordinating body. NCACTs' mission was to plan, coordinate and evaluate the state's technology-based economic development efforts and serve as a catalyst in forging strategic partnerships to link support with the needs of new and existing technology and manufacturing firms to ensure North Carolina's leadership position in the worldwide marketplace.

From its establishment in 1994 until the state fiscal year of 1997-98 NCACTs was jointly funded by the federal government and the North Carolina legislature through annual non-recurring appropriations. Beginning with the state fiscal year 1997-98 NCACTs was funded entirely through recurring state appropriations (with the exception of some unspent federal funds) and was placed administratively within the Department of Commerce.

During the first two quarters of the fiscal year a reorganization of NCACTs was planned and implemented. Under the reorganization announced by the Secretary of Commerce in January 1999,

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in addition to its existing mission, NCACTs assumed responsibility for the Department's entrepreneurship and small business initiatives. In recognition of this expansion of its mission NCACTs was renamed the Center for Entrepreneurship and Technology (CE&T). Moreover, the Commerce Department has allocated additional personnel and financial resources to support this expanded mission, as well as to continue the responsibilities charged to NCACTs by the General Assembly.

Center Activities

The Center, as with NCACTs, undertakes information gathering and infrastructure building activities that focus on research, technology development, and technology deployment for key industries and addresses critical issues facing the state. It coordinates and helps organize state investments in accordance with a coherent long-range policy for application of technological resources to industry needs and the economic development of the State. It undertakes studies, surveys, focus groups, task forces and committees to determine needs, assess organizational capabilities, and determine client satisfaction with services. To the maximum extent possible, the Center conducts its programs through existing research, development, and manufacturing modernization agencies and organizations.

The Center's activities in this regard encompass several categories:

Industry Sector Competitiveness Strategies

As with NCACTs, the Center collaborates with North Carolina industry in the performance of competitiveness analyses of targeted industry sectors producing significant levels of entrepreneurial activity. The Center performs analyses of industries selected based upon 1) the relative predominance of entrepreneurial firms within the industry and 2) the relative economic importance of the industry in terms of the share of employment on a statewide or regional basis.

Each analysis consists of several tasks intended to identify opportunities - and requisite resources - to enhance the competitive position of that industry across the state. The tasks involved in each study include:

- the composition of a directory of the entrepreneurial companies constituting the studied industry, to include current information on each companies location, revenues, employment, as well as aggregated data quantifying that industry's entrepreneurs' contribution to the state's economy;
- the identification and characterization of the resources (technology, capital, markets) which either enabled or facilitated the development of industry entrepreneurs;
- the characterization of a broad cross section of identified firms, performed through survey utilizing telephone interviews and direct-mailed instruments, to describe individual firm growth rates and to identify key growth factors and resource access issues;
- The development of detailed case studies of representative companies to elaborate on firm-specified growth factors, such as access to technologies and innovations, growth capital and/or financing, and markets

During the 1997-99 biennium several of these studies were initiated or culminated. These included:

Hosiery Industry
Building upon initiatives begun with the assistance of NCACTs in 1995-96, the Carolina Hosiery Association (CHA), with the help of the Center, began designing and implementing a hosiery-marketing network. Six CHA members agreed to team together to identify niche markets for their products. A coordinator was hired and the network was implemented. The marketing network coordinator has begun to identify market niches and implement their overall plan.

The industry and the Center jointly funded research by the College of Textiles at North Carolina State University to transfer technology used in the textile industry to automate the hosiery industry's boarding process. The second phase of this project has been completed. A Consortium was formed in May 1997 based on this work with 23 firms providing dues to date -- an unprecedented step for this industry. A workflow analyses and benchmarking study of the industry was undertaken with the College of Textiles and MEP. Also, two prototype automated boarding technology projects completed by senior design students in the College of Textiles were integrated into a single prototype piece of equipment that will be licensed to a manufacturer for introduction into the hosiery industry.

Environmental Technologies
During the 1997-99 biennium, the Center assisted the North Carolina Environmental Technologies Consortium in taking a number of actions to move the organization forward towards full operation as a freestanding entity. The Center provided NC ETC with $100,000 of its federal funds (with NIST approval) to be matched equally by the Consortium to help seed the organization's first year operations.

In addition, the Research Triangle Environmental Technology Business Roundtable met in September 1997 at EPA laboratories in RTP to discuss EPA's new air quality standards; how they will affect businesses and communities, and what costs and opportunities are associated with them. Additional roundtables are planned with the hope of expanding to other locations throughout the state.

Communications Technologies
With Center support the North Carolina Electronic and Information Technology Association completed a strategy for the communications industry entitled, "Strategies for a Competitive Communications Industry in North Carolina." During the biennium the high tech higher education survey has been completed, providing additional detail on the needs of information technologies workers. Education and training is the priority area of the communications strategy and this survey helps provide the details in order to further implement this strategy.

Biosciences
The Center supported the non-profit group, NC BIO, in completing a comprehensive competitiveness strategy for the biosciences industry.

Manufactured Housing
The Center supported the North Carolina Manufactured Housing Institute (NCMHI) in completing a comprehensive strategy for the manufactured housing industry.

Metalworking
Under the Center's leadership, the Piedmont-Triad Center for Advanced Manufacturing (PT-CAM) convened a CEO panel of metals industry leaders to work with their consultant to develop a strategic plan for the metals industry. PT-CAM and the consultant also completed a survey for -the industry. The Center provided PT-CAM with an additional $15,000 to complete its strategy.

Plastics Industries
The Center supported the Southern Chapter of the Society of Plastics Industry in conducting a study on behalf of the plastics industry in both North and South Carolina. This study, jointly funded by the Center and the Economic Development Corporation of South Carolina, found that the plastics industry has grown into a large and important element in the manufacturing economy of North Carolina and South Carolina. There are 535 plastic firms in the two Carolinas employing over 40,000 people. Employment growth and growth in value of shipments is higher than the overall manufacturing employment growth of the two states.

Higher Education Survey
The Center joined with the state's two leading technology associations - NCEITA and the North Carolina Biosciences Organization (NC BIO) - and the triangle-area higher education institutions (four research universities and five community colleges) to conduct a survey to evaluate adult workers continuing education needs within the communications and other high technology industries. The survey found that 38% of existing high tech workers took education and training courses in the past year but that 92% would take such classes in the future if courses were offered at times and locations convenient to employees. The report includes recommendations that are receiving active review by higher education officials currently.

SBIR Pilot Demonstration Project
During the biennium the Center and the Technology Development Authority (TDA) co-funded a pilot demonstration project to increase North Carolina firms participation in the federal Small Business Innovation Research (SBIR) program.

Rural North Carolina Entrepreneurial Growth Study
During the biennium the Center, East Carolina University, the North Carolina Rural Economic Development Center and the Appalachian Regional Commission cosponsored the "Rural North Carolina Entrepreneurial Growth Study." The study was conducted to develop a better understanding of North Carolina's emerging growth companies in rural parts of the state -- particularly innovative technology and manufacturing firms -- to enhance public and private sector efforts in entrepreneurial development. By understanding the means by which companies in rural North Carolina have both overcome obstacles and exploited advantages, the study provided information to guide state and local organizations in formulating economic development strategies.

Information Technologies Matching Support Program
The Center and the Kenan Institute for Science and Engineering established a matching support program, the North Carolina Information Technology Matching Support Program (ISTMAP) to facilitate creation of information technology industry/university partnerships. This program

leveraged dollars and built relationships between North Carolina's higher education institutions and the state's emerging information technologies industries. Under the program, a Kenan investment of $70,000 was matched by $70,000 from the Center, $83,878 from universities and $80,000 from firms, for an overall leverage of $3.34 for each $1 of Federal funds. The program was designed to fund up to 10 projects. Eight proposals were submitted from NCSU and Duke University. Seven projects were approved with Federal funds of $10,000 in each project.

North Carolina Strategic Technology and Applied Research Program Development

Based upon the experience of the ISTMAP the Center worked with university and foundation officials to develop the North Carolina Strategic Technology and Applied Research (NC-STAR) program. This program will provide matching grant funding for applied research collaborations involving universities and entrepreneurial industries from across North Carolina. The goal of the NC-STAR program is encouraging the interaction of faculty members with entrepreneurs in the development and commercialization of innovative processes, products and services.

Innovation is often the key to global competitiveness for North Carolina entrepreneurial firms across a broad range of industries. Fortunately, the State possesses expertise within its universities that can be a valuable resource for these firms. Collaborative relationships between entrepreneurial companies and university faculty and researchers can enable these firms to develop new products and services more expeditiously. The NC-STAR program, by providing small matching grant support, will encourage the initiation of such collaborations.

The NC-STAR program is based on successful matching grant programs created by the Kenan Institute for Engineering, Technology and Science for research collaborations in information technologies and biotechnology. As in these models, the NC-STAR program would provide $10,000 to initiate applied research collaboration. The Kenan Institute would match that amount. The entrepreneurial industry partner would contribute an additional $10,000 match. The participating university would contribute $10,000 in-kind support.

The resulting $40,000 would be expected to provide support for dedicated graduate student to work on a entrepreneurial company identified applied research project over 12-18 month period. The student would perform the research under the guidance of a faculty member and would also be expected to work closely with the company sponsor.

NC-STAR would particularly target applied research collaborations with statewide economic scope and within emerging industrial opportunities with high regional economic impact. Examples of such industries might include:

- Boat/ship building
- Food products/processing
- Forestry and Horticulture
- Furniture and wood products
- Information technologies
- Marine industries
- Material sciences
- Medical technologies
- Minerals/metals
- Telecommunications
- Textiles

- Transportation

Assessment of North Carolina's Industry and Higher Education Technology Strengths and Opportunities

The Center and the North Carolina Board of Science and Technology co-funded a study to evaluate changes in R&D at the Federal level and the impact these changes will have on North Carolina's industries. The study had several goals: (1) to increase the state's understanding and knowledge of our technology-intensive (R&D performing) industries; (2) to increase the state's understanding and knowledge of our strengths in university and medical centers; (3) to determine opportunities, based on industry and university R&D strengths, to further improve the performance of R&D performing sectors in industries, universities and the non-profit sector; and (4) to exercise foresight in identifying emerging technologies based on current strengths and new developments.

UNC-Chapel Hill -- the study authors -- worked on five different pieces of the study: documenting trends in the North Carolina economy; evaluating the science and technology strengths of industry; evaluating the university and teaching hospital R&D strengths; evaluating the impacts of changes in federal R&D spending; and conducting an issues analysis/conference with appropriate stakeholders in December 1997. The project team received considerable input from the Center and the Board of Science and Technology. The report was completed in July 1998.

Directory of Technology-Based Economic Development Service Providers

The Center finalized the electronic version directory of the 36 state supported organizations that provide assistance to manufacturers and technology firms. The directory was developed to help address the issue of access to and awareness of state-supported services. The directory provides information about each provider organization's area of expertise, the industries they serve, the areas of the state they work in and their method(s) of service delivery.

Additional Center Activities in Support of Entrepreneurial Development

As previously stated, the mission of the Center is an expansion of the pre-existing NCACTs' mission. The Center's additional duties involve directing the Department of Commerce's efforts in support of entrepreneurial companies. The Center's activities in this regard encompass three primary categories:

1. Entrepreneurial Development Assistance

The Center works with regional and local economic developers to assist the expansion of existing entrepreneurial firms and to recruit entrepreneurial companies outside the State to relocate to North Carolina. In this role the Center is targeting firms that are smaller than typical Commerce Business and Industry division prospects, yet larger that the small businesses served by a number of other state agencies and state-funded organizations.

In this activity the Center is targeting headquarters of small to medium firms which have achieved some business success and are positioned to grow substantially in the near future. While the Center works with a range of industrial development prospects, typically such "entrepreneurial" firms are 3-5 years old and have annual revenues above $1 million. Most commonly these companies will be manufacturers in a "traditional" industry such as textiles, furniture, agribusiness.

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Service to Existing Entrepreneurial Industry: The Center staff helps expanding entrepreneurial firms in locating resources for growth, such as management and technical assistance, capital, employees, and market access - from a variety of private and public sector resources. Center staff response to inquiries received directly by the Department of Commerce and more commonly by referral from local and regional economic developers. The Center also identifies entrepreneurial firms positioned for growth to insure their knowledge of available assistance and makes (and follows up) on referrals to appropriate agencies.

Examples of current prospects include:

Boat products firm, Chowan County:
Center staff assisting prospect in securing expansion financing. Staff assessed company financial standing and arranged for assistance to company in preparing commercial loan documentation.

Furniture manufacturer, Burke County
Center staff working with management team of a furniture-manufacturing subsidiary on plans to acquire the subsidiary. Assistance has involved evaluations of financial standing, consultation on capitalization strategies and referral to private sector financiers.

Advanced textiles startup company, Wake County
Center staff assisted investor group involved in startup textile technology firm in spinning-off from university location to commercial production locations, eventually referring prospect to appropriate regional economic developer for finalization.

Injection molding firm, Hertford County
Center staff initiated contact with custom plastic products manufacturer experiencing labor availability problems in proposed expansion. Staff worked with the employer in securing public sector training assistance.

Polyester extrusion manufacturer, Iredell County
Center staff initiated contact with firms seeking acquisition prospects in response to directives from investor group. Staff investigated and secured attention of prospective acquirer engaged in consolidation strategy positioning for initial public offering (IPO).

Industrial Recruitment of Entrepreneurial Firms: The Center also recruits the relocations of small firm headquarters by collaborating with local and regional economic developers in targeting industry sectors with statewide economic scope (i.e. textiles) or within industrial sectors with high regional economic impact (i.e. boatbuilding, food processing, furniture).

The Center employs a strategy of identifying specific industry sectors in which the state and/or a specific region demonstrates a significant competitive advantage to the headquarters of small but growing firms. The Center selects specific industry sectors for targeted entrepreneurial development efforts through a process which involves identifying populations of existing entrepreneurial firms, industry relocation patterns and overall industry sector growth,

In making its initial industry sector target selections the Center is emphasizing industries with significant potential benefit to rural eastern and western North Carolina. The first such industry sector selection was the boatbuilding and vendor sector clustered in eastern North Carolina. The

Center has chosen metalworking, primarily clustered in western North Carolina as its second sector. Six to eight additional sectors will be selected over the next six months.

Typically duties in performance of this activity include:

- development strategy development and planning
- marketing research to identify expansion and recruitment prospects
- communication with prospects to identify interest and characterize assistance needs
- conduct of site visits and direct meetings (field missions, trade shows, etc.)
- prospect referrals and collaborative relocation assistance with local developers

2. Entrepreneurial Finance

The Center designs and proposes of activities to increase the availability of equity capital and other forms of start-up financing for North Carolina entrepreneurial companies.

This activity involves an extensive amount of communications through meetings, correspondence and telephone calls. Communications are directed to members of the State's banking community, university research and administrators, the Secretary of State Security division, Treasurer's Office, as well as private sectors professional contacts.

3. Development Strategy

The Center is completing the design of a "North Carolina Entrepreneurship Initiative" to better coordinate the state's various resources devoted to entrepreneurial and technology-based economic development and make them more readily available to the client enterprises. This initiative will be implemented through a combination of state, federal and non-state funding and will involve the collaboration of several agencies. Appropriated and reallocated support for the Center constitutes a state match for $1.25 million in federal funds and $725,000 in private and other non-state funds.

Over the past two decades the state of North Carolina has been a national leader in its economic development strategies supporting and capitalizing upon technological innovation and entrepreneurship. In fact, North Carolina invests more than any other state in such effort, with at least 40 distinct organizations providing technological and entrepreneurial assistance to the State's firms. The intent of this Initiative is not to supplant the individual roles of respective organizations, but rather to undertake and support activities that complement and augment those existing efforts. The Initiative will also provide leadership in areas of special concern which have proved intractable and where outcomes to date have been insufficient.

The North Carolina Entrepreneurship Initiative encompasses several elements to accomplish these objectives:

> Entrepreneurial Activity Assessment: The Center will develop and maintain current information on population of entrepreneurial growth companies in the North Carolina economy in order to both monitor their role in the State's economy and to provide information for targeting delivery of state and regional entrepreneurial services;
>
> Entrepreneurial Support Marketing and Outreach System: The scale, scope and distribution of North Carolina's entrepreneurial population creates challenges in the delivery of entrepreneurial support and services. The diversity and number of organizations charged with entrepreneurial assistance magnify these challenges. Through the Initiative, the Center will work with the State's numerous entrepreneurial support organizations to implement a coordinated Entrepreneurial Support Information Marketing System.

Institutional Capital Assessment: The relative scarcity of venture capital funds resident in North Carolina has been often cited as an impediment to entrepreneurial development. Yet the formation of resident venture capital funds are themselves hampered by a lack of investment by sources of institutional wealth in the State. The Center will assess the identity and scale of institutional capital sources in the state, as well their perceptions and experience in regard to both venture capital investment in general and North Carolina's venture capital economy specifically. The outcome of this effort will be an identification of real or perceived barriers to venture capital formation in the State for incorporation into state initiatives.

Industrial Entrepreneurial Competitiveness Analyses: Several recent studies have illuminated the critical role of innovation in the competitiveness of entrepreneurial firms. Moreover, the success of innovative smaller North Carolina firms across a broad spectrum of industries has demonstrated that the value of research and development to competitiveness is not limited to a few "high tech" industry sectors. The Center will analyze opportunities for applied research and technology deployment as identified by entrepreneurial industries throughout the state. These assessments will include determinations of the availability of relevant public sector and university technical and research support.

Regional Entrepreneurial Competitiveness Analyses: The Center will work with each of the seven regional economic development partnerships to perform analyses of entrepreneurial development opportunities in their region. These analyses will provide information needed to develop and implement entrepreneurial development strategies capitalizing upon identified competitive advantages at the regional and county levels.

The Initiative will be led by the Center with the bulk of the work being performed under contract through partnerships with university and nonprofit organizations, including the North Carolina Small Business and Technology Development Center, the Kenan Institute for Science, Engineering and Technology, and the Regional Development Institute of East Carolina University, and the Mountain Resource Center of Western Carolina University.

This activity involves an extensive amount of research as well as communications through meetings, correspondence and telephone calls with the state and federal agencies involved in the Initiative.

BUDGET INFORMATION
COMMERCE CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY

PURCHASED SERVICES	1997-98 TOTAL	1998-99 TO FEB 99
SYSTEM IMPLEMENTATION/INTEGRATION	$ 225	$ 125
ADMINISTRATIVE SERVICES-TEMPORARY	$ 410	
WASTE REMOVAL	$ 75	
FOOD SERVICE AGREEMENT		$ 221
MISC CONTRACTUAL SERVICES	$ 261,255	$ 622,246
MAINTENANCE AGREEMENT-EQUIP.	$ 1,340	$ 1,296
RENT	$ 19,716	$ 4,590
RENT-OTHER FACILITIES	$ 2,004	$ 918
RENT-VEHICLE		$ 163
RENT-GENERAL OFFICE EQUIP.	$ 449	$ 348
TRANSPORTATION-AIR-IN STATE	$ 840	
TRANSPORTATION-AIR-OUT OF STATE	$ 2,194	$ 591
TRANSPORTATION-GROUND-IN STATE	$ 1,209	$ 2,558
TRANSPORTATION-GROUND-OUT OF STATE	$ 137	$ 13
TRANSPORTATION-OTHER-IN STATE	$ 46	$ 52
TRANSPORTATION-OTHER-OUT OF STATE	$ 45	$ 30
LODGING-IN STATE	$ 124	$ 1,853
LODGING-OUT OF STATE	$ 549	$ 488
MEALS-IN STATE	$ 6	$ 1,004
MEALS-OUT OF STATE	$ 169	$ 128
MISC-IN STATE		$ 25
MISC-OUT OF STATE		$ 3
BOARD TRANSPORTATION	$ 701	$ 331
BOARD SUBSISTENCE	$ 588	$ 68
TELEPHONE SERVICE	$ 7,120	$ 2,486
CELLULAR PHONE SERVICE	$ 262	$ 36
COMPUTER/DATA PROCESSING	$ 75	
FREIGHT	$ 35	$ 35
POSTAL MACHINE	$ 3,238	$ 199
PRINTING	$ 4,604	$ 408
PROPERTY INSURANCE	$ 175	
ADVERTISING		$ 228
LIABILITY INSURANCE		$ 16
OTHER INSURANCE	$ 18	
REGISTRATION FEES	$ 295	$ 55
EMPLOYEE EDUCATION		$ 195
TOTAL PURCHASED SERVICES	$ 307,904	$ 640,709

ITEMIZATION
MISCELLANEOUS CONTRACTUAL SERVICES

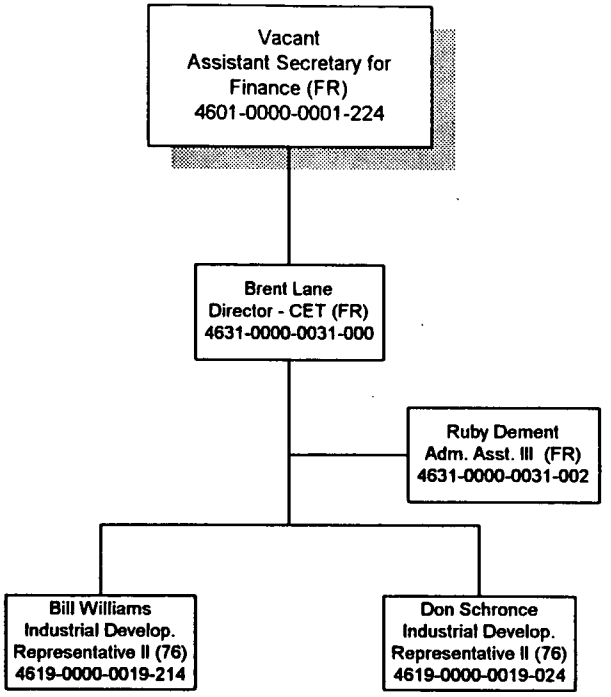
1997-98	1997-98 TOTAL	1998-99 TO MAR 99
Carolina Hosiery Association	$ 49,500	$ 19,752
NC Mfg Housing	$ 9,428	
NC Environ Tech Consortium	$ 57,725	$ 20,433
Piedmont Triad Center	$ 40,001	
NC Tech Devel Authority	$ 7,500	
NC Bioscience Organization	$ 3,495	
East Carolina University	$ 5,528	
NCSU College of Textiles	$ 10,000	
Society of Plastics	$ 25,000	
UNC Chapel Hill	$ 22,058	$ 48,645
Catawba Valley Community College	$ 27	
NCSU	$ 30,995	$ 40,000
Textile Clothing Technology		$ 15,000
Duke Medical School		$ 20,000
Carbon Dioxide Consortium		$ 500,000
Elaine Fisher		$ 10,000
Raleigh Typewriter Exchange		$ 125
Allison Reed		$ 135
TOTALS	$ 261,257	$ 674,090

NC Department of
Commerce

Center for Entrepreneurship
& Technology

Signature

4/12/99
Date



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North Carolina
Department of Commerce

James B. Hunt Jr., Governor

Rick Carlisle, Secretary

Edward Brent Lane Ex. Dir. Of NC All. F. Com Te (Executive Director)
4631-0000-0031-000 $80,000 Flat Rated
There are no Training and Experience requirements established by the Office of State Personnel noted.

Ruby J. Dement Admin. Asst. III (Administrative Assistant)
4631-0000-0031-002 $36,258 Flat Rated
There are no Training and Experience requirements established by the Office of State Personnel noted.

Glenn D. Schronce, Jr. Industrial Devel. Rep. II (Developer)
4619-0000-0019-024 $62,724 PG76
Graduation from a four-year college or university and four years of business administrative experience directly related to economic development or business management. A degree in business administration or related field is desirable. A master's degree in business administration may be substituted for one year of general experience. Business administrative experience may be substituted for a college degree on a year for year basis in cases where the most recent years of experience indicate professional level skill attainment. A foreign language skill, if applicable, may be required for a position staffed to international development.

William P. Williams Industrial Devel. Rep. II (Developer)
4619-0000-0019-214 $45,385 PG76
Graduation from a four-year college or university and four years of business administrative experience directly related to economic development or business management. A degree in business administration or related field is desirable. A master's degree in business administration may be substituted for one year of general experience. Business administrative experience may be substituted for a college degree on a year for year basis in cases where the most recent years of experience indicate professional level skill attainment. A foreign language skill, if applicable, may be required for a position staffed to international development.

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Edward Brent Lane **Ex. Dir. Of NC All. F. Com Te**

Mr. Lane has been with the Department of Commerce since 7/20/98. He has a Master's in business administration and science, technology and public policy. His B.A. degree is in anthropology and geology. His work experience includes 9 years of economic development directly related to the technological aspects of entrepreneurial ventures in North Carolina.

Ruby J. Dement **Admin. Asst. III**

Ms. Dement has been with the Department of Commerce since 9/01/98 (had been employed with Commerce prior to accepting a position with NC Community Colleges in Jan. 1998 (11/01/94 – 1/01/98)). Ms. Dement has a high school diploma with some college credits toward a business administration degree. She has 37 years and 7 months of administrative experience. Her work experience primarily includes budgetary, personnel, handling special/confidential projects and dealing with high level officials.

Glenn D. Schronce, Jr. **Industrial Devel. Rep. II**

Mr. Schronce has been with the Department of Commerce since 12/01/98. He has a Master's in Geography and a B.A. degree in Geography Planning/Economics. Mr. Schronce has 10 years of directly related experience in all phases of marketing, financing and construction of industrial projects.

William P. Williams **Industrial Devel. Rep. II**

Mr. Williams has been with the Department of Commerce since 11/06/95. He has a B.A. degree in Economics/Political Science with 11 years and 10 months experience in financing, marketing research and promoting economic development in North Carolina.

State of North Carolina Office of State Personnel Position Description Form (PD-102R-92)	Approved Classification _____ Effective Date: _____ Analyst: _____ *(This Space for Personnel Department Use Only)*
1. Present Classification Title of Position	7. Pres. 15 Digit Pos. # /Prop. 15 Digit Pos. # 4631-0000-0031-000
2. Usual Working Title of Position Director	8. Dept., University, Commission or Agency Department of Commerce
3. Requested Classification of Position Executive Director of NCACTS	9. Institution and Division NC ACTS
4. Name of Supervisor	10. Section and Unit
5. Supervisor's Position Title & Position #	11. Street Address, City and County 301 N. Wilmington Street Raleigh, NC 27626
10. Name of Employee New Position	12. Location of Workplace, Bldg. and Room No.

I: GENERAL INFORMATION:

A. Primary Purpose of Organizational Unit:

NC ACTS's is an innovative mechanism for developing a vision and strategy for the corrdinated provision of a technological infrastructure which supports the economic and industrial development of North Carolina. This "grant" will be handled budgetarily through the DOA Fiscal Office.

B. Primary Purpose of Position:

To seve as the executive officer of NC ACTS, working with the Board to develop and carry out activities in fulfillment of the vision, mission, goals and objectives of NC ACTS.

C. Work Schedule:

Monday through Friday 8:00 to 5:00

D. Change in Responsibilities or Organizational Relationship:

New position.

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II. A. **DESCRIPTION OF RESPONSIBILITIES AND DUTIES:** Method Used (Check One) Order of importance____
Sequential order ____

Place an asterisk (*) next to each essential function. (See instructions for complete explanation.) Please note percentage of time for each function.

No. **%**

Position will promote focus for new state and federal investments and partnerships in technology based economic development.

Developms industrial sector-based needs analysis and system capacity reviews.

Develops performance measures for NC technology deployment and development.

Institution of cooperative service agreements for elements of the system building on prior efforts of the Industrial Extension Service, the Community Colleges, the Cooperative Extension Service, and the Small Business and Technology Development Centers.

Design a strategy for state-wide and regional industrial Centers of Excellence.

Design and implement the technology extension incentive fund.

Develop a competitive technologies research agenda and Innovation Research Incentive Fund.

NC ACTs

Director of North Carolina Alliance for Competitive Technologies

The Office of the North Carolina Alliance for Competitive Technologies is an arm of the Governor's Office through the Governor's Advisor for Budget, Policy and Technology. NC ACTS is an innovative mechanism for developing a vision and strategy for the coordinated provision of a technological infrastructure which supports the economic and industrial development of North Carolina. The Alliance builds on state-wide intellectual resources including the Industrial Extension Service, the Small Business and Technology Development Center, the public and private universities, the community colleges, the technology oriented non-profit organizations and North Carolina Information Highway to provide focus for new state and federal investments and partnerships in technology based economic development.

The Director shall report to the Board of Directors and will serve as the executive officer of NC ACTs. He/she shall work with the Board to develop and carry out activities in fulfillment of the vision, mission, goals and objectives of NC ACTs. He/she shall establish advisory councils and task forces to carry out the mission, goals and objectives of the organization. He/she will be responsible for hiring and supervising staff. Additional duties shall include, but may not be limited to the following:

- Development of industrial sector-based needs analysis and system capacity reviews
- Development of performance measures for North Carolina technology deployment and development
- Institution of cooperative service agreements for elements of the system building on prior efforts of the Industrial Extension Service, the Community Colleges, the Cooperative Extension Service, and the Small Business and Technology Development Centers
- Design a strategy for state-wide and regional industrial Centers of Excellence
- Design and implement the technology extension incentive fund
- Develop a competitive technologies research agenda and Innovation Research Incentive Fund.

Candidates for the position of Director should have sufficient experience and background to qualify them as a peer of leaders in industry, government and education. Managerial/administrative/financial and strategic planning experience is highly desirable as is extensive experience in technology administration.

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II. B. OTHER POSITION CHARACTERISTICS: (con't)

1. Accuracy Required in Work:

Decisions and assessments made by incumbent will have direct impact on the success of the Work and Family Program, as well as the public opinion of the Governor's special program and that of those investors in this program/project.

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2. Consequence of Error:

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3. Instructions Provided to Employee:

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4. Guides, Regulations, Policies and References Used by Employee:

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5. Supervision Received by Employee:

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6. Variety and Purpose of Personal Contacts:

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7. Physical Effort:

Not applicable.

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8. Work Environment and Conditions:

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9. Machines, Tools, Instruments, Equipment and Materials Used:

---

10. Visual Attention, Mental Concentration and Manipulative Skills:

---

11. Safety for Others:

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12. Dynamics of Work:

III. KNOWLEDGES, SKILLS & ABILITIES AND TRAINING & EXPERIENCE REQUIREMENTS:

A. Knowledges, Skills and Abilities:

B. 1. Required Minimum Training:

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2. Additional Training/Experience:

---

3. Equivalent Training and Experience:

C. License or Certification Required by Statute or Regulation:

IV. **CERTIFICATION:** Signatures indicate agreement with all information provided, including designation of essential functions.

Supervisor's Certification: I certify that (a) I am the Immediate Supervisor of this position, that (b) I have provided a complete and accurate description of responsibilities and duties and (c) I have verified (and reconciled as needed) its accuracy and completeness with the employee.

Signature _____ Title: _____ Date: _____

Employee's Certification: I certify that I have reviewed this position description and that it is a complete and accurate description of my responsibilities and duties.

Signature: _____ Title: _____ Date: _____

Section or Division Manager's Certification: I certify that this position description, completed by the above named immediate supervisor, is complete and accurate.

Signature: _____ Title: _____ Date: _____

Department Head or Authorized Representative's Certification: I certify that this is an authorized, official position description of the subject position.

Signature: _____ Title: _____ Date: _____

State of North Carolina Office of State Personnel Position Description Form (PD-102R-92)	Approved Classification_____ Effective Date: _____ Analyst: _____ *(This Space for Personnel Department Use Only)*
1. Present Classification Title of Position Administrative Assistant III	7. Pres. 15 Digit Pos. # /Prop. 15 Digit Pos. # 4631-0000-0031-002
2. Usual Working Title of Position Administrative Assistant	8. Dept., University, Commission or Agency NC Department of Commerce
3. Requested Classification of Position	9. Institution and Division Center for Entrepreneurship and Technology
4. Name of Supervisor Brent Lane	10. Section and Unit
5. Supervisor's Position Title & Position # Director - CET 4631-0000-0031-000	11. Street Address, City and County 301 N. Wilmington Street Raleigh, NC 27626
10. Name of Employee Ruby Dement	12. Location of Workplace, Bldg. and Room No. Education Building

I: GENERAL INFORMATION:

A. Primary Purpose of Organizational Unit:

B. Primary Purpose of Position:

C. Work Schedule:

D. Change in Responsibilities or Organizational Relationship:

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A. PRIMARY PURPOSE OF ORGANIZATIONAL UNIT

The North Carolina Alliance for Competitive Technologies (NC ACTS) is a division of the Governor's Office through the Governor's Advisor for Budget, Policy and Technology. The Office provides a vision and strategy for a technology infrastructure which supports industrial and economic development. Overseen by a Board of Directors, the Office is directed by an Executive Director. The Office has a small staff but must interface extensively with peer leaders in industry, government and education. NC ACTS undertakes information gathering and infrastructure building activities that focus on research, technology development and technology deployment for key industries and addresses critical issues facing the State. It coordinates and helps organize the many state and state-supported institutions involved and helps organize state investments in accordance with a coherent long-range policy for application of technological resources to industry needs and the economic development of the State. It undertakes studies, surveys, focus groups, task forces and committees to determine needs; assess organizational capabilities; and determine client satisfaction with services. NC ACTS also coordinates the State's response to new Federal initiatives in research and technology development that require matching state or private dollars. To the maximum extent possible, NC ACTS conducts its programs through existing research, development, and manufacturing modernization agencies and organizations.

B. PRIMARY PURPOSE OF POSITION

The primary purpose of this position is to assist the Executive Director of NC ACTS in administering the day-to-day activities of the organization that represents a broad, diverse, and intense level of organization, planning, coordination and implementation. The position requires an ability to interpret, develop and execute policies and procedures to implement the NC ACTS Operating Plan. The person holding this position must interact with a wide range of top level executives including Cabinet Offices, Governor's staff, higher education officials, and chief executive officers from industry, among others. Because NC ACTS has been organized to operate with a small staff, the Administrative Assistant will have major public contact functions including responsibility for initiating, independently performing, and otherwise acting as a liaison with members of the Board, outside groups and organizations, departments of the State government, and the public in regard to NC ACTS policies and procedures. This is a key staff position of the organization and the Administrative Assistant will exercise considerable discretionary judgment in interpreting policy and program objectives. Work is self-planned, independently performed, and reviewed in terms of overall effectiveness by the Executive Director.

C. WORK SCHEDULE

Normal work hours are Monday to Friday from 8:00 A.M. to 5:00 P.M. each day. On numerous occasions, however, the Administrative Assistant must work later in the

evening and on weekends to participate in meetings and other professionally-related functions.

D. BASIS FOR REQUEST OR PRIMARY CHANGES IN RESPONSIBILITY

This is a new organization and new position.

II. A. DESCRIPTION OF RESPONSIBILITIES AND DUTIES

Order of Importance

* 50% Assistant to the Executive Director

The nature of the NC ACTS Office requires considerable communication with members of the Board, other departments and agencies, higher education officials, and leaders in industry. The Administrative Assistant must assist the Executive Director in organizing, planning, and implementing a number of programs and activities including task forces, Board committee meetings, Board meetings, focus groups for various statewide and sector planning purposes, and special projects.

The Administrative Assistant must assume an office management role, manage information and solve problems that come with the administration of a small office with multiple and complex activities that must be undertaken within relatively short time frames and require multiple sector interactions among government, industry and education. This position will serve as a primary source of information for the Executive Director to make decisions about program directions, plans, and future activities. Smooth operation of a complex operation with a small staff requires effective support and assistance of the Administrative Assistant.

The Executive Director will be involved with numerous other boards, commissions and organizations, which requires administrative assistance, information, scheduling and policy development. The Administrative Assistant is expected to keep track of the various activities, schedule meetings, provide backup materials and provide organizational skills for integration of NC ACTS activities with other parts of the state government, industry, and education.

The Administrative Assistant will review the Executive Director's daily mail and determine priority for handling and the necessity of a response. The Assistant will track correspondence and ensure timely response, following up as necessary. The Assistant will develop responses for the Executive Director to correspondence as directed.

* 30% Budget, Personnel and Purchasing Management.

The Administrative Assistant is responsible for handling all personnel matters in regard to forms and reports under the supervision the Executive Director. This person handles

leave records for all personnel and providing reports as required and monitors and communicates changes in personnel policies for office staff.

The Administrative Assistant manages and monitors the NC ACTS budget to ensure compliance with budgetary limitations; reviews and evaluates all transactions to ensure compliance with state laws and regulations; projects future budgetary needs and reports on current budgetary status; and otherwise administers the budgetary process.

NC ACTS will administer grant incentive programs and the Administrative Assistant will be responsible for logging of requests; processing of awards; monitoring of results; and assuring proper financial management controls are operational.

The Administrative Assistant is responsible for initiating purchase requests, assuring that proper regulations are followed and the correct purchases are made. The Assistant interacts with various state officials and vendors as necessary to ensure that proper equipment and supplies are obtained. The Administrative Assistant keeps track of all accounts and purchases to ensure that designated funds are expended during the current fiscal year or project period.

The Administrative Assistant must exercise good judgment; have a thorough knowledge of state policies and procedures; allocate funds with extreme accuracy; understand the overall mission and direction of the program; and juggle several activities simultaneously.

* 20% Coordination and Logistical Support.

The Administrative Assistant will be responsible for handling the scheduling of events and activities of NC ACTS; making sure of logistical support and arrangements for events; handling registrations, name tags, food service; preparing materials and other hand-outs; and otherwise assuring that events are carried out efficiently and without problems.

The Administrative Assistant will be expected to arrange sites and locations around the state for public meetings, focus groups, and planning meetings as part of the program plan of the Office. Smooth functioning of such events is necessary for NC ACTS to be successful

Functions	Ranking	Percentage of Time
Adm./managerial	1	50%
Budget/personnel/acct/purchasing	2	30%
Coordination and Logistics	3	20%

III. B. OTHER POSITION CHARACTERISTICS.

1. Accuracy Required in Work

Accuracy is essential particularly in logistics, budgetary and personnel matters. This position requires continuous attention to supporting activities of the Executive Director. Examples include scheduling, interpreting procedures, and coordination of meetings.

2. Consequence of Error

Errors could put individuals and/or the program's well being in jeopardy. Policies and procedures that are misinterpreted could generate rejection of proposals; reduction in funding from outside sources; and affect the viability of the organization.

3. Instructions Provided to Employees

Work is independently performed with very general instructions. The Administrative Assistant must have an in-depth knowledge of the policies and procedures governing the various aspects of the responsibilities performed and be aware of the preferences and priorities of the Board of NC ACTS and the Executive Director.

4. Guides, Regulations, Policies and References Used by Employees

This position will rely on the Administrative Procedures Manual.

5. Supervision Received by Employees

This position requires working independently with periodic reviews by the Executive Director. The kind and degree of instruction to this position depends on the type of projects encountered. This position may be performed with little or no instruction on matters that do not require direct attention by using knowledge of priorities and preferences. The position relies on the Executive Director for guidance and direction. Because of the diversity of activities of NC ACTS some projects may require more extensive instruction than others for adequate performance.

6. Variety and Purpose of Personal Contacts:

This position is located in an office which has a high degree of public contact via telephone, correspondence, and in-person. The Administrative Assistant will have contact with a wide variety of representatives from governmental agencies, educators, and industry representatives. The Assistant will be responsible for establishing and maintaining excellent relations with the various contacts of the Executive Director as well as using discretion and judgment in disseminating information.

7. Physical Effort

This position is located in an office and performs administrative duties. Actual physical effort is minimal except for carrying boxes and supplies and moving some equipment. No unusual physical efforts is required.

8. Work Environment and Conditions.

This position performs in an environment with a suite of offices and is conducive to providing an office atmosphere for officials and visitors to the organization. Operating conditions include use of computers, telephones, fax, copiers, and audiovisual equipment.

9. Machine, Tools, Instruments, Equipment and Materials Used.

This position performs daily work by using fax, copier, overhead projectors, slide projectors, calculator, computers, and reference materials.

10. Visual Attention, Mental Concentration and Manipulative Skills.

This position requires close visual attention when reviewing and interpreting communications. There is a constant high volume of work and communications and great care must be taken with every project. Assignments may be unique and cannot be carried out by following any standard procedure and may require mental concentration. Because of the diversity of the organization, this position concentrates on strong managerial and administrative skills as well as organizational skills.

11. Safety for Others.

Typical awareness of everyday precautions to safeguard against accidents and hazards are necessary. The position requires staying aware of state safety regulations and requirements.

12. Dynamics of Work.

The mission of NC ACTS is multi-faceted. The various responsibilities performed by the Administrative Assistant are quite complex due to the diversity of activities of the organization. The Assistant must possess considerable independence in supporting the organization and must continually abreast of the Board and Office's policies, procedures, accomplishments, and current and future activities.

III. KNOWLEDGES, SKILLS & ABILITIES AND TRAINING AND EXPERIENCES REQUIREMENTS:

A. KNOWLEDGES, SKILLS AND ABILITIES

Ability to communicate effectively and professionally in both written and verbal form with a wide range of individuals

Exercise good judgment, discretion and initiative in applying and interpreting administrative policies and procedures

Knowledge of state government personnel policies and procedures

Knowledge of the state's financial systems including budgeting, purchasing and payroll

Knowledge of grants administration operations

1. Required Minimum Training.

Strong oral and written communication skills; computer literate; sell oriented in public relations and diplomatic skills; thorough knowledge of state and higher education organizational structure and its protocol; ability to analyze, interpret, and implement policy and procedures guidelines. Experience in managing personnel and budgets. Prefer individual who has demonstrated the ability to function independently.

2. Additional Training/Experience.

Completion of Associate Degree or two-year program in Business Administration or Secretarial Science

3. Equivalent Training and Experience.

Completion of high school or equivalent and five years of progressively responsible secretarial or clerical/administrative/office management/supervisory experience or completion of a four year program in a college or university preferably with major emphasis on course-work in business administration, public administration, or other related field; or an equivalent combination of training and experience.

B. LICENSE CERTIFICATION REQUIRED BY STATUTE OR REGULATIONS

Not applicable.

IV. CERTIFICATION: I certify that (a) I am the Immediate Supervisor of this position, that (b) I have provided a complete and accurate description of responsibilities and duties and (c) I have verified (and reconciled as needed) its accuracy and completeness with the employee.

Signature _____ Title _____ Date: _____

Employee's Certification: I certify that I have reviewed this position description and that it is a complete and accurate description of my responsibilities and duties.

Signature _____ Title _____ Date_____

Section or Division Manager's Certification: I certify that this position description, completed by the above named immediate supervisor, is complete and accurate..

Signature _____ Title _____ Date: _____

Department Head or Authorized Representative's Certification: I certify that this is an authorized, official position description of the subject position.

Signature _____ Title _____ Date: _____

R-126

State of North Carolina Office of State Personnel Position Description Form (PD-102R-92)	Approved Classification_____ Effective Date: _____ Analyst: _____ *(This Space for Personnel Department Use Only)*
1. Present Classification Title of Position Industrial Development Representative II (76)	7. Pres. 15 Digit Pos. # /Prop. 15 Digit Pos. # 4619-0000-0019-214
2. Usual Working Title of Position Developer	8. Dept., University, Commission or Agency Department of Commerce
3. Requested Classification of Position	9. Institution and Division Center for Entrepreneurship and Technology
4. Name of Supervisor Brent Lane	10. Section and Unit
5. Supervisor's Position Title & Position # Director - CET 4631-0000-0031-000	11. Street Address, City and County 301 N. Wilmington Street Raleigh, NC 27626
10. Name of Employee Bill Williams	12. Location of Workplace, Bldg. and Room No. Education Building

Primary Purpose of Position:

To represent North Carolina and the Department of Commerce as the lead state economic development agency, in the recruitment of new business and industry and encouragement of the growth and expansion of existing companies statewide. The ultimate purpose is to create new job opportunities for the citizens of the state.

R-127

Economic Development Representative/General Staff

I. To represent North Carolina and the Department of Commerce, as the lead state economic development agency, in the recruitment of new business and industry and encouragement of the growth and expansion of existing companies statewide.
The ultimate purpose is to create new job opportunities for the citizens of the state.

II. (a) Receive assignments from the Director of the Business/Industry Development Division, consisting of requests by consultants, manufacturing and service related companies for information and site location assistance.
Respond, within designated time frame, after proper research, data gathering and evaluation of material. Accuracy of recommendations are critical, requiring a broad working knowledge of all areas of the state, numerous site location considerations, state law and business climate.

(b) Maintain near constant contact with the local economic development representatives and various organizations throughout the state who actively participate in the client handling process. This requires frequent travel on a regular basis to maintain working relationships and develop coordination of effort.

(c) Arrange for and conduct client visits throughout North Carolina. This requires coordination of transportation and other logistical factors with local interests, DOC Regional staff development personnel and other state agencies.
It also requires the ability to deal closely with upper level corporate management and complete understanding of factors affecting site location decisions.

(d) Conduct out of state missions to visit specific companies having potential or active interest in locating facilities in North Carolina; and to make special presentations to company officials and employees, at their request on advantages of locating in the state. This requires a working knowledge of business/industry trends and corporate structures. It also requires travel throughout the United States and occasionally abroad.

(e) Assist communities and local development organizations with client visit preparation, overall business/industry attraction and special problems affecting economic development.

(f) Prepare daily itineraries, client visitation reports, project progress reports, monthly recommendation/visitation reports, quarterly project reviews and other management guidelines as required by the Director, Business/Industry Division.
In addition, housekeeping reports such as expense accounts reimbursement, annual/sick leave, and car reports, are prepared monthly.

(g) Plan and coordinate project announcements, ground breakings, and dedications with company, community and DOC officials.

III.

1. General Economic Development Representatives work in environments similar to corporate executives; requiring "as needed" hours dictated by client activities. This requires extensive travel and intense concentration.

2. Working knowledge of computer systems, and familiarity with data and information relating to North Carolina advantages and characteristics required.

3. Accuracy, exactness, precision and detail are required by all on going project activity. Creditability of the developer, the Department of Commerce and the state administration are at stake with every client relationship.

4. Work requires good physical condition and requires occasional heavy travel by car and both state and commerce aircraft. Long hours are often required by client initiated scheduling that is usually extremely compressed over short duration. Average travel is three days/ week.

5. All presentations and discussions with clients require close visual scrutiny of printed materials of various types and especially maps, charts and other related site data.

6. Interfacing with clients, local development contacts allies and other governmental agencies require intense mental concentration at all times when project activity requires action.

7. Vehicle travel and dispatching of state helicopters and other aircraft requires constant safeguards to other persons and property.

8. Standard office hours and 8:00 am - 5:00 pm Monday through Friday of each week, however economic development representatives, both general and regional, are required to respond to client schedules, without regard to number of hours or days of week. Average work week is some 50-60 hours when engaged in client activities.

9. Basic duties as described have been in place for a number of years, however, recent intensity of competition from other states have placed greater demand on staff time and scheduling.

IV.

1. Candidate should have basic knowledge of North Carolina demographics, geography, terrain, and transportation systems. Must be capable of organizing and writing reports making presentations and speaking effectively.

General development representative must possess good judgement in dealing with a wide array of personalities and individuals representing corporate staff, local business, civic and public leadership.

2. Individual must possess a formal education with four year degree, preferably in Business Administration and five years of business administrative experience including at least two years of experience directly related to economic development or business management. Graduate study in related fields of marketing, economics, geography or public administration would be considered strong advantage.

Private sector/business experience preferred with highly motivated, self start individual absolutely required. Formal economic development "certification" will not be required or preferred.

IV. KNOWLEDGES, SKILLS & ABILITIES AND EDUCATION & EXPERIENCE REQUIREMENTS:

Please address the following questions concerning the BEGINNING, or ENTRY, (1) Knowledges, Skills, and Abilities, and (2) the Education and Experience requirements. Do not consider duties which a new employee would be trained on-the-job to perform.

1. Please list all of the Knowledges, Skills, and Abilities essential to perform the work at the beginning or entry level. Be specific and explain how they relate to the work. Include physical abilities which are essential to performing the duties of the position (includes physical effort and use of the five senses).

See attached

2. a. What is the minimum level of formal education necessary to aid a person in developing the entry skills, abilities, and knowledges? Please specify area(s) of study and coursework if possible.

See attached

b. Would this formal education fully prepare an individual for entry into this position? If not, what type(s) of training and/or experience (consider paid work, volunteer work, or other applicable life experience) would be necessary in addition to the formal education?

See attached

c. What type(s) of training and/or experience (paid work, volunteer work, etc.) might be substituted for the formal education?

None

3. Is a license or certification required by statute to perform the duties of this position? If so, describe, and identify the statute.

No

V. Supervisor's Certification of Completion: I certify that I am the Immediate Supervisor of this position and that I have provided a complete and accurate description of its duties and responsibilities.

Signature: _____ Date: _____

VI. Section or Division Manager's Certification: I certify that this job description, completed by the above named immediate supervisor, is complete and accurate except as noted below, and that such differences have been clarified with the supervisor:

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Signature: _____ Job Title: Director, Division of Business/Industry Development Date: 11/20/

VII. Department Head or Authorized Representative's Certification: I certify that is an authorized, official job descripton of the subject position.

Signature: _____ Job Title: Assistant Secretary - Economic Development Date: _____

IV. CERTIFICATION: I certify that (a) I am the Immediate Supervisor of this position, that (b) I have provided a complete and accurate description of responsibilities and duties and (c) I have verified (and reconciled as needed) its accuracy and completeness with the employee.

Signature _____ Title _____ Date: _____

Employee's Certification: I certify that I have reviewed this position description and that it is a complete and accurate description of my responsibilities and duties.

Signature _____ Title _____ Date_____

Section or Division Manager's Certification: I certify that this position description, completed by the above named immediate supervisor, is complete and accurate..

Signature _____ Title _____ Date: _____

Department Head or Authorized Representative's Certification: I certify that this is an authorized, official position description of the subject position.

Signature _____ Title _____ Date: _____

R-132

State of North Carolina Office of State Personnel Position Description Form (PD-102R-92)	Approved Classification_____ Effective Date: _____ Analyst: _____ *(This Space for Personnel Department Use Only)*
1. Present Classification Title of Position Industrial Development Representative II (76)	7. Pres. 15 Digit Pos. # /Prop. 15 Digit Pos. # 4619-0000-0019-024
2. Usual Working Title of Position Developer	8. Dept., University, Commission or Agency Department of Commerce
3. Requested Classification of Position	9. Institution and Division Center for Entrepreneurship and Technology
4. Name of Supervisor Brent Lane	10. Section and Unit
5. Supervisor's Position Title & Position # Director - CET 4631-0000-0031-000	11. Street Address, City and County 301 N. Wilmington Street Raleigh, NC 27626
10. Name of Employee Don Schronce	12. Location of Workplace, Bldg. and Room No. Education Building

I: GENERAL INFORMATION:

A. Primary Purpose of Position:

The primary purpose of this position is to serve as an advocate and catalyst within the State's existing business/industrial sector by promoting growth and expansion of established business/industries, encouraging new marketing development and facilitating the daily operations of existing business/industry by using assistance programs that are available from the public and private sectors.

B. Work Schedule:

Monday through Friday 8:00 am to 5:00 pm. Position is required to respond to existing industries schedules and client requirements when assistance is requested and attend public and industrial functions regardless of number of hours worked or days of the week.

R-133

D. Change in Responsibilities of Organizational Relationship:

This position created to promote both the expansion of and/or retention of North Carolina's businesses and industries by the N. C. State Legislature in 1989. Existing industries offer the greatest potential for job creation and capital investment.

II. A. Description of Responsibilities and Duties:

Method Used (check one)
Order of Importance _x___
Sequential Order_____

1. Existing Industry Visitations

(35%) Personally visit all corporate and division headquarters, manufacturing plants, and/or distribution/service centers within the multi county region to establish rapport with top echelon management. Gather detailed information through careful interview of management to learn of problems which could hinder operations, functions and success of industry; recent and potential expansions (both on and off site); impediments to growth and expansion; employment levels; international trade characteristics; markets; and vendor needs. Gain full understanding of problems and impediments to growth and acts expeditiously to provide assistance in the elimination of these by effectively communicating with industrial management and community leaders.

(10%) Plan and Schedule Visits by conducting research of various industries, trends, employment rates, etc.

2. Assistance to Existing Industries

(10%) Research, investigate and inform industry management of areas of assistance and programs available from private and public sources to alleviate problems and enhance growth/profitability and immediately send printed materials and information to address areas of expressed concerns. Request verbal and writing project assignments for business/industry on site expansions identified, develop project strategy, expedite expansion effort ensuring effort is professionally presented using community data, salesmanship and knowledge of elected, community and business leaders.

(10%) Refer off-site expansion and potential new clients to regional manager for necessary assistance. Respond to plant closing announcements, determining reason for closure if possible, and if impossible making information regarding closure and facilities to Division regarding personnel for possible client match.

3. Administrative

(5%) Inform regional economic development manager and other DECD personnel of conditions and trends within region to keep them abreast of existing industry and business sector.

(5%) Complete and submit visitation reports on all visits.
Prepare and submit weekly activity reports, monthly time sheets, expense reports, mileage logs, weekly itinerary reports and other reports as required by the Director to provide management record and accountability record.

4. Public Relations
(15%) Visit with local developers, Chamber of Commerce officials, community colleges, and local government officials to establish rapport, provide insight into local business climate problems and assistance when needed. Attend local development agency meetings and public functions to gain insight into local conditions/attitudes and to establish rapport.

5. Client Handling
(10%) Substitute for regional manager when directed or in manager's absence by assisting with clients looking to locate in N. C. or with existing industry planning to expand off-site. Work together with manager on projects when required.

II. B. Other Position Characteristics:

1. Accuracy Required in Work
Information provided must be exact, detailed and timely.

2. Consequence of error
Erroneous information could cause loss of jobs, additional industrial investments and loss of revenue to local, county and state governments. Erroneous information could cause loss of confidence by industry leaders and the public. Integrity of developer, DECD and State is at stake on every visit and contact with officials.

3. Instructions Provided to Employee:
Instructions are general in nature but can be specific when requested. These are given verbally initially, and occasionally supplemented by written directives. Instructions are provided by/through regional manager, Director of Regional Operations or Division Director.

4. Guidelines, Regulations, Policies and References used by Employee:
Use own judgement and discretion in providing services to existing industry and in interpreting utility, environmental, financial, departmental guides, regulations and policies. programs, rules, regulations and policies of the Department.

5. Supervision Received by Employee
Receive very limited and general supervision. Work level is reviewed by weekly written activity reports.

6. Variety and Purpose of Personal Contacts:
In daily contact with management of varying size organizations, from a one person operation to top management of major national corporations. Frequent interacting with local government and elected local, state and federal officials, community leaders, and allies such as utility company officials, bankers, realtors, etc. is required.

7. Physical Efforts
Normal.

8. Work Environment and Conditions:
Work environment is usually business location, car and office for administrative work. Occasionally manufacturing setting is required. Travel is required an average of 4 days per week.

9. Machine, Tools, Instruments, Equipment and Materials Used
Working knowledge of calculators, facsimile machine, photo copier and computers are required.

10. Visual Attention, Mental Concentration and Manipulative Skills:
All of these skills are required in interacting with corporate management, executives, local and state officials. Intense concentration is required to retain full details of information received to analyze situation to make proper response.

11. Safety for Others
Vehicle travel demands constant safeguards.

12. Dynamics of Work
Must be very adaptable and able to deal with people with varying backgrounds and educational levels. Must able to overcome hostile attitudes and create positive impressions of Division, Department and State Government. Must keep abreast of changes in technology in the various types of business/industries, the constantly changing business world, and environmental regulations through news articles, trade publications, workshops and seminars. Must be very flexible, able to quickly prioritize workload and shift rapidly from one situation to another.

III. Knowledges, Skills and Abilities and Training and Experience Requirements

A. Knowledges, Skills and Abilities

Required to have general knowledge of acceptable business practices, economics, and manufacturing processes. Must be articulate, skilled in organizing verbal presentations, analyzing data, effectively communicating thoughts and ideas, and be diplomatic at all times. Must have a broad working knowledge of North Carolina state law, business climate, demographics, geography, transportation systems and all other factors affecting existing industry decisions. Must be a highly motivated, self-starter.

B. 1. Required Minimum Training

Graduation from a four-year college or university and four years of business experience, including at least one year of experience directly related to economic development or business management. A Master's degree in business administration may be substituted for one year of general experience. Business administrative/management experience may be substituted for a college degree on a year-for-year basis in cases where the most recent years of experience indicate professional level skill attainment.

2. Additional training/experience

Experience in private business/industry in management position for four years; experience as local developer/chamber executive or active volunteer in above organizations; successful completion of basic economic development course would prove beneficial in the position. Additional graduates studies in related fields would be advantageous.

3. Equivalent Training and Experience

Experience as local developer or chamber executive responsible for economic development for five years.

C. License or Certification Required by Statue or Regulations

A valid N. C. Drivers License is essential in performing required duties and responsibilities.

V. CERTIFICATION: I certify that (a) I am the Immediate Supervisor of this position, that (b) I have provided a complete and accurate description of responsibilities and duties and (c) I have verified (and reconciled as needed) its accuracy and completeness with the employee.

X Signature: [signature] Title: RETENTION MGR. Date: 3/25/91

Employee's Certification: I certify that I have reviewed this position description and that it is a complete and accurate description of my responsibilities and duties.

Y Signature: [signature] Title: Retention Expansion Specialist Date: 3-20-91

Section or Division Manager's Certification: I certify that this position description completed by the above named immediate supervisor, is complete and accurate.

Signature: [signature] Title: Dir. Bus/Ind Dev. Dir. Reg-Op Date: 3/27/91 3/25/91

Department Head or Authorized Representative's Certification: I certify that this is an authorized, official position description of the subject position.

Signature: [signature] Title: Deputy Sec Date: 5/3/91

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IV. CERTIFICATION: I certify that (a) I am the Immediate Supervisor of this position, that (b) I have provided a complete and accurate description of responsibilities and duties and (c) I have verified (and reconciled as needed) its accuracy and completeness with the employee.

Signature _____ Title _____ Date: _____

Employee's Certification: I certify that I have reviewed this position description and that it is a complete and accurate description of my responsibilities and duties.

Signature _____ Title _____ Date_____

Section or Division Manager's Certification: I certify that this position description, completed by the above named immediate supervisor, is complete and accurate..

Signature _____ Title _____ Date: _____

Department Head or Authorized Representative's Certification: I certify that this is an authorized, official position description of the subject position.

Signature _____ Title _____ Date: _____

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1. **Please provide a copy of the Stripper Well consent decree.**

Consent decree is attached.

2. **Is the state still receiving petroleum overcharge disbursements, and when does the Division expect these payments to end?**

Yes. We estimate that the last payment will be made in approximately five years. Below is a list of the balance of each of the petroleum overcharge accounts. The date of the last settlement disbursement was made October 30, 1998, in the amount of $542,039.66. Total funds are committed but not yet expended. All of the accounts listed below are considered open accounts.

	Current Year	Carryover	Total
State Energy Plan			
Department Of Energy	501,949	446,786	948,735
Exxon	589,867	13,529,200	14,119,067
Stripper Well	1,249,654	1,259,180	2,508,834
Warner	116,880	200,000	316,880
Weatherization Plan			
Stripper Well	1,214,899	1,183,062	2,397,961
Diamond Shamrock	47,562	51,295	98,857

3. **For what purposes can petroleum overcharge funds be used and within the overall purposes, what restrictions, if any, are there on the use of these funds? Please clarify the allowable uses of petroleum overcharge funds, including any restrictions on the use of these funds.**

Purposes and restrictions on petroleum overcharge (PVE) funds:

Chevron - Ride-sharing, public transportation, building energy audits, grants or loans for weatherization and energy conservation equipment installation, energy assistance programs, highway and bridge maintenance and repair airport maintenance and improvement, reduction in airport user fees, energy conservation research

Warner Amendment - SECP, EES, Weatherization Assistance Program, Institutional conservation Program, Low-Income Home Energy Assistance Program Block Grant. No administrative expenses.

Exxon - Same programs as Warner Amendment. No administrative expenses.

Stripper Well - Same programs as Warner Amendment and Chevron settlement or any program approved by DOE's Office of Hearing and Appeals. Up to 5% for administrative expenses. Can be used as nonfederal match for Federal grant funds.

Diamond Shamrock - Same as Stripper Well. Any amount, up to entire refund, for administrative expenses not to exceed 5% of states total PVE receipts. Can be used as non-federal match for Federal grant funds.

However, these uses are prohibited for State Energy Program (SEP) Funding:
- Construction or repair of mass transit systems or exclusive bus lanes, buildings, or structures
- Purchase land, buildings, or structures or to pay interest on construction

- Subsidize fares for public transportation
- Subsidize utility rate demonstrations or State tax credits for energy conservation or renewable energy measures
- Conduct or purchase equipment to conduct research, development, or demonstration of energy efficiency, or renewable energy techniques and technologies not commercially available.

However, demonstrations of commercially available energy efficiency or renewable energy techniques and technologies are permitted.

4. **Why is there still such a high cash balance left in the petroleum overcharge accounts? Is there not enough need to warrant the expenditure of these funds?**

What may appear as a high cash balance is actually obligated funding that is in the pipeline to meet some of the overwhelming needs in North Carolina. This funding will be encumbered and spent in an orderly process that ensures that the State's Community Action Agencies and contracting universities, nonprofit organizations and private contractors can carry out the State's SEP and Weatherization missions on a stable, orderly basis.

5. **In addition, the 1998 and 1999 annual reports which detail the use of the petroleum overcharge funds are overdue. These reports were due to the General Assembly by May 15, 1998 and January 31, 1999. We would like copies of these reports as soon as possible. Please let us know when we can expect these reports.**

The 1998 report will be submitted by April 30, 1999, and the report for 1998-99 allocations to-date by Monday, May 10, 1999.

6. **Provide a breakdown of the total positions within the Division. Please account for all the positions supported through the Energy Division's fund codes. The Governor's Budget document lists 26 employees, the Division's O-chart lists 29 positions and the OSP printout lists 31 positions. Please reconcile position count and provide a summary of positions by program or activity, a title and description of what these employees do and where each of these employees are physically located. If particular positions require employees to be "in the field" for a significant portion of their job, then please provide an explanation of how much time is spent in the office vs. in the field and the type of work conducted in each setting.**

The Energy Division has 29 staff members. The positions include a Director (1), Managers (3), Building System Engineers (3), Energy Conservation Representatives (11), Governmental Accounts Auditors (5), and Support Staff (6). Additionally, Energy supports 2 positions (Computing Consultant IV and Energy Policy Advisor) that are located within the Division but are not considered Division staff. The following is a list of positions located within the Energy Division (31 total):

Division Director (1) – Responsible for overall management of the Division; executive secretary to the Energy Policy Council; and Governor's designee to the Southern States Energy Board per NCGS 109.

Energy Division Section Chief (1) – Responsible for the administration and supervision of the RECAP program and staff to include planning and implementation of training conferences, budget planning and development, program planning and development, coordination of local administering agencies, and coordination of WAP with other conservation programs.

Building System Engineer II (1) – Responsible for developing, monitoring and evaluating projects for the industrial and commercial sectors in addition to overall management of the SEP Program.

Building System Engineer I (3) – Responsible for developing, monitoring and evaluating projects for the industrial and commercial sectors in addition to providing technical support to all other program areas.

Energy Conservation Representative Manager (1) – Responsible for administration of all facets of field monitoring and training operations, including supervision of four program monitoring staff, monitoring and evaluating weatherization programs and their subgrantees, contractors, and/or researchers. Reviews monitoring reports, program information on agencies progress reports, training activities, monitors agency assignments and other duties assigned to program monitors. Other duties include responsibility for training all subgrantees with the implementation of new technologies; day to day activities of special projects and acting on behalf of the RECAP manager in his absence regarding administrative matters as necessary.

Energy Conservation Representative (10) –
WAP: Responsible for on-site monitoring of local agencies to ensure compliance with contractual obligations and federal/state regulations governing the WAP program; for providing training and technical assistance to local agency staff to ensure accountability of materials, quality of workmanship, proper reporting and procurement practices. Requires 10% random-sample, job site visits.
SEP: Responsible for developing and monitoring the projects in the residential, intergovernmental, education, agriculture, commercial, transportation, and energy audit programs and emergency planning. Activities may include assessing and forecasting energy and fuel consumption, analyzing energy usage for emergency planning and data analysis.

Office Assistant IV (1) – Responsible for providing administrative assistance to SEP staff.

Administrative Assistant I (1) – Responsible for tracking of subgrantee awards, budget evaluation and amendment, consolidation of budget information and reporting requirements within institutional sector. Tabulation of institutional energy reports for consolidation within ARES, maintenance of SAGA system throughout SEP and administrative support to professional staff.

Information Communications Specialist (1) – Responsible for distributing public information on specific programs and general conservation information. Also responsible for the writing, editing, print production and preparation of all Energy Division brochures, books, manuals and other media awareness materials.

Administrative Officer III (1) – Responsible for managing the financial and administrative activities associated with the administration of the Division, including the fiscal responsibilities for federally-funded programs in energy policy, conservation and technology. The administrative and financial transactions are very complex in that they often involve specific requirements from several different funding sources that must be blended into a particular program or project. The Division currently contracts with over 100 agencies, institutions and contractors annually, from across the state and the southeast, with many funded on a multi-year cycle. In addition, new federal procedures and guidelines call for closing out twenty-year federal contracts, reconciling all ledgers and accounts and merging the carryover into existing or new programmatic structures with updated electronic reporting requirements as mandate by the federal Office of Management and Budget.

Governmental Accounts Auditor II (1) – Responsible for compiling and submitting all Management Summary and Financial Status Reports, developing and submitting the Weatherization Assistance Program State Plan to the U.S. Department of Energy, preparing all program budgets for the up-coming year,

processing and approving monthly request for payment reports, and reconciling and analyzing the Management Budget Reports with subgrantee performance data. This position also supervises other Weatherization fiscal staff regarding the processing of subgrantee reports and fiscal monitoring duties. *(SEP's -Responsible for financial compliance monitoring of local agencies to include examination of financial records, training of agency financial personnel in establishing efficient accounting, physical inventory control, and reporting procedures. Responsible for tracking payments and financial documents)*

Governmental Accounts Auditor I (3) – Responsible for financial compliance monitoring of local agencies to include examination of financial records, training of agency financial personnel in establishing efficient accounting, physical inventory control, and reporting procedures. *(SEP's Responsible for financial compliance monitoring of local agencies to include examination of financial records, training of agency financial personnel in establishing efficient accounting, physical inventory control, and reporting procedures.)*

Office Assistant IV (1) – Responsible for all clerical support to weatherization staff including typing of correspondence, monitoring reports, DOE monthly/quarterly reports, and contracts. Also responsible for filing, receptionist and telephone duties for the weatherization assistance program.

Support Staff (3) – Serve as administrative and clerical assistance to Director, fiscal unit, and receptionist

Computing Consultant IV (1) – Determines day to day and long-range goals of Energy Division computer system. Responsible for developing policy, implementing procedures, developing and obtaining budget approval, training staff and managing the day to day operations within the Local Area Network (LAN) area. This position provides microcomputer support for all field staff. Responsible for maintaining and managing the LAN system. This position is supported by the Energy Division budget but is not Division staff.

Energy Policy Advisor (1) – The person is on loan to the Federal Government as a Disaster Remediation Specialist who works with various Disaster Remediation Programs throughout the Southeast. The primary contact for this individual is the Department of Energy in Atlanta. This position is supported by the Energy Division budget but is not Division staff.

Accounts Auditors I & II - 80% in field
Energy Conservation Reps. - 50% in field

7. **Please clarify which pot of federal money requires a 20% state match. How much in federal funds does the Division receive that requires a state match? Also, please provide more detail about this matching requirement, including specifics about the type or source of match required (in-kind services and/or dollars). Finally, please attach a copy of the document that discusses the matching requirement.**

Ninety-seven (97) percent of Energy Division funding comes from the Federal Government (DOE-SEP, PVE, DOE-WAP). As for matching requirements, federally appropriated funding (in 1998 we received about $701,000) for SEP requires a 20% state match. A further description of the federal criteria for state matching contributions is attached.

8. **Please provide information on the number of audits conducted and the amount of savings to the state for the current fiscal year (FY 98-99) and the previous fiscal year (FY 97-98). Also, please explain how the amount of savings to the state is calculated and who is actually conducting the audits - Energy personnel or a contractor?**

The State Auditor conducts fiscal and program compliance audits of the Division. Additionally, private CPAs conduct annual audits of subgrantees at the local level. However, none of these audits calculates savings resulting from Energy Division programs.

However, the Division performs two types of monitoring; fiscal auditing and programmatic/administrative monitoring. These two components provide immediate communications to managers on the activities conducted under the programs' auspices.

Fiscal audits involve the review of contractors' financial procedures for the proper expenditure of allocated funds. This review includes all aspects of federal financial compliance.

Program/Administrative monitoring involves day-to-day review of contract activities. These activities include site visits, review of standards and procedures, installation of recommended retrofits, inventory control, training and technical assistance, and federal compliance reporting.

A basic methodology for calculating energy savings is as follows:
Energy Savings **equal** *Projected Savings based on changes/improvements* **minus** *actual consumption*

Energy savings are based on data collected in the field to determine actual consumption when compared to an engineering analysis of proposed improvements or process changes. Calculations are based on accepted industry standards such as the ASHRAE codes and the North Carolina Building Codes and pricing guidelines that are supplemented by professional estimates and vendor-supplied pricing data, when appropriate.

Based on the methodology used to calculate energy savings for Energy Division-sponsored programs, energy savings for 1997, the latest available data year, total 226.15 trillion BTUs.

Attachment H

Sec. 420.12 State matching contribution.

(a) Each State shall provide cash, in kind contributions, or both for SEP activities in an amount totalling not less than 20 percent of the financial assistance allocated to the State under Sec. 420.11(b).

(b) Cash and in-kind contributions used to meet this State matching requirement are subject to the limitations on expenditures described in Sec. 420.18(a), but are not subject to the 20 percent limitation in Sec. 420.18(b).

(c) Nothing in this section shall be read to require a match for petroleum violation escrow funds used under this part.

April 19, 1999

MEMORANDUM

TO: Jennifer Hoffman

FROM: Kathy Sawyer

CC: Leza Aycock

RE: Energy Division responses

Below are the responses to your questions from Friday evening. Please let me know if you have any additional questions.

On the petroleum overcharge restrictions:

In the case of *The United States v. Exxon Corporation* the court found the company liable for domestic oil overcharges and directed the company to pay $2.1 Billion in damages. The District Court specified that funds dispersed to the states would have to be used within one of the five energy conservation programs. In the *Stripper Well Agreement,* the consent agreement specifies the categories and programs that can be funded. Further, this agreement requires the States to notify DOE and the Court, thirty days before any money is spent. If funds are allocated to the conservation programs listed in *Exxon*, then the regulations for that program will apply. If a projected use of *Stripper* funds is outside of the five programs, prior approval must be obtained by the Stripper Well Committee, Office of Hearings and Appeals, US Department of Energy at least thirty days prior to use. Other settlement cases were of smaller amounts than these and followed the precedents contained herein.

On the 5388 funds:

These funds must be applied for each year but they are ongoing. The major energy conservation programs (SECP, ICP, EES) that were folded into the State Energy Program in 1996, were re-authorized by Congress in 1998 for ten years. The Weatherization Assistance Program(WAP) and Low Income Home Energy Assistance Program (LIHEAP) were also reauthorized in 1998. Last year appropriations for SEP and WAP were 4.3 percent over the previous year. The FY '2000 Budget includes an 11 percent increase. Congress has recognized that these energy conservation programs are a low cost way to reduce air emissions as well as conserve energy.

R.145

List Of Petroleum Overcharge Accounts

Account	Cash Balance
64606 (Federal Petroleum Overcharge)	347,572.52
64608 (Exxon Oil Overcharge)	16,551,348.63
64610 (Stripper Well Settlement)	14,444,098.28
64611 (Amoco II)	69,801.43
64613 (Occidental Settlement)	535,668.39
Total	**$31,948,489.25**
Obligated Funds	17,342,505.00
Unobligated PVE Funds	**$14,605,984.25**

Listed above are the cash balances of each of the petroleum overcharge accounts. The date of the last settlement disbursement was made October 30, 1998 in the amount of $570,605.20. All of the accounts listed above are considered open accounts. The Federal PVE account will be closed and the final disbursement made within approximately five years.

Per federal regulations the use of PVE funds must be approved by the US DOE. The amount appropriated to the Energy Division ($17,342,505) has been obligated through the Weatherization Assistance Plan and the State Energy Plan approved by the Atlanta Regional Support Office of the US DOE. The remaining amount in the trust fund, not yet appropriated by the General Assembly ($14,605,984.25), has yet to be allocated and yet to be approved by the US DOE. Again, in accordance with the court settlements and federal regulations (10CFR600), uses of petroleum violation escrow funds must be prior approved by the US DOE.

The two five year plans were transmitted to the current Director by the previous Director. It was stated that these plans represented an agreement between the Commerce Department and the NER Appropriations Subcommittees. The remaining PVE funds would be designated for the maintenance of the State Energy Plan and the Weatherization Assistance Plan until such funds were exhausted.

ATTACHMENT 17

IN THE

United States District Court

FOR THE DISTRICT OF KANSAS

IN RE: THE DEPARTMENT OF ENERGY STRIPPER WELL EXEMPTION LITIGATION } M.D.L. No. 378

FINAL SETTLEMENT AGREEMENT

R-147

SETTLEMENT AGREEMENT

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SETTLEMENT AGREEMENT

This Settlement Agreement (hereinafter this Agreement) is entered into as of the 5th day of May, 1986 between the United States Department of Energy (hereinafter DOE), the States, the Refiners, the Resellers, the Retailers, the Airlines, the Agricultural Cooperatives, the Surface Transporters, the Utilities (as defined hereinafter), and others who become signatories hereto.

WITNESSETH THAT:

WHEREAS, certain parties have been engaged for several years in complex and protracted litigation, entitled *In Re Department of Energy Stripper Well Exemption Litigation* (hereinafter M.D.L. 378);

WHEREAS, certain parties are or will be involved in other proceedings, both judicial and administrative, involving alleged violations of DOE's price and allocation controls applicable to crude oil (hereinafter the Alleged Crude Oil Violations) including but not limited to: (1) the first sale and the resale of crude oil under 10 C.F.R. Part 212, Subparts D, F, and L and (2) the Domestic Crude Oil Allocation Program (hereinafter the Entitlements Program);

WHEREAS, these violations may have had an effect on the Entitlemen.s Program which affected all participants in that Program and thereafter all purchasers of refined petroleum products, or otherwise may have had effects on such purchasers;

WHEREAS, certain parties have been engaged for several years in complex and protracted litigation involving the conclusion of the Entitlements Program administered by DOE;

WHEREAS, the parties desire to compromise and settle certain pending lawsuits and other proceedings, as well as avoid future controversy, by establishing a mutually agreeable method of disbursing certain funds that have been or will be collected as a result of the alleged violations in issue; and

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein the parties agree as follows:

I. PARTIES

The parties to this Agreement are those Persons, including any individual, firm, corporation, partnership, joint stock company, joint venture, business trust, cooperative, voluntary association, or government or department thereof (herein called a Person), who are or who become signatories to or bound by this Agreement and their predecessors, successors and assigns (hereinafter the Parties). The Parties and recipients of monies pursuant to this Agreement include:

A. *DOE*. DOE is the United States Department of Energy, including the Economic Regulatory Administration (hereinafter the ERA) and the Office of Hearings and Appeals (hereinafter the OHA).

B. *States*. The States include the fifty sovereign States of the United States, the District of Columbia, the Commonwealth of Puerto Rico and the territories and possessions of American Samoa, Guam, the Northern Marianas, and the U.S. Virgin Islands on behalf of themselves and their citizens.

C. *Refiners*. The Refiners include all participants in the Entitlements Program based on actual or deemed runs-to-stills, which are identified in DOE's draft Entitlements Adjustment Notice published in the Federal Register on November 3, 1983, 48 *Fed. Reg.* 50824.

D. *Resellers*. The Resellers include all marketers and distributors of domestically refined petroleum products during any part of the period August 19, 1973 through January 27, 1981 (hereinafter the Settlement Period) with the exception of the groups which are specifically excluded in the Resellers Order referenced below.

E. *Retailers.* The Retailers include all independent marketers of domestically-refined motor fuels (branded and unbranded gasoline and diesel fuels) who made 50 percent or more of their sales at retail during any part of the Settlement Period, with the exception of those specifically excluded in the Retailers Order referenced below.

F. *Airlines.* The Airlines include all United States-certificated air carriers holding a certificate issued pursuant to 49 U.S.C. §1371 and purchasing domestically-refined kerosene jet fuel during any part of the Settlement Period.

G. *Agricultural Cooperatives.* Subject to the provisions of the Cooperatives Order referenced below, the Agricultural Cooperatives (hereinafter the Co-ops) include all national, regional and inter-regional "cooperative associations" and "cooperatives" (under 12 U.S.C. §1141j or any state agricultural marketing or association law), including and acting on behalf and for the mutual benefit of all their member-patrons, which Co-ops (1) were engaged in refining or resale of petroleum products to their own member-patrons during any part of the Settlement Period, and (2) presently operate and actively transact business with or for member-patrons on a cooperative basis.

H. *Surface Transporters.* The Surface Transporters include all commercial motor vehicle surface transporters of persons or property including "for hire" carriage and private fleet transportation, regulated and unregulated, and specifically including, without limitation, trucks, buses and taxicabs, who utilized oil products in such operation at any time during the Settlement Period.

I. *Utilities.* The Utilities include all investor-owned electric utilities utilizing oil or oil products in the generation of electricity at any time during the Settlement Period with the exception set forth in the Utilities Order. Neither cooperatively owned nor governmentally owned utilities are included as Utilities.

II. M.D.L. 378

A. Settlement.

1. *Approval of Agreement.* By execution of or becoming Parties to this Agreement, and subject to Paragraph VI.F, the Parties intend to compromise and settle all claims to the funds in escrow in M.D.L. 378 and any additional funds which are subsequently deposited therein (hereinafter the M.D.L. 378 Escrow), and the funds attributable to injection well issues which were paid by Amoco to DOE on February 1, 1985, in compliance with the February 14, 1980 Amoco consent order, plus interest accrued through the date of disbursement pursuant to this Agreement (hereinafter the DOE/Amoco Stripper Fund). The Parties agree to use their best efforts to obtain approval of this Agreement by the U.S. District Court for the District of Kansas (hereinafter the District Court) and distribution of the M.D.L. 378 Escrow in accordance with this Agreement as expeditiously as possible. A Party who is not otherwise a party to M.D.L. 378 shall not become or be considered a party to M.D.L. 378 by reason of having executed this Agreement nor shall execution hereof be probative of making any Party a party to M.D.L. 378, although all Parties are bound by the terms of this Agreement and agree to be bound by an order of the District Court approving and enforcing the Agreement.

2. *Cooperation on Discovery.* The Parties recognize that there are certain remaining unresolved discovery matters in M.D.L. 378. The Refiners agree to cooperate with DOE in resolving these issues as expeditiously as possible and to facilitate the production of documents and answers to interrogatories to the greatest extent practicable without waiving any substantive rights or claims of privilege which any Refiner may have.

3. *Cooperation on Other Issues.* The Refiners which are or which become parties to M.D.L. 378 agree to cooperate with DOE in obtaining speedy judicial resolution of any liability issues remaining in the litigation. Each Refiner which is or which becomes a party to M.D.L. 378 agrees to pay into the M.D.L. 378 Escrow, within 30 days after the Payment Date as hereinafter defined, within 30 days after

becoming a party, or within 30 days after a demand for payment by DOE, whichever is later, any monies or portions of monies being held by it which DOE claims should be paid into the M.D.L. 378 Escrow which claims or portions of claims are no longer contested in good faith by such Refiner.

4. *Waiver of Civil Penalties.* DOE agrees to waive and release any claim for civil penalties against any of the Parties arising out of, or relating to, counting injection wells to qualify a property as a stripper property.

5. *Dismissal of Litigation.* Upon District Court approval of this Agreement, and the occurrence of the Payment Date as hereinafter defined, each of the cases making up M.D.L. 378 will be dismissed with prejudice individually when all remaining issues concerning any alleged monetary liability are finally resolved in that particular case and all money owed in that case has been paid into the M.D.L. 378 Escrow. DOE agrees not to assert against a Party whose case has been dismissed under this paragraph any additional claim arising out of, or relating to, counting injection wells to qualify a property as a stripper well property for the same production and time period covered by the dismissed case. Each of the Parties agrees to bear its own costs incurred in the prosecution or defense of M.D.L. 378 litigation.

6. *Remaining Issues.* Nothing in this Agreement may be read to enlarge, abridge, limit or otherwise affect the ability of the parties to M.D.L. 378 to litigate the issues remaining in M.D.L. 378 concerning the determination and collection of the amount of remaining liability, if any, of any party to M.D.L. 378 for counting injection wells to qualify a property as a stripper well property, or to seek the imposition of sanctions for failure to comply with proper discovery requests.

B. Distribution of Funds.

1. *Initial Distribution.*

a. *Segregation of Initial Accounts.* Upon District Court approval of this Agreement (hereinafter the Approval Order), funds in the M.D.L. 378 Escrow shall be segregated into the following Accounts in the amounts specified in the following paragraphs of this Agreement:

i. Refiners Account	II.B.2.a.
ii. Resellers Account	II.B.2.b.i.
iii. Retailers Account	II.B.2.c.i
iv. Airlines Account	II.B.2.d.i
v. Co-ops Account	II.B.2.e.i
vi. Surface Transporters Account	II.B.2.f
vii. Utilities Account	II.B.2.g
viii. States Account	II.B.3
ix. DOE Account	II.B.3

b. *Distribution of Initial Accounts.* Distribution of funds from Accounts i through ix above, including interest as provided in Paragraph II.B.1.c, to the respective Parties, or to their Escrows (as hereinafter provided) for further distribution in accordance therewith, shall proceed, subject to District Court approval, upon the earliest date provided below:

i. if no opposition to this Agreement is filed with the District Court, as soon as that court may permit;

ii. if no appeal is taken from the Approval Order, upon expiration of the time for appeal;

iii. if an appeal is taken from the Approval Order which solely concerns the process or procedural mechanism for payments of funds in one or more of the Accounts i through ix above, or a determination of eligibility for payment to a party who claims that it is eligible under the terms of this Agreement for payment from such Account(s), or respective Escrow(s), as soon as the District Court may permit, except to the extent distribution of some or all of the funds in the Account(s) or Escrow(s) which is the subject of such appeal(s) is stayed pending appeal; or

iv. if not earlier distributed, upon a final judgment or order approving this Agreement when judgment or order is not subject to further appellate review (hereinafter Final Court Approval).

The date on which funds are distributed to all of the Parties or their Escrows, except any Party or Escrow as may be subject to a stay as described in (iii) above, shall hereinafter be referred to as the Payment Date.

c. *Interest.* A proportionate share of any earnings of the M.D.L. 378 Escrow shall accrue to the benefit of, and be included in, each Account segregated under Paragraph II.B.1 effective from the date of the Approval Order until the date of disbursement of that Account as provided under this Agreement.

2. *Distributions to Non-Governmental Parties.*

a. *Refiners.* The amount of $298,514,000 (hereinafter the Refiners Distribution) shall be segregated pursuant to Paragraph II.B.1.a, into the Refiners Account for disbursal, pursuant to Paragraph II.B.1.b, to the Refiners Escrow Agent for further distribution in accordance with the Refiners Escrow Agreement (attached hereto as Exhibit A).

b. *Resellers.*

i. *Initial Distribution.* The amount of $44,690,371 shall be segregated, pursuant to Paragraph II.B.1.a, into the Resellers Account for disbursal, pursuant to Paragraph II.B.1.b, to the Resellers Escrow (hereinafter the Resellers Initial Distribution) for further distribution pursuant to the Order Establishing Resellers Escrow and Prescribing Provisions for Administration of the Fund (hereinafter the Resellers Order attached as Exhibit B). In the event the total amount in the M.D.L. 378 Escrow and the DOE/Amoco Stripper Fund, irrespective of any funds set aside pursuant to Paragraph II.C (hereinafter the Total Fund), is less than $1.433 billion at the time of the Approval Order, then 2.25 percent of the difference between $1.433 billion and the Total Fund shall be deducted from the Resellers Initial Distribution. In the event the Total Fund exceeds $1.433 billion on the date of the Approval Order, then 2.25 percent of the amount by which the Total Fund exceeds $1.433 billion, plus interest thereon, not to exceed $13,790,323 (hereinafter the Resellers Excess Fund), shall be segregated for disbursal to the Resellers Escrow on the first anniversary of the Resellers Initial Distribution and shall not be disbursed to any other Party or otherwise depleted from the M.D.L. 378 Escrow.

ii. *Second Distribution.* One year after the Resellers Initial Distribution and subject to Paragraph II.B.2.h, the sum of (i) the amount of $13,790,323, which shall include the Resellers Excess Funds, if any, and (ii) the amount of any deduction made from $44,690,371 under the Resellers Initial Distribution pursuant to Paragraph II.B.2.b.i, (hereinafter the Resellers Second Distribution) shall be disbursed from the M.D.L. 378 Escrow to the Resellers Escrow for further distribution pursuant to the Resellers Order.

c. *Retailers.*

i. *Initial Distribution.* The amount of $44,690,371 shall be segregated, pursuant to Paragraph II.B.1.a, into the Retailers Account for disbursal, pursuant to Paragraph II.B.1.b, to the Retailers Trustee (hereinafter the Retailers Initial Distribution) for further distribution pursuant to the Order Approving Independent Retailers of Motor Fuels Group Administration and Trust Agreement (hereinafter the Retailers Order attached hereto as Exhibit C). In the event the Total Fund is less than $1.433 billion on the date of the Approval Order, then 2.25 percent of the difference between $1.433 billion and the Total Fund shall be deducted from the Retailers Initial Distribution. In the event the Total Fund exceeds $1.433 billion at the time of the Approval Order, then 2.25 percent of the amount by which the Total Fund exceeds $1.433 billion, plus interest thereon, not to exceed $13,790,323 (hereinafter the Retailers Excess Funds), shall be segregated for disbursal to the Retailers Trustee on the first anniversary of the Retailers Initial

Distribution, and shall not be disbursed to any other Party or otherwise depleted from the M.D.L. 378 Escrow.

ii. *Second Distribution.* One year after the Retailers Initial Distribution and subject to Paragraph II.B.2.h, the sum of (i) the amount of $13,790,323, which shall include the Retailers Excess Funds, if any, and (ii) the amount of any deduction made from $44,690,371 under the Retailers Initial Distribution pursuant to Paragraph II.B.2.c.i (hereinafter the Retailers Second Distribution) shall be disbursed from the M.D.L. 378 Escrow to the Retailers Trustee for further distribution pursuant to the Retailers Order.

d. *Airlines.*

i. *Initial Distribution.* The amount of $29,793,581 shall be segregated, pursuant to Paragraph II.B.1.a, into the Airlines Account for disbursal, pursuant to Paragraph II.B.1.b, to the Airlines Escrow (hereinafter the Airlines Initial Distribution) for further distribution pursuant to the Order Establishing Airlines Escrow and Prescribing Escrow Instructions (hereinafter the Airlines Order attached hereto as Exhibit D). In the event the Total Fund is less than $1.433 billion at the time of the Approval Order, then 1.50 percent of the difference between $1.433 billion and the Total Fund shall be deducted from the Airlines Initial Distribution. In the event the Total Fund exceeds $1.433 billion on the date of the Approval Order, then 1.50 percent of the amount by which the Total Fund exceeds $1.433 billion, plus interest thereon, not to exceed $9,193,548 (hereinafter the Airlines Excess Funds), shall be segregated for disbursal to the Airlines Escrow on the first anniversary of the Airlines Initial Distribution, and shall not be disbursed to any other Party or otherwise depleted from the M.D.L. 378 Escrow.

ii. *Second Distribution.* One year after the Airlines Initial Distribution and subject to Paragraph II.B.2.h, the sum of (i) the amount of $9,193,548, which shall include the Airlines Excess Funds, if any, and (ii) the amount of any deduction made from $29,793,581 under the Airlines Initial Distribution pursuant to Paragraph II.B.2.d.i (hereinafter the Airlines Second Distribution) shall be disbursed from the M.D.L. 378 Escrow to the Airlines Escrow for further distribution pursuant to the Airlines Order.

e. *Agricultural Co-ops.*

i. *Initial Distribution.* The amount of $34,751,177 shall be segregated, pursuant to Paragraph II.B.1.a, into the Co-ops Account for disbursal, pursuant to Paragraph II.B.1.b, to the Co-ops Escrow (hereinafter the Co-ops Initial Distribution) for further distribution pursuant to the Order Establishing Agricultural Cooperatives Settlement Fund and Prescribing Provisions for the Administration and Distribution of the Fund (hereinafter the Co-ops Order attached hereto as Exhibit E). In the event the Total Fund is less than $1.433 billion on the date of the Approval Order, then 1.75 percent of the difference between $1.433 billion and the Total Fund shall be deducted from the Co-ops Initial Distribution. In the event the Total Fund exceeds $1.433 billion at the time of the Approval Order, then 1.75 percent of the amount by which the Total Fund exceeds $1.433 billion, plus interest thereon, not to exceed $10,725,806 (hereinafter the Co-ops Excess Funds), shall be segregated for disbursal to the Co-ops Escrow on the first anniversary of the Co-ops Initial Distribution, and shall not be disbursed to any other Party or otherwise depleted from the M.D.L. 378 Escrow.

ii. *Second Distribution.* One year after the Co-ops Initial Distribution and subject to Paragraph II.B.2.h, the sum of (i) the amount of $10,725,806, which shall include the Co-ops Excess Funds, if any, and (ii) the amount of any deduction made from $34,751,177 under the Co-ops Initial Distribution pursuant to Paragraph II.B.2.e.i (hereinafter the Co-ops Second Distribution) shall be disbursed from the M.D.L. 378 Escrow to the Co-ops Escrow for further distribution pursuant to the Co-ops Order.

iii. *Indemnification.* Any Co-op receiving payment from the Co-ops Escrow agrees to indemnify all other Parties to this Agreement for any claims for refund based on Alleged Crude Oil Violations which are brought by any of its member-patrons but only to the extent of the amount of payment received by that Co-op from the Co-ops Escrow.

iv. *Reserve.* The Co-ops eligibility criteria set forth in Paragraph I.G provides for a restitutionary mechanism that will benefit farmers and other agricultural end-users that obtained petroleum products from agricultural cooperatives which they owned and operated for their mutual benefit. If an appeal is taken by a co-op from the Approval Order which challenges its own ineligibility under paragraph I.G, the Administrator of the Co-ops Fund shall seek an order of the District Court to establish a sufficient reserve pending final resolution of the ineligibility challenge. Such appeal shall not prevent or delay the distribution of funds from any Account to the Parties, or to or from any of the Escrows, for further distribution, except as to any reserve established hereunder.

f. *Surface Transporters.* The amount of $10,750,000 shall be segregated, pursuant to Paragraph II.B.1.a, into the Surface Transporters Account for disbursal, pursuant to Paragraph II.B.1.b, to the Surface Transporters Escrow for further distribution pursuant to the Order Establishing Surface Transporters Escrow (attached hereto as Exhibit F).

g. *Utilities.* The amount of $5,250,000 shall be segregated, pursuant to Paragraph II.B.1.a, into the Utilities Account for disbursal, pursuant to Paragraph II.B.1.b, to the Utilities Escrow for further distribution pursuant to the Order Establishing Utilities Escrow (attached hereto as Exhibit G).

h. *Conditions Applicable to Second Distributions.* All funds, other than the DOE/Amoco Stripper Fund, deposited after the date of the Approval Order in the M.D.L. 378 Escrow and the amounts, if any, of Resellers Excess Funds, Retailers Excess Funds, Airlines Excess Funds and Co-ops Excess Funds, shall be specifically reserved for payment of Second Distributions pursuant to Paragraphs II.B.2.b.ii, c.ii. d.ii, and e.ii, until each of such Second Distribution amounts has been fully funded. When any group has received an amount in satisfaction of its Second Distribution, the amount thereafter required to be reserved shall be reduced by the maximum amount of that group's Second Distribution as described in Paragraph II.B.2.b.ii, c.ii, d.ii, or e.ii. No disbursements shall be made from the funds deposited after the date of the Approval Order in the M.D.L. 378 Escrow until the Resellers, Retailers, Airlines and Co-ops have been paid their Second Distributions or until such amounts have been specifically reserved in the M.D.L. 378 Escrow for payment to the Settlement Escrows of Resellers, Retailers, Airlines and Co-ops. In the event funds in the M.D.L. 378 Escrow on or after the first anniversary of each group's Initial Distribution equal or exceed the sum of the full amounts of the Second Distribution pursuant to Paragraphs II.B.2.b.ii, c.ii, d.ii, and e.ii, but disbursement is stayed by reason of the pendency of an appeal, a proportionate share of any interest earnings of the M.D.L. 378 Escrow shall accrue to the benefit of and be added to the amounts of such Second Distributions effective from the first anniversary of the Initial Distribution until the earliest date disbursement of such Second Distribution is permitted. In the event the funds in the M.D.L. 378 Escrow on such first anniversary of the Initial Distribution are less than the sum of the full amounts of the Second Distributions to the Resellers, Retailers, Airlines and Co-ops pursuant to Paragraphs II.B.2.b.ii, c.ii, d.ii and e.ii, then, in satisfaction of their Second Distributions the administrators of the funds for the Resellers, Retailers, Airlines and Co-ops shall each have the separate right to elect to (i) receive the group's proportionate share of the funds in the M.D.L. 378 Escrow on such first anniversary in satisfaction of its Second Distribution or (ii) postpone the group's Second Distribution to a time of its choosing subsequent to the first anniversary of its Initial Distribution, but no later than the date of dismissal of the last individual case making up M.D.L. 378. If any of the administrators of the funds for the Resellers, Retailers, Airlines or Co-ops elects to receive the group's Second Distribution under (ii) above at a time when the funds in the M.D.L. 378 Escrow are less than the sum of the full amounts of the Second Distributions to the Resellers, Retailers, Airlines and Co-ops which remain unsatisfied, then its Second Distribution amount shall be equal to its proportionate share of the

funds in the M.D.L. 378 Escrow at the time it elects to receive its amount in satisfaction of its Second Distribution. Each group's proportionate share shall be equal to a ratio, the numerator of which shall be the full amount of that group's Second Distribution and the denominator of which shall be the sum of the full amounts of the Second Distribution of that group and all other groups which have not yet elected to receive their Second Distributions.

Distributions to DOE and the States.

a. *DOE/States Available Fund Disbursement.* Except as provided in Paragraphs II.B.3.c, d, and e, 50 percent of that portion of the Total Fund which is not required to be segregated or reserved on the date of the Approval Order under Paragraph II.B.2 or set aside under Paragraph II.C (hereinafter the Available Fund) shall be paid to the States pursuant to Paragraph II.B.1. in the manner and for the restitutionary uses described in Paragraph II.B.3.f, provided that the amount paid to any State shall be reduced by the amounts, if any, disbursed for litigation expenses pursuant to a designation under Paragraph II.B.3.f.iii, and the remainder of such Available Fund (less $50 million reserved to assure the disbursement to the States from OHA as provided in Paragraph IV.B.7) shall be disbursed to or retained by DOE.

b. *DOE/States Incremental Fund Disbursement.* Except as provided in Paragraphs II.B.3.c, d, and e, after the disbursement under Paragraph II.B.3.a. every 90 days, or each time the amounts in the M.D.L. 378 Escrow (excluding amounts reserved under Paragraph II.B.2.h and amounts set aside pursuant to Paragraph II.C) (hereinafter the Incremental Fund) reach $10 million, whichever is earlier, 50 percent of the Incremental Fund shall be disbursed to the States in the manner and for the uses described in Paragraph II.B.3.f, provided that the amount paid to any State shall be reduced by the amounts, if any, disbursed for litigation expenses pursuant to a designation under Paragraph II.B.3.f.iii, and the remainder of the Incremental Fund shall be disbursed to or retained by DOE.

c. *Advance Fund.* The disbursement of 50 percent of the Available Fund to the States shall be increased by an additional amount of $200 million (hereinafter the Advance Fund) from that portion of the Available Fund which would otherwise be disbursed to or retained by DOE. The DOE shall be reimbursed for the Advance Fund as follows:

i. after the total amount of $924,560,500 has first been disbursed to DOE and the States from the Available Fund, or from the Available Fund and the Incremental Fund, from the next $400 million of disbursements to DOE and the States from the Available Fund and the Incremental Fund, $100 million more will be disbursed to DOE than otherwise would be disbursed under II.B.3.a and b, by reallocating to DOE one-half of the States' disbursement(s) from disbursements of such $400 million; and

ii. after the total amount of $100 million of the funds attributable to Alleged Crude Oil Violations has been disbursed by OHA to DOE and the States pursuant to Paragraph IV.B.7, from the next $400 million disbursed by OHA, $100 million more will be disbursed to or retained by DOE than otherwise would be disbursed or retained under Paragraph IV.B.7, by reallocating to DOE one-half of the States' disbursement(s) from disbursements of such $400 million.

d. *Funding of Second Distributions.* In calculating the amount of funds to be disbursed to DOE and the States from the Incremental Fund, the disbursements and/or reservations of monies in the Incremental Fund under Paragraph II.B.2.h shall be deducted from the first funds which otherwise would have been disbursed to DOE from the Incremental Fund; provided, however, that no amount shall be disbursed pursuant to Paragraph II.B.3.b until the amount required to be reserved in Paragraph II.B.2.h has been fully funded. Reimbursement by the States to DOE for not more than one-half of the amount of the disbursements and/or reservations under Paragraph II.B.2.h shall be effectuated by a reduction in the disbursements to the States that otherwise would be made under

Paragraphs II.B.3.b and c by an amount equal to 3.875 percent of each combined DOE/States disbursement from the Incremental Fund and an increase in the disbursements to DOE by a corresponding amount.

e. *Assurance Fund.* The amount of $50 million from the Available Fund that would otherwise be segregated into the DOE Account on the date of the Approval Order shall be reserved (hereinafter the Assurance Fund) to assure the disbursement to the States from OHA, provided in and to be disbursed pursuant to, Paragraph IV.B.7. This $50 million amount will be treated for purposes of the calculations in Paragraphs II.B.3.a, b, c, and d as having been disbursed in its entirety to DOE under Paragraph II.B.3.a irrespective of whether all or a portion of such $50 million is disbursed to the States pursuant to Paragraph IV.B.7.

f. *State Use of Funds.* Funds available for distribution to the States shall be allocated among them on the basis of historical consumption patterns of refined petroleum products in the United States during the Settlement Period in the proportions as set forth in Exhibit H hereto, provided that no funds shall be distributed to a State until such State has submitted the signed Letters of Assurance required by this Paragraph. The payment mechanism set forth herein shall be the exclusive means of achieving distribution of the funds. The Attorney General of each State shall deliver to the Governor of such State, for the Governor's execution, duplicate originals of a Letter of Assurance in the form set forth in Exhibit I to this Agreement. Within 20 days following the date of the Approval Order, the Attorney General shall deliver to the Clerk of the Court and to the Administrator of ERA, DOE, such Letters of Assurance signed by the Governor of such State. At the same time, the Attorney General of each State shall designate in writing to the disbursing official of the M.D.L. 378 Escrow whether disbursement shall be by check or by wire transfer, and if by wire transfer, shall provide instructions for the transmittal of funds. Disbursement of all funds to such State thereafter shall be in the form designated by the Attorney General and made payable to "The State of _____". Physical delivery of a check shall be made by the disbursing official to the Attorney General and in the case of a wire transfer, advance written notice of the date and amount of the wire transfer shall be delivered to the Attorney General prior to the sending of each wire transfer. Upon receipt of each check or wire transfer notice, the Attorney General shall deliver it promptly to the Governor of such State. As used in this Paragraph II.B.3.f, "Attorney General" means the Attorney General of a State, or his or her duly authorized representative, and includes any other State official who intervened in M.D.L. 378 prior to the execution of the Memorandum of Understanding of January 24, 1986 preceding this Agreement. In the case of any State where an official other than or in addition to the Attorney General intervened in M.D.L. 378 prior to January 24, 1986, all references in this Paragraph II.B.3.f to the Attorney General shall mean the Attorney General jointly with such official. Such funds (including interest earned on the funds following their receipt by the States) will be utilized as follows:

i. *Public Notice.* Each State will give reasonable notice to the public that it has received the funds and will generally describe the types of restitutionary programs on which the State may expend the funds. Each State will conduct informal hearings at which the public may present its views concerning such expenditures. Any State which has held hearings with regard to the uses of oil overcharge refunds during the two-year period preceding the date of the Approval Order will not be required to hold additional hearings. Legislative hearings in accordance with applicable State procedures shall be sufficient to comply with the requirements of this subsection.

ii. *Restitutionary Program.* Monies received by any State shall be utilized to fund one or more existing or new energy-related programs which are designed to benefit, directly or indirectly, consumers of petroleum products within the State. State governments are familiar with the particular energy needs of their citizens, and therefore they are in the best position to select the specific programs that will most effectively provide restitution to their citizens. In order to provide the flexibility to select from a complement of approved options which will insure consideration of local needs and circumstances, each State will be accorded discretion in selecting specific programs to provide widespread benefits to consumers of petroleum products; provided, however, that

each State shall take into consideration the facts relating to usage of petroleum products within such State during the Settlement Period by various categories of such consumers and that the funds received by each State will be used to supplement, and not to supplant, funds otherwise available for such programs under Federal or State law. State funding of programs shall be limited to (1) those approved by OHA in Subpart V refund proceedings; (2) those referenced in the consent order which DOE entered into in 1981 with Standard Oil Company of California (Chevron) (46 *Fed. Reg.* 52221; October 26, 1981); (3) the types of energy conservation activities set forth in the following legislation:

(a) Part A of the Energy Conservation and Existing Buildings Act of 1976 (relating to weatherization of buildings; 42 U.S.C. §6861 *et seq.*);

(b) Part D of Title III of the Energy Policy and Conservation Act (relating to primary and supplemental State energy conservation programs; 42 U.S.C. §6321 *et seq.*);

(c) Part G of Title III of the Energy Policy and Conservation Act (relating to the energy conservation for schools and hospitals; 42 U.S.C. §6371 *et seq.*);

(d) The National Energy Extension Service and Conservation Act (relating to the promotion of conservation by small businesses and individuals; 42 U.S.C. §7001 *et seq.*); and

(e) The Low-Income Home Energy Assistance Act of 1981 (relating to assisting the poor with home utility bills; 42 U.S.C. §8621 *et seq.*);

and (4) such other restitutionary programs as may be approved by the District Court. Exhibit J exemplifies the programs approved by DOE and referenced above.

iii. *Administrative Expenses.* Each State shall be entitled to expend for administrative expenses up to the amounts permitted by Federal legislation or regulation governing federally funded programs comparable to those identified in Paragraph II.B.3.f.ii and, where there is no such Federal legislation or regulation, up to five percent of the funds allocated pursuant to Exhibit H. Administrative expenses shall include the payment or reimbursement of attorneys' fees, expert witness' fees, contractual obligations and other related costs incurred in connection with pursuit of the State's Alleged Crude Oil Violations claims. The Attorney General of a State shall designate, by written notice filed with the disbursing official, the amount and manner of direct disbursements, if any, for payment or reimbursement of such litigation expenses.

iv. *Reporting of Expenditures.* At least 30 days prior to the expenditure of funds or permissible payments under this Agreement, each State shall submit a report to the District Court in M.D.L. 378 and to the Secretary of Energy identifying the programs or payments for which such funds will be expended. Within 30 days after the close of its fiscal year, each State shall submit a report to the District Court in M.D.L. 378 and to the Secretary of Energy concerning the uses for which the funds received under this Agreement have been expended and the amounts expended for each use, until all funds shall have been expended.

g. *DOE Funds.* Funds to be disbursed to DOE pursuant to this Agreement may be transmitted by check or by wire transfer to the Controller, DOE. Funds disbursed to or retained by DOE shall be subject to the further instruction of the Secretary, DOE, or his designee, for deposit in the U.S. Treasury or for such purpose as he may direct, consistent with law and this Agreement.

C. The Set Aside

1. *Pending Litigation.* The Parties recognize that there is certain litigation now pending in the District Court which is not presently part of M.D.L. 378 but which involves the same crude oil miscertifications as those in M.D.L. 378. Specifically, *Kerr-McGee Corporation v. Gulf Oil Corporation*, Case No. 84-1061, and *Total Petroleum Corporation v. Muskegon Oil Company*, Case No. 85-1968-T, involve claims by first purchasers of the miscertified stripper oil under Section 210 of the Economic Stabilization Act of 1970, 12 U.S.C.A. §1904 (note) (hereinafter the ESA).

2. *Escrow Set Aside.* On the date of the Approval Order and prior to any distribution hereunder, $30 million for *Kerr-McGee v. Gulf*, and $10 million for *Total v. Muskegon*, of the M.D.L. 378

Escrow shall be set aside and retained in escrow, together with interest thereon, to satisfy any final judgment obtained by the plaintiffs in either of the above mentioned cases in the event the District Court rules in M.D.L. 378 that such judgment should be satisfied directly or indirectly out of such funds; provided, however, that this set aside does not compromise or otherwise preclude any Party hereto from maintaining that such judgment should not be satisfied directly or indirectly out of such funds; and provided further that this paragraph shall confer no standing in those cases on any Party which it would not otherwise have. Set aside funds not used to satisfy any such final judgment shall be deemed to be funds deposited in the M.D.L. 378 Escrow after the date of the Approval Order.

3. *Future Set Asides.* In the event that any Party (1) was a party to M.D.L. 378; (2) was dismissed from that litigation; (3) withdrew funds from the M.D.L. 378 Escrow in connection with such dismissal; and (4) hereafter becomes a party to M.D.L. 378 and repays the previously withdrawn funds to the M.D.L. 378 Escrow plus the amount of uncontested interest, then a sufficient amount of the repaid funds shall be set aside by the District Court to satisfy any Section 210 ESA claim asserted in litigation prior to December 1, 1985 against that Party which involves the same crude oil miscertifications as those in M.D.L. 378 to the same extent and with the same limitation as in Paragraph II.C.2. Such repayment shall not be deemed to affect any dispute which may exist as to any additional amount which may be required to be paid into the M.D.L. 378 Escrow by that Party.

III. WAIVERS, RELEASES AND EXCLUSIONS

A. Waivers and Releases

1. *Release of Claims to Crude Oil Funds.* Subject to Paragraphs II.B.1 and 2 and effective upon the Payment Date, the Parties other than DOE and the States release, waive, and agree to withdraw any claims before any Federal or state court or agency, including the District Court in M.D.L. 378 (except any claims specifically excluded in Paragraphs II.C, III.A.4-5, III.B.1-10, IV.A and V.G): (a) against funds which have been or will be paid to satisfy compliance or enforcement actions (including declaratory actions) brought or to be brought based on Alleged Crude Oil Violations, including recoveries of such funds (i) within DOE's control, or (ii) in escrows created or to be created by DOE, any court or agency, and (b) against the orders or agreements by which such funds have been or will be created or maintained. As to the funds described in Paragraph II.B and Part IV of this Agreement, all Parties waive and release any claim other than claims under this Agreement, to: (a) the funds disbursed or to be disbursed to or retained by DOE, except those claims specifically excluded in Paragraph V.G; and (b) the funds disbursed or to be disbursed to the States.

2. *Refiners Release.* Prior to distribution by the Refiners Escrow Agent, the Refiners Escrow Agent shall secure from each Refiner receiving funds hereunder the waiver and release in the form set forth in Attachment A to the Refiners Escrow Agreement (hereinafter the Refiners Release). The Parties agree that the Refiners Distribution and the waiver and release of claims to funds covered by Parts II and IV hereof shall not be affected by Part V.

3. *Other Releases.* As a condition to receiving any payment from their respective Escrows, each Reseller, Retailer, Airline, Co-op, Surface Transporter and Utility claimant, seeking payment from such an Escrow shall execute and deliver the waiver and release pertinent to it, including a waiver and release of all claims which a Party waives under Paragraph III.A.1, in the form set forth in Exhibits B, C, D, E, F or G hereto, which shall be deemed to be effective upon the Payment Date. Upon receipt of any payment from their respective Escrows each Reseller, Retailer, Airline, Co-op, Surface Transporter and Utility claimant except as to claims excluded in Paragraphs III.A.5, III.B.6, and V.G, shall also withdraw all covered claims for funds based upon Alleged Crude Oil Violations, except as otherwise excluded, pending before any court or Federal agency. Such waiver and release, however, shall not affect the right of Reseller, Retailer, Airline, Co-op, Surface Transporter and Utility claimants to any future payments from their respective Escrows.

4. *Certain Claims Reserved.* Nothing in this Agreement shall be construed or shall constitute a release of any Reserved Offset Claim or Reserved Claim as defined in and reserved under

Paragraphs (B) or (E), respectively, of the Refiners Release and made in any pending or future litigation or proceeding.

5. *Section 210 Claims.* Nothing in this Agreement or in any release executed pursuant hereto shall waive or release any claim in private litigation under Section 210 of the ESA by a Party (or Person who files a claim and signs a release pursuant to this Agreement or any Exhibit hereto) against a Person who is not or does not become a Party or a claimant. Effective upon the Payment Date all Parties to this Agreement waive and release as to each other any claims or actions which have been or may be brought pursuant to Section 210 of the ESA seeking recovery for Alleged Crude Oil Violations, except (a) claims, defenses, counterclaims and claims of offset reserved in Paragraph III.A.4; (b) claims asserted by Refiners as first purchasers in private litigation commenced prior to December 1, 1985 involving claims of overcharges in first sales of crude oil (other than any such claim based upon the effect or impact or influence upon the Entitlements Program resulting from the improper certification of crude oil under the Crude Oil Regulations which is not excluded and excepted in Paragraphs (B) and (E)-(R), both inclusive, of the Refiners Release); and (c) all claims asserted prior to December 1, 1985 pursuant to Section 210 of the ESA by the parties in *Kern Oil & Refining Co. v. Tenneco Oil Co.*, Nos. CV 81-3253 LEW, CV 82-6875 (C. D. Cal.); provided that the reservation in this Paragraph of any such private action and recovery under Section 210 of the ESA shall in no way affect the waiver of claims to funds set forth in Paragraph III.A.1 of this Agreement, and provided further that this Paragraph shall in no way affect claims brought by DOE in any such action.

6. *Amoco.* Provided Amoco becomes a Party, and effective upon the Payment Date, all other Parties waive and release any claims or actions which have been or could have been brought pursuant to Section 210 of the ESA, or otherwise, relating to Alleged Crude Oil Violations based on Amoco's pricing of injection well crude oil refined by Amoco, which had never been sold to, or transferred to, a third party (self-refined crude oil), or relating to DOE's exercise of its enforcement discretion in resolving DOE's claims for Alleged Crude Oil Violations pertaining to Amoco's self-refined crude oil, except claims, defenses, counterclaims or claims of offset reserved in Paragraphs III.A.4 and III.A.5.

7. *Consumers Power.* If Exxon becomes a Party, on the Payment Date, all Parties, and any Affiliates of any Party, which are plaintiffs or intervenors in *Consumers Power Company, et al. v. Exxon Corporation*, Civil Action No. H83-0610 (N.D. Ind.), shall dismiss their complaints in that litigation, with prejudice.

B. Exclusions

1. *DOE v. Hunt.* Except as provided in Paragraph (G) of the Refiners Release, the Parties specifically do not compromise their claims, counterclaims, defenses, rights to intervene or other rights asserted prior to December 1, 1985, in *DOE v. Hunt*, Nos. 5-101, 5-102 (Em. App.), with respect to any funds heretofore paid or deposited in escrow for disposition pursuant to a final judgment in such action, except that, once the claims, counterclaims and defenses of the parties in that action are resolved or settled and satisfied, distribution of any funds remaining in escrow shall, with the approval of the court, be governed by this Agreement.

2. *Diamond Shamrock.* Except as provided in Paragraph III.A.6 hereof and, as to Refiners, Paragraph (G) of the Refiners Release, the parties to such litigation specifically do not compromise their claims, counterclaims, defenses, rights to intervene or other rights as against one another asserted prior to December 1, 1985, in *Diamond Shamrock Refining and Marketing Co. v. Standard Oil Co.*, Civil Action No. C2-84-1432 (S.D. Ohio), or with respect to any funds heretofore paid or deposited in escrow for disposition pursuant to a final judgment in such action except that, once the claims, counterclaims and defenses of the Refiners in that action are resolved or settled and satisfied, distribution of any funds remaining in escrow shall, with the approval of the court, be governed by this Agreement.

3. *Citronelle.* This Agreement also specifically excludes (a) any amounts held in escrow pursuant to any administrative or court order in existence as of the date of this Agreement in *In Re Three Forty One (341) Tract Unit of the Citronelle Field*, OHA Case Nos. BEN-0078, *et al.*; which may be refunded or paid to Refiners pursuant to adjudication or settlement of said matters before OHA and

(b) any amounts previously held in escrow pursuant to such orders or any other funds at issue in such matters which may be refunded or paid to Refiners; and the Parties specifically do not compromise their claims, counterclaims, defenses, rights to intervene or other rights asserted prior to December 1, 1985, in *Exxon Corporation, et al. v. DOE, et al. (The 341-Tract Unit of the Citronelle Field)*, No. 81-25 MMS or *Texaco, Inc., et al. v. DOE, et al.*, No. 81-99 MMS (D. Del.), with respect to funds which may be in dispute or in issue in those proceedings. Notwithstanding the exclusion from this Agreement of the funds described in the preceding sentence, no purchaser of crude oil from the 341 Tract Unit of the Citronelle Field shall hereafter have any liability under any statutes or regulations administered by or orders issued by DOE with respect to, or suffer any detriment as a result of, the issues and claims contained in those cases and decisions referenced by the following citations: OHA Case Nos. BEN-0078 (7 DOE ¶81,140); DEE-7746, HED-0079 (10 DOE ¶81,027); and BEX-0180 (9 DOE ¶82,509). Any and all such existing liabilities are forever extinguished.

4. *Gulf/Cities.* Nothing in this Agreement shall in any way apply to or in any way limit any claims, counterclaims, affirmative defenses or any other contentions of the parties in any litigation arising out of or relating to Gulf's 1982 proposed merger with Cities Service Company or Gulf's tender offer for or purchase of Cities Service Company stock in 1982; provided that nothing in the reservation of such action shall in any way affect the waiver and release of claims to the funds covered elsewhere in this Agreement.

5. *Ashland.* Nothing in this Agreement shall limit the claims of Ashland Oil Inc. left open by TECA in *New York Petroleum Corp. v. Ashland Oil, Inc.*, 757 F.2d 288 (Em. App. 1985), as to the funds in that case.

6. *Getty/Sohio.* The matters in *Getty Oil Co.*, OHA Case No. HRR-0074 (and related cases), concerning the yet undetermined issues of liability remanded by the District Court in *Getty Oil Co. v. DOE*, C.A. No. 77-434 (D. Del.), are excluded from this Agreement, provided, however, that to the extent the funds arising out of such matters are determined to be Alleged Crude Oil Violations funds, the provisions of paragraph IV.B hereof shall apply.

7. *Other Funds Not Affected.* Nothing in this Agreement may be construed to adversely affect the right of any Party to retain any Alleged Crude Oil Violation funds which that Party has received or has heretofore become entitled to receive pursuant to a final agency or court order, except that funds held in escrow by DOE for restitutionary redistribution are subject to this Agreement unless elsewhere otherwise provided in this Agreement. DOE and the States do not waive or release any claim to funds returned to a Party which (a) was a party to M.D.L. 378; (b) was dismissed from that litigation; and (c) withdrew such funds from the M.D.L. 378 Escrow in connection with such dismissal. Nothing in this Agreement shall prevent any Party in any Alleged Crude Oil Violation litigation from asserting a claim (other than a claim that the measure of liability for an overcharge for crude oil is different than the excess of the actual price received above the applicable ceiling price under the Crude Oil Regulations) that funds have been deposited erroneously in an escrow in that litigation in excess of that Party's actual liability so long as such funds remain undistributed from such escrow or such claim is asserted as an offset to a claim that additional monies should be paid into such escrow.

8. *Hawkins Field.* This Agreement shall have no effect on the distribution of the funds to the States in *United States v. Exxon Corp.*, 561 F. Supp. 816 (D.D.C. 1983), *aff'd*, 773 F.2d 1240 (Em. App. 1985), *cert. denied*, 54 USLW 3495 (Jan. 28, 1986) (Nos. 85-429 *et al.*), provided, however, (a) nothing in this Agreement shall in any way affect the rights, if any, of Exxon to seek reversal, revision or reconsideration of the judgment of the district court entered in that case, and (b) if such district court judgment is reversed or set aside by the Supreme Court, then in such event Exxon's execution of this Agreement or of the Refiners Release shall not affect Exxon's rights, if any, in such litigation including, without limitation, its claims, if any, to recover funds paid by Exxon in that litigation, except only to the extent, if any, that any such claim or right may be affected or limited by the provisions of Paragraph (B) of the Refiners Release.

9. *Department of Interior.* Nothing in this Agreement shall limit by a Party any claim against the United States Department of Interior which claim arises out of or is related to Alleged Crude Oil Violations in sales of crude oil by the United States Department of Interior.

10. *Tertiary Incentive Claims.* Nothing in this Agreement shall limit any claim or defense which is preserved under Paragraph (R) of the Refiners Release by a Party for or against recovery of Tertiary Incentive Revenue (as defined in the Tertiary Incentive Program regulations) the Tertiary Incentive Program regulations, originally appearing in 10 C.F.R. §212.78 and thereafter amended.

IV. OTHER ALLEGED CRUDE OIL VIOLATIONS PROCEEDINGS

A. Pending and Future DOE Actions.

1. *Pending DOE Actions.* Except for the matters which are settled herein, DOE intends, and retains full authority, to continue to prosecute and seek appropriate restitutionary remedies for unresolved alleged violations. The defenses assertable by any party in such actions shall in no way be impaired or otherwise affected by this Agreement or any waiver and release executed pursuant hereto (except insofar as any such defense may assert a restitutionary right to recover, as an injured party, Alleged Crude Oil Violations funds paid or to be paid by others, or by such party in any other action, and held by DOE or a court or otherwise subject to this Agreement that has otherwise been waived and released under this Agreement). Funds attributable to injection well issues paid or escrowed or to be paid or escrowed by a former party to M.D.L. 378 shall be deemed to be M.D.L. 378 Escrow funds and deposited therein as of the date of such payment or escrow, whether or not paid into the M.D.L. 378 Escrow. In those instances where DOE proposes to enter into a settlement regarding an Alleged Crude Oil Violation, the States will be accorded the courtesy of reasonable notice by DOE of the amount to be recovered prior to the actual signing of such proposed settlement by any of the parties thereto. Nothing in this Paragraph shall in any way affect claims pursuant to Section 210 of the ESA which are reserved under Paragraph III.A.5 of this Agreement.

2. *Future DOE Actions.* With the sole exception set forth in Paragraph II.A.4, nothing in this Agreement shall be read or construed to limit or render reviewable the exercise of DOE's prosecutorial discretion in determining the appropriate action to take, if any, with regard to any enforcement matter. Further, nothing in this Agreement shall be read or construed to impose any obligation or duty upon the DOE regarding the enforcement or non-enforcement of its regulations, and it remains solely in the DOE's discretion to determine whether an enforcement proceeding should be initiated, settled, pursued on particular terms or terminated.

B. Pending and Future Proceedings. DOE and the States agree:

1. *Modification of Policy.* In order to carry out its remedial authority under the ESA and EPAA, within 20 days following the date of the Approval Order, DOE will issue a modification of the Statement of Restitutionary Policy concerning Alleged Crude Oil Violations issued on June 21, 1985 (50 Fed. Reg. 27400; July 2, 1985). DOE will publish that modification (hereinafter the Modified Policy) in the Federal Register. The Modified Policy will state that the policy of DOE is to process applications for refunds pursuant to existing Subpart V regulations and that in such administrative proceedings involving Alleged Crude Oil Violations, OHA will continue to require that each claimant must affirmatively demonstrate that it has been injured by the alleged violation and that it should therefore receive a refund. *See e.g. Office of Special Counsel/Tenneco Oil Co.*, 9 DOE ¶82, 538 at 85,206 (1982). The Modified Policy will state that individuals claiming such injury may file claims but OHA will not accept claims on behalf of classes, associations or trade groups. Nothing in the Modified Policy will preclude a claimant from attempting to prove injury through the use of econometric evidence of the type that was submitted in the Stripper Well evidentiary proceedings before the OHA nor preclude OHA from using the findings contained in the Report of the Office of Hearings and Appeals. *In re The Department of Energy Stripper Well Exemption Litigation*, M.D.L. No. 378 (D. Kan., filed June 21, 1985). Nothing contained herein may be construed to amend the Subpart V regulations.

2. *Distribution of Future Funds.*

a. *Application of Policy.* The Modified Policy will also provide that, as to funds (other than the M.D.L. 378 Escrow and the DOE/Amoco Stripper Fund) for which those Persons ultimately affected by the Alleged Crude Oil Violations cannot be identified, it will be DOE's policy to exercise its remedial authority, or to recommend to any court that the court exercise its remedial authority, by paying 50 percent of such funds to the DOE, and 50 percent to the States in the proportions set forth herein on Exhibit H. The Modified Policy will provide that all funds distributed to the States (including interest earned on the funds following their distribution to the States) shall be applied to benefit petroleum consumers in the manner described in Paragraph II.B.3.f. The States' programs shall be limited to the restitutionary programs approved by OHA in Subpart V proceedings (*see, e.g.*, Exhibit J), those referenced in DOE's Chevron consent order, the types of activities identified in the legislation enumerated in Paragraph II.B.3.f.ii(3), and any others approved by a court with appropriate jurisdiction or OHA. The Modified Policy also will provide that each State shall be entitled to expend for administrative expenses, including the payment or reimbursement of attorneys' fees, expert witness' fees, contractual obligations and other related costs incurred in connection with the States' claims with respect to Alleged Crude Oil Violations, up to the amounts permitted by Federal legislation or regulation governing comparable Federally funded programs and, where there is no such Federal legislation or regulation, up to 5 percent of the funds allocated pursuant to Exhibit H.

b. *Payment Mechanism.* The payment mechanism set forth herein shall be the exclusive means of achieving distribution of the funds. The Attorney General of each State shall deliver to the Governor of such State, for the Governor's execution, a Letter of Assurance in the form set forth in Exhibit I to this Agreement. Within 20 days following the date of the Approval Order, the Attorney General shall deliver to the Administrator of ERA, DOE, such Letter of Assurance signed by the Governor of such State. Delivery to the Administrator of ERA, DOE, of the signed, duplicate original Letter of Assurance required under Paragraph II.B.3.f of this Agreement shall constitute delivery of the Letter of Assurance required by this Paragraph. At the same time, the Attorney General of each State shall designate in writing to the DOE whether disbursement shall be by check or by wire transfer, and if by wire transfer, shall provide instructions for the transmittal of funds. Disbursement of all funds to such State thereafter shall be in the form designated by the Attorney General and made payable to "The State of _____". Physical delivery of a check shall be made by DOE to the Attorney General and, in the case of a wire transfer, advance written notice of the date and amount of the wire transfer shall be delivered to the Attorney General prior to the sending of each wire transfer. Upon receipt of each check or wire transfer notice, the Attorney General shall deliver it promptly to the Governor of such State.. As used in this Paragraph IV.B.2, "Attorney General" means the Attorney General of a State, or his or her duly authorized representative, and includes any other State official who intervened in M.D.L 378 prior to the execution of the Memorandum of Understanding of January 24, 1986 preceding this Agreement. In the case of any State where an official other than or in addition to the Attorney General intervened in M.D.L 378 prior to January 24, 1986, all references in this Paragraph IV.B.2 to the Attorney General shall mean the Attorney General jointly with such official. The Modified Policy will not require any procedures or standards other than those set forth in Paragraph II.B.3.f of this Agreement.

3. *Modification of DOE Order.* At the same time the Modified Policy is issued, DOE will take the steps necessary for issuance of an Order modifying the Order Implementing Departmental Policy Regarding Crude Oil Overcharges issued by OHA on June 21, 1985 (50 *Fed. Reg.* 27402, July 2, 1985) to provide that DOE's Modified Policy will be followed in all Subpart V proceedings involving Alleged Crude Oil Violations presently or hereafter coming under its jurisdiction.

4. *Expeditious Issuance of Orders.* DOE also will take the steps necessary to assure the expeditious issuance of orders or the filing of appropriate recommendations in all pending cases involving Alleged Crude Oil Violations (other than M.D.L. 378), including but not limited to those listed in Exhibit K to this Agreement, except as to such cases where the DOE is not a party and except in cases specifically exempted from this Agreement, in order to distribute the funds subject to those proceedings

pursuant to DOE's Modified Policy. With respect to such funds attributable to Alleged Crude Oil Violations presently in escrow under the control of the ERA, or which shall come under its control or be subject to agreements entered into by it in the future, petitions for the implementation of Subpart V proceedings or other actions to accomplish the distribution of such funds called for in this Agreement will be initiated as soon as practicable following the date of the Approval Order.

5. *Modification of PRO's, etc.* To the extent any Order or Proposed Order with respect to an Alleged Crude Oil Violation provides for a different disposition of funds than provided by this Agreement, including DOE's Modified Policy, DOE will promptly take all steps available to implement, with respect to such Orders or Proposed Orders, the procedures and policies set forth herein; provided, however, that nothing herein shall affect any other portions of such Orders or Proposed Orders. Nothing in this Paragraph shall apply to the Amoco consent order insofar as that order applies to counting injection wells to qualify a property as a stripper well property.

6. *Future Subpart V Proceedings.* DOE further agrees that in all Subpart V proceedings involving Alleged Crude Oil Violations, OHA expeditiously will complete the processing of first stage refund claims and will issue the final decisions and orders disbursing all funds as to which those Persons ultimately affected cannot be identified pursuant to DOE's Modified Policy. OHA may reserve a reasonable portion of funds from each such proceeding to satisfy potentially provable claims of identifiable injured claimants who have not waived their claims, but such reserve shall not exceed 20 percent of the monies in such proceeding and amounts in excess of the reserve shall be distributed while awaiting completion of the first stage refund proceedings. The percentage of the reserve will be altered within six months following the date of the Approval Order and periodically thereafter in subsequent proceedings to reflect the amount of reserve that is warranted and sufficient to provide adequate funding for eligible first-stage claims, and will be lowered as justified by claims experience as a consequence of this Agreement.

7. *Disbursement of OHA Funds.* Within 5 working days following issuance of the Modified Policy provided for in Paragraph IV.B.1, OHA will issue appropriate orders directing the disbursement of all Alleged Crude Oil Violations funds under DOE's control and available for distribution, (other than the M.D.L. 378 Escrow and the DOE/Amoco Stripper Fund) in an amount not less than $100 million, in equal shares to DOE and to the States, provided that no amount shall be distributed to a State until such State has submitted the Letter of Assurance required by Paragraph IV.B.2.b. Funds withheld from a State solely because of a failure to submit such a Letter of Assurance shall be deemed to have been disbursed to that State for the purposes of the remainder of this paragraph and an equal amount from the Assurance Fund shall be disbursed to DOE. If OHA issues such directive within the prescribed time and an amount of $50 million or more is disbursed to the States within 5 working days thereafter, the $50 million Assurance Fund from DOE's share of the M.D.L. 378 Escrow provided for in Paragraph II.B.3.e shall be disbursed to DOE. If OHA issues such directive within the prescribed time and an amount less than $50 million is disbursed to the States within 5 working days thereafter, an equal amount from the $50 million Assurance Fund from DOE's share of the M.D.L. 378 Escrow provided for in Paragraph II.B.3.e shall be disbursed to DOE and the balance of said reserve shall be disbursed to the States without any repayment obligation. If OHA does not make any such distribution to the States, said $50 million Assurance Fund shall be disbursed to the States without any repayment obligation. Should an amount be paid to the States out of said $50 million Assurance Fund as provided above and in Paragraph II.B.3.c, for purposes of the Advance Fund repayment to be satisfied from incremental OHA disbursements, as provided in Paragraph II.B.3.c, OHA will be deemed to have made the required initial disbursement of $100 million. Disbursement of the DOE/Amoco Stripper Fund pursuant to this Agreement shall be deemed to constitute an appropriate exercise of the discretion of OHA and DOE under 10 C.F.R. Part 205, Subpart V but shall not be deemed a payment in satisfaction of OHA's $100 million obligation under this paragraph.

8. *Implementation in Other Cases.* As to pending or future government enforcement cases or declaratory judgment actions involving Alleged Crude Oil Violations, DOE will on the date of the

Approval Order or at the earliest practicable date thereafter file the necessary motions, recommendations or other documents seeking immediate distribution and/or order of distribution in accordance with this Agreement. If any Person files suit to prevent or contest issuance of any notice, order, recommendation or payment under this Agreement, DOE will contest any such suit and will distribute the funds as provided in this Agreement unless barred from doing so by judicial order.

9. *Future Policy.* Consistent with the guidelines adopted by the Attorney General of the United States, "Departmental Policy Regarding Consent Decrees and Settlement Agreements", March 13, 1986, this Agreement does not limit or restrict the discretion of DOE to issue or adopt any restitutionary policy concerning future Alleged Crude Oil Violations; provided, however, in order to resolve the remedial aspects of pending administrative and judicial proceedings involving Alleged Crude Oil Violations, that the Modified Policy will continue to apply to such proceedings pending on June 1, 1986.

V. ENTITLEMENTS LITIGATION

A. Payments of Entitlements Settlement Funds. The Refiners agree to allocate the Refiners Distribution of $298,514,000 to settle the pending litigation involving the January 1981 and Entitlements Adjustment Notices and certain other Entitlements Program claims as more fully provided in the Refiners Release to be executed pursuant to the Refiners Escrow Agreement. All Refiners entitled under Paragraph 5 or 8 of the Refiners Escrow Agreement to payment of money from the Sellers Account or Buyers Account, respectively, shall be paid by the Escrow Agent pursuant to such Paragraphs (hereinafter the Entitlements Disbursement) after disbursement of the Refiners Distribution or the Entitlements Disbursement funds to the Refiners Escrow Agent when (1) the Refiners Release is properly executed by that Refiner and delivered to the Escrow Agent within the time prescribed by the Refiners Escrow Agreement; (2) such Refiners Release is properly executed by each Refiner designated in Attachment C to the Refiners Escrow Agreement (hereinafter the Attachment C Releases) and delivered to the Escrow Agent within the time prescribed by the Refiners Escrow Agreement; and (3) this Agreement (a) receives Final Court Approval or (b) an order is issued pursuant to Paragraph II.B.1 of this Agreement permitting immediate disbursal to Refiners from the Refiners Escrow of the Refiners Distribution or the Entitlements Disbursement, whichever of (a) or (b) is the earlier (hereinafter Final Approval).

B. Vacation of Entitlements Judgment. Upon commencement of the Entitlements Disbursement, the parties agree jointly to take all appropriate steps to vacate the judgment of the district court in *Texaco Inc., et al. v. Department of Energy, et al.*, 604 F. Supp. 1493 (D. Del. 1985), appeal pending Nos. 3-44 through 3-49 (Em. App.) (hereinafter *Texaco v. DOE*). If for any reason the judgment of the district court in *Texaco v. DOE* is not vacated pursuant to this Paragraph and a judgment on the merits in *Texaco v. DOE* becomes final and not subject to further appellate review (including review by the U.S. Supreme Court), such final judgment will herein be called a *Final Texaco Judgment*. If a *Final Texaco Judgment* reverses the judgment of the district court therein and requires that no further entitlements notice be issued by DOE, the Parties to the cases other than *Texaco v. DOE* listed in Paragraph V.E. below agree to dismiss such cases with prejudice.

C. Acceptance of Funds. Except as provided in Paragraphs III.A.4, III.B.3 and V.G, upon commencement of the Entitlements Disbursement, and regardless whether a *Final Texaco Judgment* is issued, Refiners agree to accept such disbursements and the provisions of such Refiners Escrow Agreement as full accord and satisfaction of every claim relating to DOE's operation of the Entitlements Program for all periods covered by price and allocation controls including, but not limited to, the unissued Draft January 1981 List and Draft Cleanup List and DOE administrative actions.

D. Buyers Relinquishment of Claims. Effective upon commencement of the Entitlements Disbursement, and regardless whether a *Final Texaco Judgment* is issued, Refiners designated as Buyers on Attachment D to the Refiners Escrow Agreement relinquish any and all claims to the Sellers Account (other than any funds in the Sellers Account which are required to be transferred to the General Account under the provisions of the Refiners Escrow Agreement); provided, however, that in the further event that (1) a *Final Texaco Judgment* is issued which requires DOE to issue any further

Entitlement Notices, and (2) a Seller on such notices, which has not executed and delivered an acceptable Release pursuant to this Agreement, collects any monies from any Buyer which has executed and delivered an acceptable Release within the Claims Period provided for in the Refiners Escrow Agreement based on that Seller's entitlement sale right on such notices, then that Buyer will be entitled to recover from the Sellers Escrow the amount paid by that Buyer to that Seller, but no more than is allocated to that Seller on Attachment B to the Refiners Escrow Agreement and subject to the terms of Paragraph 6 of the Refiners Escrow Agreement.

E. **Withdrawal of Other Entitlements Litigation.** Within 10 days after commencement of the Entitlements Disbursement, all litigation, other than *Texaco v. DOE*, except as specifically excluded or reserved by Paragraphs III.B.3 and V.G, initiated by any Refiner against DOE involving any issue arising out of or involving the Entitlements Program shall be withdrawn or dismissed with prejudice and no further litigation against DOE involving any aspect of the Entitlements Program either past or future shall be instituted in any State or Federal court or agency of the United States Government, except as permitted in Paragraphs (A), (F) and (J) of the Refiners Release. Cases to be dismissed or withdrawn with prejudice shall include but not be limited to the following: *Ashland Oil v. DOE*, (W.D. Ky., Dkt. No. 81-0187L(B)); *Ashland Oil, Inc.* (FERC Dkt. No. RA 83-3-000); *Marathon Oil v. DOE* (N.D. Ohio, Dkt. No. 81-634); *Mobil Oil v. DOE* (N.D.N.Y., Dkt. No. 81-CV-340); and the cross claim of Ashland Oil Company in *Texaco v. DOE*, provided that nothing in this Agreement shall restrict or limit (1) a claim of an Entitlements Program violation by DOE except as provided in Paragraph V.F or (2) any challenge or defense by a Refiner to such a DOE claim.

F. **Termination of Entitlements Actions by DOE.** After commencement of the Entitlements Disbursement and vacation of the judgment in *Texaco v. DOE*, DOE agrees that it shall not order the purchase or sale of any further entitlements, either through entitlements lists or as a result of any exception decisions, and shall not institute or voluntarily participate in any judicial or administrative proceedings pertaining to the publication of any further entitlements notices. After commencement of the Entitlements Disbursement and vacation of the judgment in *Texaco v. DOE*, DOE shall take no action whatsoever pertaining to entitlements obligations based on runs-to-stills or crude oil receipts after December 31, 1980, and further agrees to take no such action on the basis of any entitlements report filed by a Refiner with DOE for any reporting period after December 31, 1980, including reports filed with respect to the Entitlements Adjustment Notice (10 C.F.R. §211.69).

G. **Preservation of Entitlements Claims.** This Agreement specifically excludes and preserves any and all claims by a Refiner applicant against DOE for payment by DOE of (i) exception relief from the crude oil Entitlements Program including, but not limited to, exceptions or adjustments based on or pursuant to *Delta/Beacon* or Naptha Entitlements relief, which has been or may be granted by the ERA, OHA, the Federal Energy Regulatory Commission, or any court or (ii) any adjustments or changes to the draft January 1981 Notice or Entitlements Adjustment Notice. This Agreement also specifically excludes any and all claims by a Refiner against DOE for interest on such adjustment or change or exception relief and for attorneys' fees and costs incurred in connection with such relief. DOE agrees to provide all funds necessary to fund and pay all amounts determined to be due any Refiner pursuant to or as a result of any such adjustments or changes or relief including such interest and attorneys' fees, if awarded, out of its share of funds under this Agreement, or out of funds (other than funds resulting from violations or alleged violations except Alleged Crude Oil Violations) to which no other Party has a claim by virtue of this Agreement. DOE's obligations shall not affect the amount or timing of any payment to any other Party made pursuant to this Agreement.

H. **Entitlements Settlement Contingency.** In the event of a *Final Texaco Judgment* which requires DOE to publish entitlements notices, the DOE reserves the right to recoup from any Refiner which received exception relief funded pursuant to Paragraph G, the amount of that exception relief to the extent such entitlements notice provides a duplicate funding of such relief by affecting the entitlements position of such Refiner, and provided further that the Release executed by each Refiner shall

remain effective, in accordance with and subject to the terms, provisions and exceptions set forth therein.

VI. MISCELLANEOUS

A. **Agreement Binding.** The provisions of this Agreement, which shall include the Exhibits hereto as though fully set forth in the text hereof, shall be binding upon (1) all the Parties hereto and (2) all Persons executing waivers or releases pursuant to this Agreement, and with respect to such Parties and Persons, their Affiliates, subsidiaries, member-patrons and their owners, and their member-patrons and their owners, officers, agents, attorneys and any other Persons while acting under their direction or control. As used herein, an "Affiliate" of any Party includes any Person (and the successors and assigns of such Person) which controls, is controlled by or is under common control with such Party. For this purpose, "control" means the power (existing on the Payment Date), by contract, partnership agreement, stock ownership or otherwise, to control the policies and business operations of a Person, including, without limitation, the ownership, directly or indirectly (through one or more intermediaries), of shares of stock having the right to elect a majority of the Board of Directors of a corporate Person, or the ownership (on the Payment Date), directly or indirectly (through one or more intermediaries), of more than 49 percent of a Person.

B. **Support of Agreement.** The Parties to this Agreement shall support approval of all of its provisions, shall take all steps and make all filings necessary to its implementation at their own expense or from their respective Escrow funds. DOE will undertake the defense of this Agreement in response to any litigation, in which DOE is named as a party, challenging this Agreement or any action required to be taken by DOE pursuant thereto. However, DOE's agreement to this provision does not circumscribe the discretion of the Attorney General to authorize or preclude the filing of particular pleadings or the making of arguments by DOE in any litigation, and this Agreement shall not create any right of action against DOE concerning the initiation, continuation or conduct of any litigation. All Parties agree to cooperate (1) in defending this Agreement and (2) in any action required to be taken pursuant thereto in any litigation challenging its validity. All Parties also agree that they will fully support the procedures and policies set forth herein in all present and future proceedings involving Alleged Crude Oil Violations and, to the extent any counsel approving the form and content of this Agreement by signature hereon enters an appearance in any such proceeding, counsel will not oppose or do anything inconsistent with such policies and procedures, the terms of this Agreement or any orders pursuant thereto. Any Party may enforce this Agreement against any other Party but this Agreement confers no such enforcement right upon any non-Party hereto.

C. **Non-Crude Oil Cases.** By its terms, this Agreement (except Part V hereof) applies only to Alleged Crude Oil Violations funds. Nothing in this Agreement shall operate to the detriment of any Party or claimant in a non-crude oil refund case. The Parties agree that in cases involving (1) both Alleged Crude Oil Violations and other violations resulting in refunds or (2) violations, other than Alleged Crude Oil Violations, resulting in refunds, Alleged Crude Oil Violations funds will not be substituted for funds resulting from other violations or vice versa. OHA will continue to utilize its existing adjudicative policies and procedures as to funds involved in non-crude oil cases, *see, e.g., Office of Special Counsel*, 10 DOE ¶85,048 (1982) and *Standard Oil Co. (Indiana)*, 11 DOE ¶85,185 (1983), including the selection of an appropriate second stage restitutionary remedy which reflects the geographical incidence of injury, and OHA will not be prevented from freely exercising this discretionary authority in the future.

D. **Ongoing Formula.** This Agreement constitutes the determination of an ongoing formula for the allocation of second stage Alleged Crude Oil Violations funds between DOE and the States. As a result of this Agreement, the parties now believe there is no need for legislation regarding the disposition of such funds, including legislation that may have been proposed in the past. This Agreement is subject to applicable law.

E. **Standing.** Nothing in this Agreement shall confer, diminish or alter, as a matter of law, the rights of a Party to intervention or standing in any pending or future judicial or administrative proceeding involving Alleged Crude Oil Violations, in which a Party asserts an interest not inconsistent with, and not based upon, the provisions of this Agreement.

F. **No Prejudice.** In the event that this Agreement does not receive Final Court Approval, it shall be null and void and of no force and effect. If this Agreement fails to receive Final Court Approval, the fact that any Party executed this Agreement or any release provided for herein shall not be used for any purpose to prejudice such Party's position in any pending or future litigation or other proceeding. This Paragraph shall not be operative so long as there is continuing litigation seeking approval of this Agreement or an appeal therefrom. Upon Final Court Approval, this Agreement shall remain effective irrespective of the final action in *Texaco v. DOE*.

G. **Captions.** Captions used herein are for convenience only and shall have no substantive effect.

H. **Counterparts.** This Agreement may be executed in several counterparts which shall all be considered one Agreement.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE DATE FIRST ABOVE STATED.

STATE DEVELOPMENT ZONES

Provided in the Economic Opportunity Act of 1998 (Senate Bill 1569)

Cities throughout North Carolina contain areas of severe, persistent distress that have not shared in the economic gains experienced by the state as a whole. To complement efforts underway in North Carolina cities to attract private investment and jobs to improve these areas, a state-initiated development zone strategy was developed for North Carolina. Through this strategy, local governments, private businesses, as well as nonprofit organizations have access to an expanded "toolbox" to address the chronic problems in the state's most distressed areas. Components include new job-creation and investment incentives and priority for state funding to stimulate local economic activity that will benefit residents of these areas.

Criteria for Designating State Development Zones

Income Standard: 20% poverty (from most recent decennial census)

Boundaries: contiguous census tracts and/or block groups at least partly within the primary corporate municipal limits that meet the income standard (the area may include tracts or portions of tracts with less than 20% poverty, provided poverty level of the entire zone exceeds 20% poverty)

Minimum Size : 1,000 population

Municipal Status: zone must be in a municipality with population of at least 5,000

Business Tax Incentives

- $4,000 credit per job for businesses creating jobs in zone, in addition to credits allowed under the William S. Lee Act
- a 7% credit for investing in machinery and equipment, with no threshold
- up to $1000/employee credit for worker training

To qualify for these credits, businesses need to meet the requirements in the William S. Lee Quality Jobs and Business Expansion Act and the wage standards that apply to Tier 1 counties (100% of the applicable average weekly wage for the county).

State Zone Funding

Priority consideration for Community Development Block Grant (CDBG) funding will be given to projects in designated zones. In order to receive priority consideration, a local government will need a strategy for revitalizing the zone and have in place a committee to oversee the strategy.

- strategic plan for improving the zone with clear outcomes and improving employment opportunity for high poverty area zone residents
- capacity to carry-out zone improvement strategies, with strong public/private partnerships
- local commitments to invest in the zone and carry out improvements
- clearly defined boundaries, constituting a manageable, cohesive area
- focusing economic development attention on high priority parts of the zone

Other incentives for development zones being considered for 1999 include:

- Neighborhood assistance tax credit for individuals or corporations contributing to a zone improvement project sponsored by a neighborhood-based Community Development Corporation, community action agency or other nonprofit
- Homeownership assistance to attract new home owners to zones

Designated State Development Zones *(as of April 20, 1999)*

Asheboro, Asheville, Boone, Burlington, Charlotte, Clayton, Clinton, Dunn, Durham, Eden, Edenton, Elizabeth City, Fayetteville, Forest City, Gastonia, Greensboro, Greenville, Hamlet, Henderson, Hendersonville, Hickory, High Point, Jacksonville, Kinston, Laurinburg, Lenoir, Lumberton, Marion, Monroe, Morehead City, New Bern, Oxford, Raleigh, Reidsville, Roanoke Rapids, Rockingham, Rocky Mount, Salisbury, Sanford, Shelby, Washington, Waynesville, Whiteville, Williamston, Wilmington, Wilson, Winston-Salem (Smithfield is pending)

Department of Commerce
Wanchese Seafood Industrial Park Lease Information

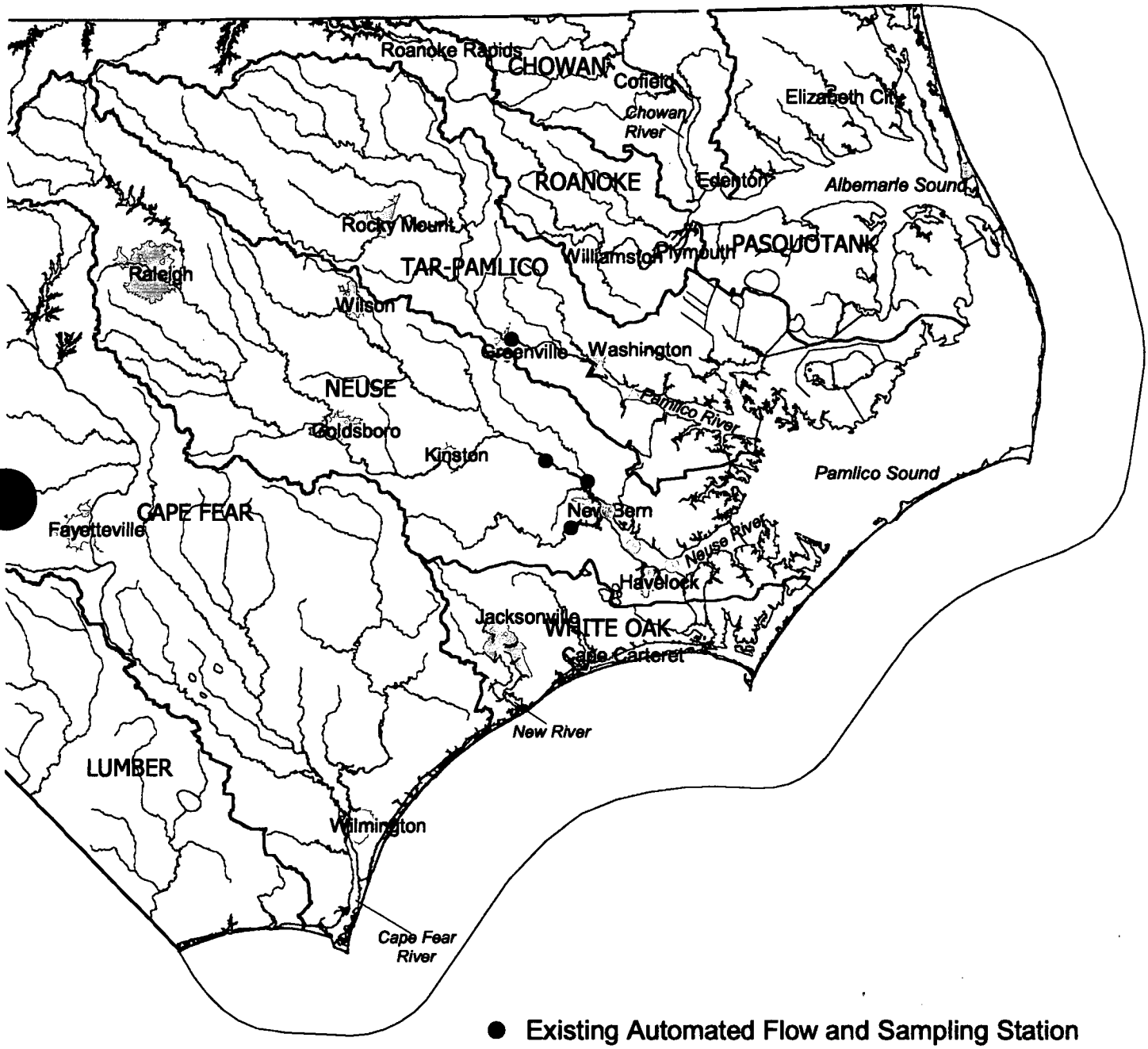
Tenant	Lot Status	Lot Lease Rate	Lot Size	Building Status	Building Lease	Total Lease Cost
Bavaria South	Non Waterfront	$0.20	27,682	Agriculture *	0.00	461.37
Bayco	Non Waterfront	$0.20	19,890	Company owned	0.00	331.50
Carolina Yacht Interiors, Inc.	Non Waterfront	$0.20	7,500	DOC owned	725.00	850.00
Davis Marine	Improved Water	$0.26	156,406	Company owned	0.00	3,388.80
D&D Partnership	Unimproved Water	$0.23	33,000	DOC owned	817.50	1,450.00
D&D Partnership	Non Waterfront	$0.20	32,400	No building	0.00	540.00
Gregory Poole Equipment	Unimproved Water	$0.23	74,052	DOC owned	1,875.13	3,294.46
Harbor Welding, Inc.	Unimproved Water	$0.23	60,955	Company owned	0.00	1,168.30
Hathaway Marine, Inc.	Non Waterfront	$0.20	16,144	Company owned	0.00	269.07
N. C. Marine Fisheries, Inc. - lot 16	Unimproved Water	$0.23	40,000	No building	0.00	766.67
N. C. Marine Fisheries, Inc. - lot 29A	Unimproved Water	$0.23	53,884	DOC owned	1,018.47	2,051.25
O'Neal's Sea Harvest, Inc	Unimproved Water	$0.23	13,650	DOC owned	1,627.37	1,889.00
Outer Banks Marine, Inc. - Lot 13	Non Waterfront	$0.20	44,448	No building	0.00	740.80
Outer Banks Marine, Inc. - Lot 12 &15 **	Non Waterfront	$0.30	98,778	No building	0.00	2,469.45
Outer Banks Marine, Inc. - Lot 19A	Improved Water	$0.26	24,997	No building	0.00	541.60
Michael A. Parks	Improved Water	$0.26	24,837	No building	0.00	538.14
Pinnacle Towers ***	Non Waterfront	$0.15	41,695	Company owned	0.00	521.19
U. S. Coast Guard	Improved Water	$0.26	25,000	No building	0.00	541.67
Wanchese Boat Builders	Non Waterfront	$0.20	18,269	Company owned	0.00	304.48
Wanchese Marine	Non Waterfront	$0.20	7,500	DOC owned	725.00	850.00
Wanchese Trawl & Supply Co	Improved Water	$0.25350	75,000	Company owned	0.00	1,584.38

Base Lease Rates:

Improved Waterfront	$0.26
Unimproved Waterfront	$0.23
Non Waterfront	$0.20

* Building owned by Department of Agriculture. Rent paid directly to DOA.
** Park Authority leased this land on a special one-year lease; therefore a premium rate is charged.
*** This was not originally considered a viable lot in the Park plan. The Authority gave a special rate when the company requested the land.
**** This rate is based upon a very long-term tenancy. Upon the next renewal the rate will increase to $.26.

Water Quality and Stream Flow Monitoring Stations: Existing or Under Construction, 1999.



- ● Existing Automated Flow and Sampling Station
- ○ Existing Monitoring Platform
- ▲ Automated Flow and Sampling Station Under Construction
- △ Monitoring Platform Under Construction

Hydrology
River Basin Boundary
Municipal Boundary

Attachment E

Department of Environment and Natural Resources

Flagged Items/Follow-Up Questions

R-148

NORTH CAROLINA DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF BUDGET, PLANNING & ANALYSIS

NCDENR

April 16, 1999

JAMES B. HUNT JR.
GOVERNOR

WAYNE MCDEVITT
SECRETARY

JANE Q. SMITH
DIRECTOR

TO: Mona Moon
Fiscal Analyst

FROM: Jane Smith

SUBJECT: Raleigh Based Staff

During Committee discussions, the Department was asked to provide the number of positions located in Raleigh, and the number of those positions with field responsibilities. The Department has surveyed the Divisions and of the 1,284 positions that are located in Raleigh, 725 have some field responsibilities in their positions. These responsibilities cover a wide variety of duties, including, for example:

- the provision of assistance to landowners, fire control activities, and training in the Division of Forest Resources
- performing geologic mapping, inspection of mines and dams, and identifying sand resources for beach nourishment in the Division of Land Resources
- site visits, inspections, surveys, technical assistance, well network monitoring and maintenance, flow data collection, conferences and workshops for citizens, industry and local governments in the Division of Water Resources
- technical assistance, work with districts on partnerships and conservation, public meetings, and work with districts to install and implement the CREP program in the Division of Soil and Water
- site inspections for proposed permits, compliance inspections, respond to complaints and spills and data monitoring in the Division of Water Quality
- statewide training, authorization of local environmental health specialists, local health department program reviews, inspections, responses to complaints, emergency responses, and loan and grant meetings in the Division of Environmental Health.
- responding to citizen concerns, meeting with stakeholders to identify issues to be addressed by the Department, attending and participating in public hearings.

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P.O. BOX 27687, RALEIGH, NC 27611-7687
PHONE 919-733-8800 FAX 919-715-0165
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The number of positions in Raleigh includes the Raleigh Regional Office, as well as those employees located in the Archdale Building, Parker-Lincoln Building, Oberlin Road (Division of Waste Management), Barrett Drive (Radiation Protection), Core Repository (Land Resources), Aquarium Central Office, Museum of Natural Sciences, Water Quality Lab and Air Quality Lab. The balance of the Department's positions are located in regional offices in Asheville, Mooresville, Winston-Salem, Fayetteville, Washington, and Wilmington, Marine Fisheries District Offices, Zoo, Coastal Reserve locations, Forestry District Headquarters, State Parks, and Aquariums.

Should you have questions regarding this information, please contact me.

JQS/

cc: Sherri Evans-Stanton
Assistant Secretaries
J.W. Reel
Richard Rogers

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NORTH CAROLINA DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES

MEMORANDUM

JAMES B. HUNT JR.
GOVERNOR

WAYNE MCDEVITT
SECRETARY

April 9, 1999

TO: Mona Moon, Fiscal Research

FROM: Sherri Evans-Stanton, Deputy Secretary for Policy and Programs

SUBJECT: Fiscal Research Request Concerning Organizational and Staff Changes in the Office of the Secretary

1. **The salary grade for the Director of Administrative Services position.** The salary grade for the Director of Administrative Services is currently a 72. However, it is currently in the Office of State Personnel pending review for a reclassification.

2. **An explanation of the 80T salary grade for the Deputy Assistant Secretary for Environmental Protection position.** Upon a review of similar positions with similar responsibilities, the Office of State Personnel and the DENR Division of Human Resources determined that there was not an established classification appropriate to this position. The Office of State Personnel, in cases where there is not an appropriate established classification for a position will establish a "T" grade classification. This means that the position is temporary graded due to its unique responsibilities to a specific Department or program. The position is reviewed by the Office of State Personnel as other positions across State Government are established which might be similar, and at the point that there are several with the same responsibilities, duties and level of responsibility, a permanent classification is established.

3. **An explanation and justification for using the Environmental Supervisor III position in the Mooresville Regional Office to establish the Deputy Assistant Secretary for Environmental Protection position. This should include a status report of similar supervisor positions in the other regional offices.** Due to the numerous issues and complexity of those issues, the Assistant Secretary for Environmental Protection needed to focus more time on state and national policy issues affecting North Carolina and less on day-to-day management responsibilities. The department used the Environmental Supervisor III position in the Mooresville Regional Office to establish the Deputy Assistant Secretary for Environmental Protection position to strengthen communication, maintain focus on the strategic departmental plan and improve customer relations. Water quality is one of DENR's highest priorities and is also one of the Governor's top environmental priorities. The Department felt that this position could be utilized because of the magnitude of groundwater and other water quality issues that needed to be addressed.

P.O. BOX 27687, RALEIGH NC 27611-7687 / 512 NORTH SALISBURY STREET, RALEIGH NC 27604
PHONE 919-733-4984 FAX 919-715-3060 WWW.EHNR.STATE.NC.US/EHNR/
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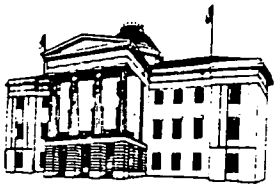
The Division of Water Quality had 7 such positions, one in each of the 7 regional offices. In an effort to address span of control issues, 6 of these positions were reallocated to staff positions in the Regional Offices. The 7th position is the one used for the Deputy Assistant Secretary for Environmental Protection.

4. **A copy of the Executive Order creating the Management Intern Program.** See attached.

State of North Carolina



JAMES B. HUNT JR.
GOVERNOR

EXECUTIVE ORDER NO. 133
GOVERNOR'S PUBLIC MANAGEMENT INTERNSHIP PROGRAM

WHEREAS, the State of North Carolina has a continuing need to attract and retain exceptionally capable and highly trained public managers and policy researchers; and,

WHEREAS, the State has nine universities within the University of North Carolina system and one private university training students to assume leadership roles as public managers and policy researchers through Master of Public Administration or similarly focused programs; and,

WHEREAS, the graduates of these programs would bring innovative ideas and leadership to human resources, policy development, finance, planning and analysis, and other functions of state government; and,

WHEREAS, very few new graduates now seek employment in state government and, therefore, take their knowledge, skills and abilities to the federal government through the Presidential Management Internship Program, enter post-graduate internship programs offered by local governments, or begin careers in other related settings.

NOW, THEREFORE, by the power vested in me as Governor by the laws and Constitution of North Carolina, IT IS ORDERED:

Section 1. The Governor's Public Management Internship Program (GPMIP) Established.

The Governor's Public Management Internship Program is hereby established. The Program shall be a partnership between the Office of the Governor and the graduate

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programs in the state offering Master of Public Administration degrees or similar degrees at the nine universities within the University of North Carolina System (Appalachian State University, East Carolina University, North Carolina Central University, North Carolina State University, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, University of North Carolina at Greensboro, University of North Carolina at Pembroke, and Western Carolina University), and Duke University.

Section 2. Purpose.

The Governor's Public Management Internship Program shall serve four primary purposes:

a. Provide an entry path into state government management and research positions for highly qualified recent MPA graduates;

b. Establish a partnership between state government and the academic community to improve the quality of managerial talent available to the state;

c. Communicate clearly the importance of ability and appropriate advanced education in state government; and,

d. Create a partnership of public, private and academic sectors to improve the quality of state government.

Section 3. Administration.

The State Personnel Director and the Directors of the ten graduate programs shall plan and administer the Governor's Public Management Internship Program and shall serve as the GPMIP Partnership Council. The Partnership Council may select an Advisory Group from the private business, nonprofit and local government sectors, the Cabinet and Council of State agencies, the Presidential Management Internship Program, and others who can contribute to the effective functioning of the program.

Section 4. Funding Positions.

Each Cabinet agency, plus the Office of State Budget and Management and the Office of State Personnel, shall identify resources to fund a GPMIP position. Council of State agencies are encouraged to fund a position.

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Section 5. Selection of Candidates.

The recruitment and selection processes within the University and all participating agencies shall:

a. Ensure the candidates selected best meet the needs of the respective agency;

b. Comply with all existing state and federal laws, policies and rules governing personnel actions;

c. Ensure full and fair consideration of all candidates without regard to race, religion, color, creed, national origin, sex, age, disability or political affiliation; and,

d. Comply with good human resource management practices and with any procedural guidelines designed by the GPMIP Partnership Council.

Section 6. Guidelines and Timeframes.

The GPMIP Partnership Council shall develop operational guidelines and timeframes to ensure that candidates and the state receive maximum benefits from the program. The items to be included in the guidelines shall include, but not be limited to:

a. Recruitment and selection processes at the University level, limited to three applicants per university;

b. Recruitment and selection processes at the Agency level;

c. Assessment Center procedures;

d. Orientation program to state government and to the respective Agencies;

e. Performance agreements for the Candidates, the Agencies, the Universities, the Office of State Personnel, and the GPMIP Partnership Council;

f. Cross-functional activities within state government, and seminars and workshops to enhance professional growth;

g. Mentoring and other support roles for Agency and University personnel to nurture and guide the Candidates;

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h. Performance measurement strategies of the Candidates, Partnership Council, Mentors, Agency and University personnel, and other key parties;

i. Monitoring procedures for program implementation within the agencies;

j. Evaluation of the development, implementation and impact, with special emphasis on the outcomes, of the GPMIP;

k. Recommendations and strategies to ensure program effectiveness; and

l. Procedures to report the impact of GPMIP to the Office of the Governor, the General Assembly, the Universities, and the general public.

Section 7. Duties of the Office of State Personnel.

The Office of State Personnel shall ensure the provisions of this Order are accomplished. The Office of State Personnel shall monitor the implementation of the program and compliance with this Order.

This Order shall be effective immediately.

Done in the Capital City of Raleigh, North Carolina, this 22nd day of April, 1998.

James B. Hunt Jr.
Governor

ATTEST:

Elaine F. Marshall
Secretary of State

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NORTH CAROLINA ZOOLOGICAL PARK

MEMORANDUM

TO: Richard Rogers / Mona Moon

FROM: David Jones

DATE: April 8, 1999

RE: Developmental Information on the Zoo

I attach a number of documents relating to the NER Committee Request as reflected by Mona. I am sure you both realize that making meaningful projections for a 20-year period for an institution like this is almost impossible. Even an independent commercial company where decision making was totally internal would have difficulty with more than five years, with the speed of change going on in the world today. A government institution batted about by a whole range of decision making outside the perimeter of this site, particularly with respect to funding timetables, is a different ball game altogether. The leisure industry, education and communication processes and techniques and the way people wish to use their spare time are all changing at a phenomenal pace and obviously that has to born in mind in taking everything on these sheets too seriously!

Having said that, we are probably one of the few government institutions that are trying to look 10 to 20 years into the future, in terms of what our purpose and relevance is. At the same time we obviously recognize the range of influences around us, both naturally occurring and imposed, which will affect what happens in real life. The view that I always take is an optimistic one. What you see in these sheets is what could happen in the ideal situation if everybody wants to make it happen. Legislators can make their

own judgement from their own experience as to what a realistic picture would probably be.

I think it is very important that when this material is given to committee members that Mona ensures that these comments are included as a preface. The sheets that you have in front of you are:

1. The Six Year Capital Improvements Schedule
2. A Six Year Repair and Renovation Schedule

Some overlap - deliberately -

3. A Commentary and graph on visitation and the influences on that
4. A General Commentary on Strategy, Capital Development including the Earth Resources Center and the broad economic impact of that on this site and through the region for the next 10-15 years.

DMJ/cls

Attachments

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For assistance contact OSBM analyst.

SIX-YEAR CAPITAL IMPROVEMENT NEEDS SCHEDULE
NEW

Department Environment & Natural Resources

Institution or Program North Carolina Zoological Park

(In Thousands)

Description	Source of Funds	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Africa Upgrades - "Drylands" Exhibits	Appropriations	$ 6,121	$	$	$	$	$
(Partial Design & All Construction Funds)	NCZP Society	$ 1,530					
	Total	$ 7,651					
Africa Upgrades - Amphitheater Additions	Appropriations	$ 1,598					
(Partial Design & All Construction Funds)	NCZP Society	$ 0					
* project also included in R & R requests	Total *	$ 1,598					
North America - Three Shade Structures	Appropriations	$ 646					
(Design & Construction Funds)	NCZP Society	$ 0					
(TLC (2) and Sea Lion)	Total	$ 646					
Horticulture Equipment / Work Facility	Appropriations	$ 548					
(Design & Construction Funds)	NCZP Society	$ 0					
* project also included in R & R requests	Total *	$ 548					
Africa - Chimp & Aviary Interpretives	Appropriations	$ 448					
(Partial Design & All Construction Funds)	NCZP Society	$ 0					
	Total	$ 448					
Africa - Plains Barns & Paddocks	Appropriations	$ 2,374					
(Design & Construction Funds)	NCZP Society	$ 0					
* project also included in R & R requests	Total *	$ 2,374					

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For online access:
http: www.osbm.state.nc.us/instr

Po[redacted] contact OSBM analyst.

(In Thousands)

Description	Source of Funds	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Africa-Catering / Dining Facility (w/exhibit)	Appropriations	$ 5,000					
(Design & Construction Funds)	Other Sources*	$ 0					
	Total	$ 5,000					
				<<* the potential exist for as much as 50% funding from private sources,			
				and the completed project will generate significant additional revenue			
Design, Graphics, & Fabrication Facility	Appropriations	$ 1,500					
(Design & Construction Funds)	NCZP Society	$ 0					
	Total	$ 1,500					
Pavilion Renov'ns & Exterior Forest Exh'ts	Appropriations		*$ 1,000	#$ 12,000			
(Design* & Construction Funds #)	NCZP Society		$ 0	$ 3,000			
* project also included in R & R requests	Total *		*$ 1,000	#$ 15,000			
					project is anticipated to be 50% renovation		
					and 50% new exhibit construction		
					preliminary		
Grasslands Renovations & Additions	Appropriations			*$ 400	#$ 3,200		
(Design* & Construction Funds #)	NCZP Society			$ 0	$ 800		
* project also included in R & R requests	Total *			*$ 400	#$ 4,000		
					(ER, ZOG, & Plains)		
					preliminary		
Earth Resources Center - Complex	Appropriations			$ 0	$ 0	$ 0	$ 0
(MP, Design,* & Construction Funds #)	Other Sources			*$ 1,000	#$ 15,000	#$ 20,000	#$ 20,000
(Legislative appropriations not sought)	Total			*$ 1,000	#$ 15,000	#$ 20,000	#$ 20,000
Off Exhibit Animal Holding - Phase II	Appropriations			*$ 120	#$ 1,200		
*Design (Advance Planning only)	NCZP Society			$ 0	$ 0		
	Total			*$ 120	#$ 1,200		
					preliminary		
Post Graduate Training Center	Appropriations			*$ 180	#$ 900		
(Design* & Construction Funds #)	NCZP Society			$ 0	$ 900		
	Total			*$ 180	#$ 1,800		
					preliminary		

For online access:
http: www.osbm.state.nc.us/instructions/

For assistance contact OSBM analyst.

(In Thousands)

Description	Source of Funds	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Administrative Office Building Addition	Appropriations			*$ 130	#$ 1,500		
(Design* & Construction Funds #)	NCZP Society			$ 0	$ 0		
	Total			*$ **130**	#$ **1,500**	preliminary	
Masterplanning - Third Continental Region	Appropriations				*$ 200	*$ 2,000	#$ 20,000
(Masterplanning Funds Only) Phase I	NCZP Society				$ 0	$ 500	$ 5,000
(Design* & Construction Funds #)	Total				*$ **200**	*$ **2,500**	#$ **25,000**

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For online access:
http: www.oshm.state.nc.us/inst[illegible]s/

For ... be contact OSBM analyst.

SIX-YEAR CAPITAL IMPROVEMENT NEEDS SCHEDULE
REPAIR & RENOVATION

Department Environment & Natural Resources

Institution or Program North Carolina Zoological Park

(In Thousands)

Description	Source of Funds	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Africa Entry Plaza Renovations	Appropriations	$ 2,520	$	$	$	$	$
(Construction Funds)	NCZP Society	$ 0					
*also included as "new" capital project	Total	$ 2,520					
Amphitheater Additions & Renovations	Appropriations	$ 1,598	$	$	$	$	$
(Partial Design & All Construction Funds)	NCZP Society	$ 0					
*also included as "new" capital project	Total *	$ 1,598					
Rocky Coast Life Support System Upgrades	Appropriations	$ 743					
(Design & Construction Funds)	NCZP Society	$ 0					
	Total	$ 743					
Africa Lake Dredging & Standpipe Repairs	Appropriations	$ 94					
(Design & Construction Funds)	NCZP Society	$ 0					
	Total	$ 94					
Africa Tramway/ Walkways /Infrastructure	Appropriations	$ 91					
(Advance Planning Funds)	NCZP Society	$ 0					
	Total	$ 91					
Horticulture Equipment / Work Facility	Appropriations	$ 548					
(Design & Construction Funds)	NCZP Society	$ 0					
*also included as "new" capital project	Total	$ 548					

For online access:
http: www.osbm.state.nc.us/instructions/

For assistance contact OSBM analyst.

(In Thousands)

Description	Source of Funds	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Africa Tramway/ Walkways /Infrastructure	Appropriations		$ 1,300				
(Construction Funds)	NCZP Society		$ 0				
	Total		1,300				
Africa - Plains Barns & Paddocks	Appropriations	$ 2,374					
(Design & Construction Funds)	NCZP Society	$ 0					
*also included as "new" capital project	Total	$ 2,374					
Africa - Parking Lot Paving & Resurfacing	Appropriations	$ 445					
(Design & Construction Funds)	NCZP Society	$ 0					
	Total	$ 445					
North Am. Parking & Road Improvements	Appropriations				$ 75	$ 750	
(Design * & Construction Funds #)	NCZP Society				$ 0	$ 0	
	Total				*$ 75	#$ 750	
Pavilion Renov'ns & Exterior Forest Exh't	Appropriations		$ 1,000	$ 12,000	project is anticipated to be 50%		
(Design * & Construction Funds #)	NCZP Society		$ 0	$ 3,000	renovation + 50% new exhibit constr.		
*project also included in R & R requests	Total		*$ 1,000	#$ 15,000			
North America General Renovations	Appropriations					$ 150	$ 1,500
(Design * & Construction Funds #)	NCZP Society					$ 0	$ 0
	Total				preliminary	*$ 150	#$ 1,500

Draft Revised - 9/16/98 (LEA)

Repair & Renovation Needs - Six Year

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For online access:
http: www.osbm.state.nc.us/inst[illegible]s/

ZOO VISITATION

INTRODUCTION

If one looks at the Zoo's visitation figures over the last decade or so (see accompanying histogram), it is clear that each time a major new exhibit opens, such as for the polar bears, visitation peaks. It then typically falls back to a new but somewhat higher plateau than previously, which currently is somewhere between 700 – 750 thousand visitors a year. After Biltmore and Carowinds, the Zoo is the third most visited facility in the State and is by far the most popular institution owned by State Government. Although exploring the whole Zoo properly can take more than a single day, most visitors consider it a "day outing" and will travel typically up to two hours and in some cases a bit longer to visit it on the basis of returning home that evening. Recent marketing surveys suggest that if we were able to extend the facilities and experience on this site to a two or even three day experience, with overnight stays in the area, the number of visitors could rise substantially and the spend per head within the immediate region would also be very positively affected (see below).

THE ZOO AS A SINGLE DAY FACILITY

In the present circumstances, there are four primary factors which affect visitation apart from the weather. Those are the population living within a two-hour drive time, which includes the three main urban centers (Raleigh/Durham, the Triad, and Charlotte/Mecklenburg), something new at the Zoo, for them to see, preferably a major exhibit, the competition for leisure time and our ability to market and publicize ourselves.

The Market Place

Currently about three and a half million people live within the two hour drive time typically reported by zoo visitors. Within the next 20 years, it is predicted that this population will grow to around five million. Depending on the precise demography of that additional population they should add an increment of between 10 and 15 thousand visitors per year based on the knowledge that we have of the typical visitor coming to us at least once every three years.

Capital Improvements

Repeat visitation is highly dependent on there being something new to see. That something new has to be significant, such as a major new exhibit and it has to be marketable, either to the existing audience or to new audiences with a different demographic background. Visitation patterns will be considerably affected by our ability to fund and build new elements on the site. At the moment that function is mostly dependent on legislative appropriations.

Competition and Marketing

Historically, North Carolina has not had enough family based attractions for the existing ones to experience much competition. However, we are likely to see a number of major new attractions built by the private sector in the next 10 – 15 years, both within North Carolina and certainly in the coastal areas of Southern Virginia and Northern South Carolina. In addition to that, the mega shopping malls being built are beginning to put in "attractions" capable of

entertaining people for several hours as part of their attempt to keep people spending money. In addition to these factors, the other two largest attractions in the State, Carowinds and Biltmore, are spending around 8 to 10 percent of their gross turnover on marketing every year, just to keep their numbers steady (Biltmore around 800 to 850 thousand and Carowinds estimated at 1 to 1.2 million). The State spends no money on marketing apart from a handful of marketing staff salaries. Those staff are able to get significant press and media coverage by the very nature of what the Zoo is and does, but the small amount of targeted marketing money that we do spend (currently around 200 thousand dollars per year) all comes from the private sector through the Zoological Society. The most optimistic interpretation of our marketing spend (staff and program) is 2% of our turnover which is woefully inadequate to encourage the potential visitation.

THE ZOO AS A MULTI-DAY EXPERIENCE

All our marketing feedback and surveys suggest that we could turn the Zoo site into a unique and major multi-day environmental center for the whole of the East Coast of the US. We already have a living animal and plant collection displayed and run to a standard found in few other places in the US (or elsewhere). We also have an outstanding site both in terms of its scenic value, size, and accessibility. Concern about environmental issues, the natural world and the relationship of human economics to ecology is growing substantially. This gives us an enormous potential market place, which if we are prepared to invest in it, would not only be a major tourist draw for North

Carolina, but would also put the Park in a much better position to aim for financial self sufficiency in the longer run.

Recent surveys suggest for example, that if we were to build conference, hotel and restaurant facilities available within and outside Park opening hours, there is sufficient demand, even within a 40-minute drive time, (which includes Greensboro) to use anything we could possibly build in the next 10 to 15 years. Recent studies carried out by Appalachian State University Tourism and Recreation Department involving a survey of 2,400 households in Raleigh, Greensboro and Charlotte, suggest that a visit with an overnight stay would be more popular than a single day visit if it were available and there was enough to see and do.

At the present time, our main market is the family unit with children between one and twelve years old (about 75% of our visitors). There are other expanding markets, which we are looking at and could be attracted through the addition of other facilities. They include the teenage and early 20's market (the 'X'-citement Generation), the growing active retiree market, and the Hispanic market. We will hold our existing visitor base by insisting on very high levels of Park and exhibit maintenance, allied to strong customer service standards, with the addition every two years of a major new or refurbished exhibit. Quality is going to be of the essence to keep current customers while we steadily and thoughtfully expand the living collections. If we move too fast on this, we simply increase costs without real benefit. Our expansion should also seek to attract some of the other markets, including the long distance one, by ultimately creating a total

two to three day experience. This we would do mainly by building the Earth Resources Center (ERC).

A detailed description of the ERC is available to anyone who would like it. In brief what it consists of, is an undercover, all year round, 12 - 14 hour a day facility, providing four hours of educational recreation around the theme of man, natural resources and the relationship between economics and the environment in North Carolina, in particular. The whole thing would be highly participatory, would handle all our key natural resource and environmental issues in a balanced and very informative way and will use the latest audiovisual technologies in presenting those. It would put the visitor into a range of different real life situations where they could learn, evaluate and think about some personal choices surrounding the quality of life, the work place and the whole sustainable future of North Carolina and the Southeast Region of the US. The facility would be strongly cross-referenced to the living collections in the Park and vice versa. Visitors would be encouraged to move freely between the Center and the living plants and animals in the Park, each component of which would enhance their understanding of the living world around them and its personal significance to them.

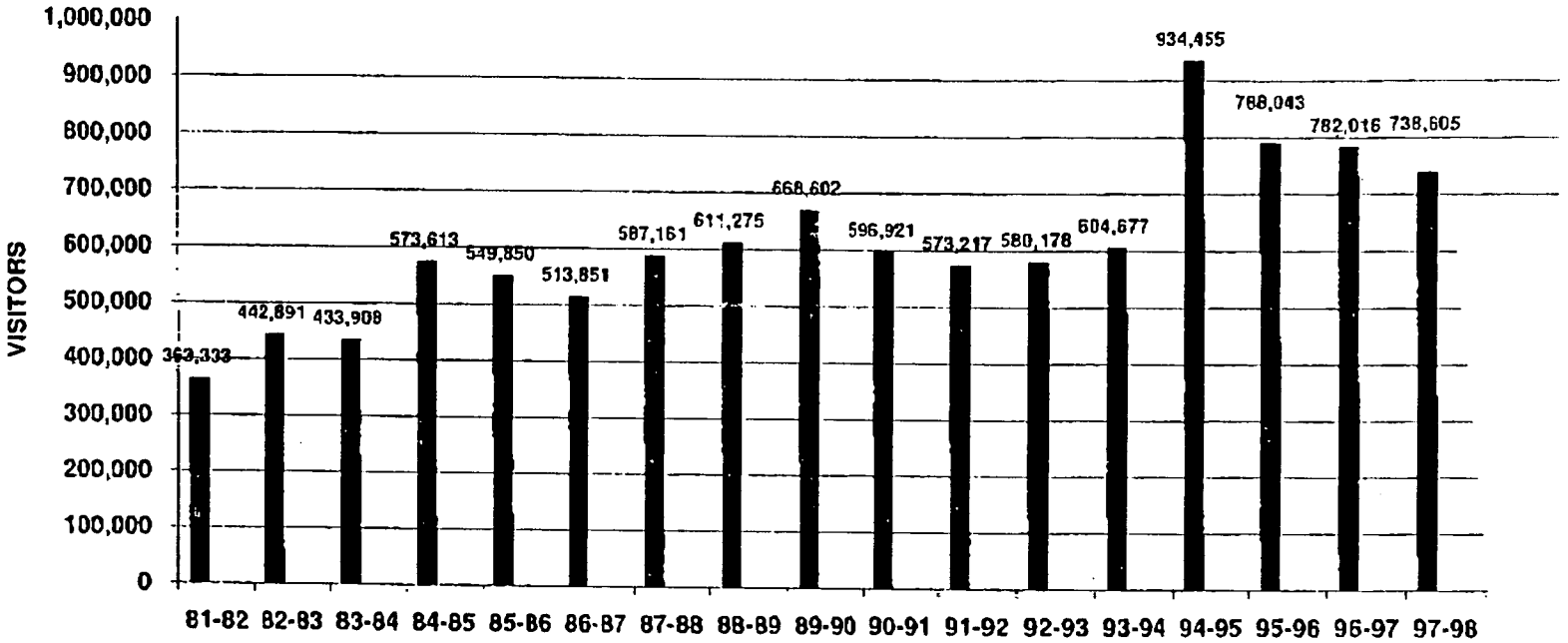
The whole of this will be a totally unique approach and we believe that its time has come. If we are not able to move in this direction, we may lose the initiative to others coming on five to ten years behind us and we will certainly lose a major economic focal point for the region.

HOW DOES THIS AFFECT VISITATION

Attached to this sheet is a diagram showing our best estimate at visitation over the next 15 years, taking into account the various influences mentioned above and their possible impact. Clearly the timing of the input of those influences is not predicable, because so many decisions are taken off this site. We are currently very dependent on the Legislature and State Government for the financial support to put much of this in place, although we know that there is also considerable opportunity for private sector involvement and we need to be able to facilitate that.

R-1

NORTH CAROLINA ZOOLOGICAL PARK
VISITOR SERVICES DIVISION
FISCAL YEAR ATTENDANCE HISTORY



AVIARY

PAVILION

KWANZA FOREST GLADE

WART HOGS

NORTH AMERICA

ROCKY COAST

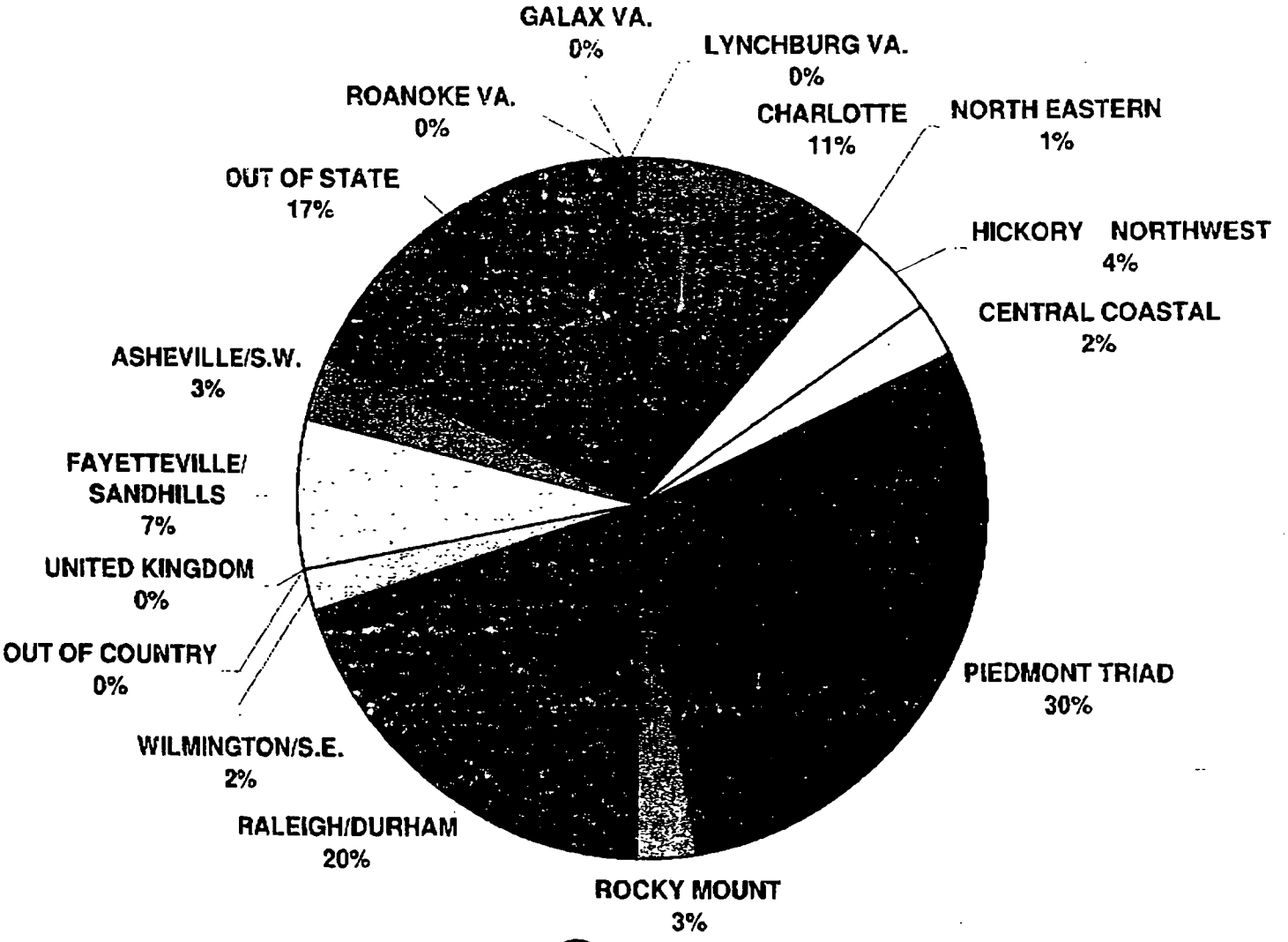
STREAMSIDE

AS OF FEB. 99

D-170

AS OF FEB. 1999

NORTH CAROLINA ZOOLOGICAL PARK
VISITOR SERVICES DIVISION
ZIP CODE PATTERNS
FISCAL YEAR 1998-1999



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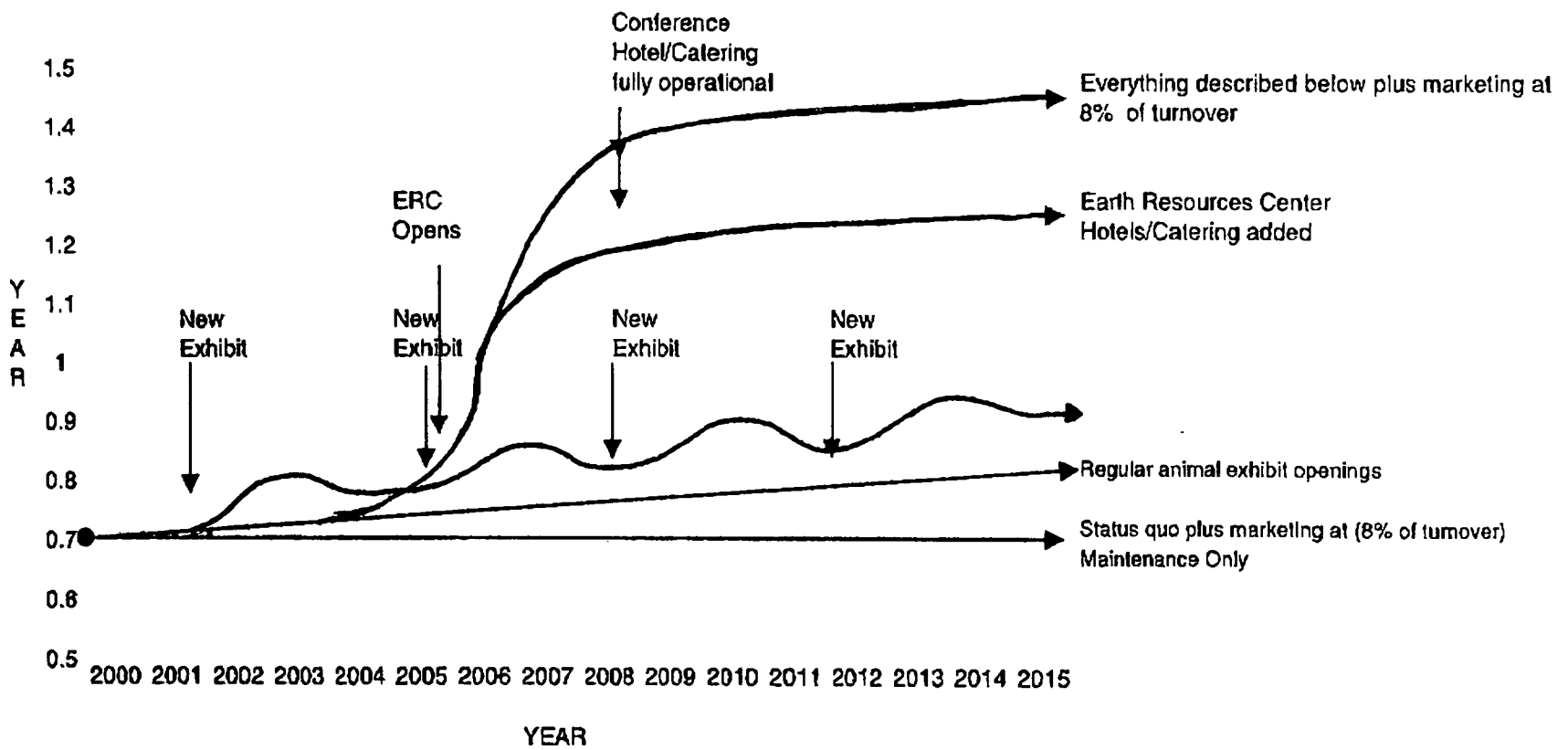
Zoo Site Visitation

NOTE: Conversion of single day visits to "multi-day" visits increases the average spend/head in the Zoo and region from $44 to $130 per day. Economic impact is therefore much higher than is reflected simply by the increase in visitor numbers, i.e., Twice the number of visitors, with many staying 1 - 3 nights will triple not double gross earnings.



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COMMENTARY ON THE FUTURE OF THE ZOO

Strategic Thinking

The traditional zoos of some 30 plus years ago tended to be comprehensive menageries of animals kept in enclosures which in no way reflected their natural environment. They were displayed largely as living museums, with little or no thought given to their presentation, their scientific and educational value or to visitor needs and services. Some are still like that today. Public interest in the natural world and more recently in the interconnectedness of our economy and natural resources, combined with greater sympathy for animal welfare, has meant that zoos are changing dramatically in the way they think about their future. Fortunately, the North Carolina Zoological Park was designed in a way which presents animals (and plants) in ways which put them in a more natural and holistic context. That, in turn, enables us to interpret our living collections in ways which help more people to understand the connections between all living things, including mankind.

The considerable strategic thinking which has gone into looking at the future of the Zoo asks the fundamental question as to how this institution, as the most visited and most visible biological institution in the State, can best serve North Carolina Citizens. Our conclusions are that:

1. We will display a representative variety of the animal world in juxta position to plants from the same regions of the world.

2. We will ensure that the experience for visitors is both recreational and educational.
3. Our interpretation and conservation/education programs both inside and outside the Park demonstrate how the living world, including mankind, depends like an interlocking jigsaw on other living components and life support systems.
4. The care of our environment and natural resources, including wildlife and wild places, ultimately effects our livelihoods and our quality of life.
5. We are heavily dependent on public financial support and need to move towards a greater level of self-sufficiency in this respect.
6. We believe that this can be accomplished by sensitive development of this unique site into a three day, multi faceted experience, based around the science of the natural world. In doing that we will offer a variety of experiences, all interconnecting and designed in a way to attract audiences from up to 400 miles away (a days drive) and even beyond. We believe that this is the key to ultimate commercial self-sufficiency.

North Carolina's population and that of surrounding states, all of which make up our main customer base, is widely scattered. Unlike most other major zoological facilities in the United States, we do not have a large urban population on our doorstep to provide our core support. However, being in a central, but rural situation in the State with good access and plenty of space has considerable advantages, in terms of what could be developed on and around this site.

A Logical Development Plan

Public interest in the environment, particularly as it affects our economy and personal lives, creates an enormous opportunity for a site of the quality and size of this one. Very few zoos are thinking holistically about an all embracing approach to the natural world and mans dependence on it. That fact, combined with the uniqueness of this site gives us opportunities that are not found currently anywhere else on the Eastern side of the US. It is very unlikely that any more major zoos will be built in this country in the near future. They are simply too complex and expensive to initiate. We already have, at today's prices, in excess of 100 million dollars worth of investment in our Zoo and it remains well ahead in its quality and standards of presentation compared with most similar institutions. Although it has been and is currently well supported by legislative appropriations, that support is always going to be somewhat unpredictable, by the very nature of the State's financial decision making. Because we are also unable to express a full range of marketing and promotional activities, largely because of being state property, the financial way forward cannot be predicted as clearly as might be the case with a private enterprise. Within the foreseeable future (say the next five to seven years), it is unlikely that the site's finances will look very different than they do now. It is probable that State government will always need to subsidize the operations here at the Zoo, but it is also entirely possible that the proportions of the expenditure currently shouldered by State government could be substantially reduced in the future if the developments proposed can be put in place and a more commercial culture agreed.

In order to increase visitation substantially, four things need to happen. We need to increase repeat visitation and attract audiences with interests other than simply animal's per se. We need to create the opportunity for overnight stays and we need to market the site in the way any commercial "competition" would. If we were simply to go on expanding the animal and plant collection to the point suggested in the original plan of 30 years ago, we are only appealing to the same audiences we see now. Visitor numbers would increase somewhat, but the gap between income and expenditure would also increase. That is not to say that we should not steadily expand the zoological and botanical components, but this needs to be done in ways which gives added value to encourage both new and repeat visitation (not just "more of the same"). Above all we must maintain the quality of what we have now.

The choice and design of any additional features is therefore very critical. What will bring in substantially more visitors is a different but related type of experience, which is undercover, all the year round, and appealing to all age groups. Hence, the Earth Resources Center. That also would ensure the evolution of the site from a single day visit to a multi-day or more frequent return visit, especially with the addition of hotel, conference, film theatre and other attached recreational facilities. The secret, in other words, is to aim for a complex of closely networked facilities all on the theme of animals, plants and the natural world, but providing a wide range of different experiences and activities, some passive, some very active and all supported by high standard accommodation, restaurants and other recreational components.

Where does the money come from?

Our view is that if the private sector can see clearly what we are aiming at, they will, given public interest and the developing demographic and economic picture an opportunity to invest in and around the periphery of this site. We feel, therefore, that it is important to concentrate the Legislature and State government's attention on the continued development and presentational excellence of the live collections and the core Park activities and through the visible potential of that, attract the private sector to do the rest in partnership with us. We believe for example that there is sufficient current interest in a better public understanding of the issues that The Earth Resources Center would encompass that both private donation and investment together would fund it. It would be possible right now to attract a developer to build the hotel and conference center, but we want to find such a partner or partners who in doing that would also help us develop these other recreational and educational facilities.

The Current Situation

Right now all our developmental and planning attention, which involves some 50 of our staff is focused on the refurbishment and upgrading of the Africa region, the addition of a new complex within that, called "Drylands", and the improvement of visitor facilities, particularly of the Africa gate area, which we believe could yield substantial income for evening functions. The complete refurbishment program will probably take six to eight years, partly because we need to keep the 'region' operational for visitors and therefore,

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can only close parts of it at a time and partly because legislative funding is likely to be unevenly spaced.

The Earth Resources Center is at the early planning stages. Currently, we have commissioned specialist market research to establish the precise demands both for The Earth Resources Center itself and the hotel, conference and restaurant facilities. We are expecting the results of that work by mid-summer. We are also working closely with the NC State School of Architecture and Design on the preliminary landscaping and the built components for the ERC complex. Once we have all that work together, we will then seek funding by donation for the detailed design work. At the present time we are somewhat held back on the ERC complex by the fact that Federal Funds were provided for some elements of the Park in its early years which by agreement with them complicates our ability to build anything other than animal and plant related facilities on the site itself. Ways to deal with that are being examined currently. A full and detailed storyline of the ERC has already been written and a presentational package on the project is available to any interested parties.

Given the resources we have, our current view is that we should push ahead as strongly as possible with the re-development and refurbishment of the Africa Region while bringing the design work of the Earth Resources Center along at a pace that we can cope with. We are aware that because this whole concept of the juxta positioning of the living animal and plant collections with the Earth Resources Center is a unique concept, we could lose the opportunity to others outside North Carolina if we do not

press ahead with it. There is therefore, a sense of urgency required but at the same time we are in a somewhat "chicken and egg" situation in not having adequate resources to really forge ahead with this in the way that might be possible in the private sector.

Conclusion

There is little doubt that the potential of this site is enormous, both in terms of the public awareness of North Carolina is economic dependence on the care of our natural resources and of its commercial potential as a major focus for tourism both from within and without the State. We believe that there is considerable opportunity for public/private partnership, but in order for that to happen, many of the constraints now put upon us by virtue of being a state institution need to be removed. Adequate resources are always going to be an issue in this type of venture, but if everybody works together to remove some of the constraints to private partnership, our belief is that it is possible for us to achieve a large proportion of what is required without involving State funding.

NORTH CAROLINA ZOOLOGICAL PARK

MEMORANDUM

TO: Richard Rogers

FROM: David Jones

DATE: March 8, 1999

CC: Anne Taylor, Dewey Botts

RE: Our Work With Elementary Schools

Joy Johnson has produced the attached paper describing what we are doing with some of our key elementary schools. This is in response to the request made by the committee last Wednesday morning. I was, at that point, talking about educational measures and the program called "Zoo Link", that we have now with six selected schools. We have been following the progress of these over an extended period of time (in the case of four of them, for three years). The inquiry was about how we related to these schools, the types of activity we used and how we involved the teaching staff. This paper summarizes all of that, talks about the tools and techniques we employ and indicates our first efforts at trying to develop qualitative measures of what we are doing.

There are a couple of points that need to be noted:

1. These efforts are by no means perfect. It is always risky and difficult trying to obtain accurate qualitative measurements, in environmental education and this is why most people shy away from them. However, if we do not start to encourage the use of some form of qualitative judgement, then we will always be relying on less satisfactory measurements such as numbers of teachers and children involved, which frankly doesn't mean very much on its own.

2. Our concentrated work with these schools is, of course, only one part of the entire education program. We have a range of things going on with children that come to the Park and of course we also provide outreach to a wide range of other schools and organizations as well, when we can fit that in.

May I suggest that you distribute this material, as you think fit? Obviously, if there are then any other specific needs that committee members or anyone else requires, we will address those.

DMJ/cls

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ZooLINC

Learning about Issues in Natural resource Conservation

Program Summary

ZooLINC is a unique outreach program developed by the North Carolina Zoological Park which establishes long term partnerships between the Zoo and selected elementary schools.

The purpose of the partnerships includes helping teachers incorporate relevant information about conservation and environmental issues across the curriculum through the use of the Zoo's resources. Students gain appropriate understandings of ways in which humans, other animals, plants and the environment are interconnected. They explore how those connections are relevant to their own lives and develop the motivation and skills necessary to make some informed choices in relation to the use of the Earth's natural resources.

Each school is offered assistance with curriculum planning, teacher workshops, a series of classroom presentations conducted by Zoo educators, educational materials and Zoo field trip experiences. A school-based ZooLINC Advisory Team helps to direct activities and projects which enhance the environmental curriculum and meet objectives at each site.

To help determine what type of influence the project has on students' understandings and attitudes toward the environment, the development and implementation of environmental measures is a major focus.

Program Objectives

1. Help teachers in selected schools
   - incorporate relevant information about environmental issues and conservation across the curriculum.
   - develop interdisciplinary units based on environmental themes
   - lead actions projects to benefit the environment

2. Help students in selected schools
   - understand interconnections between humans, other animals, plants and the environment
   - realize how those connections are relevant to their lives
   - gain skills necessary to make some informed choices about the use of natural resources and become motivated to use those skills

3. Develop and implement environmental measures in order to
   - determine effective strategies for increasing environmental awareness and positive behaviors toward the environment
   - assess the effectiveness of the ZooLINC program
   - generate interest in the development of useable measures for other audiences

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Significance / Value

The goal of the North Carolina Zoological Park is to encourage understanding of and commitment to the conservation of the world's wild animal and plant species, the need for healthy natural habitats, and the recognition of the interdependence of people, their environment and its component resources.

The Zoo is committed to reaching and engaging the largest number of people possible to enable them through knowledge and understanding to develop the motivation and skills to make informed choices about their lives in relation to the wise use of the natural resources around them.

Children are an important audience for environmental education. They are tomorrow's leaders and resource users. As adults, they will need clear understandings of how the natural resources around them are linked to their jobs, economic welfare and quality of life. Teachers are the key to helping students understand the natural world and environmental issues. The knowledge base required to ultimately make the connections about how issues concerning the environment arise and how they might be resolved takes time to nurture.

Focusing resources on particular schools over an extended period of time (3-5 years) presents opportunities for the Zoo to have a substantial impact on helping students develop positive attitudes and behaviors toward the environment. Developing long term relationships with educators through expanding school partnerships allows opportunities for networking of information, ideas, materials and successful teaching methods.

The development and implementation of environmental measures is essential to the evolution of zoo education and environmental education in general. The evaluation of environmental knowledge and attitudes of suitable audiences, such as students and teachers, will enable environmental educators to enhance program offerings and presentation techniques to best reach objectives.

Ultimately, we can make progress towards realizing our goal of conserving the earth's natural resources for the immediate and future benefit of ourselves, the animals and plants, and the ecosystems of which we are all an integral part and on which all life depends.

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Program Narrative

I. Content

The Zoo contributes the following to partnership schools:

1. Workshops designed to help teachers become familiar with the Zoo's resources and make links between the living collections and environmental issues. Supportive teacher workshops conducted by other environmental agencies such as the NC Wildlife Resources Commission, NC Forestry Association, and the NC Division of Water Resources are also offered.

2. Assistance with the development of interdisciplinary units themed around environmental topics and that complement the North Carolina Standard Course of Study. Units are designed by grade level teams to incorporate relevant, age-appropriate information about the environment and environmental issues across the curriculum.

3. Assistance with the development of "action" projects which involve students in activities that promote the wise use and care of natural resources.

4. Implementation and analysis of pre and post Environmental Knowledge and Attitude Surveys in third, fourth and fifth grades.

5. Educational materials including the *21st Century Zoo* video, the Zoo's *Teacher Activity Packet*, brochures, fact sheets, scavenger hunts and access to lesson plans developed for use with the Zoo's elephant tracking web site www.nczooeletrack.org.

6. Classroom programs conducted by Zoo Educators. Through analysis of results gained from pre and post Environmental Surveys the curriculum has evolved from offerings of a broad range of environmental topics to all grade levels to a more focused curriculum which includes:
   - K-2nd grade – awareness of the natural world and conservation
   - 3rd grade – water and air
   - 4th grade – soils and forests
   - 5th grade – human population growth

7. Classroom programs conducted by educators from other environmental organizations such as the NC Wildlife Resources Commission, NC Streamwatch, NC Forestry Service and the US Fish and Wildlife.

8. Opportunities for students to participate in the Zoo's *Wild 'n Wonderful* television series.

9. Current information regarding environmental education programs, resources, conferences and events sponsored by the NC Office of Environmental Education and other agencies within the NC Department of Environment and Natural Resources.

10. Assistance with field trip arrangements and on-site programming.

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II. Methods

ZooLINC schools are selected according to:

- faculty interest and administrative support
- our desire to work with rural, suburban and urban locations and populations from various socioeconomic backgrounds
- feasibility of programming in terms of staff availability, travel expense and time commitment to each school

Since 1996 ZooLINC has grown from one partnership to six including schools in Asheboro City, Randolph, Guilford and Hyde Counties. Each partnership is unique to the needs of the particular school with each being offered access to zoo resources, consultation and leadership by the ZooLINC Coordinator and classroom presentations by four additional Zoo Educators. Each school faculty works with the Project Coordinator to set its own long-term goals and create ways to correlate environmental education with other school priorities. ZooLINC Advisory Teams are comprised of one teacher representative from each grade level, the Principal, Media Specialist and the ZooLINC Coordinator.

The first ZooLINC school established a comprehensive cross grade level map of their yearlong curriculum and developed exciting interdisciplinary themes which meet the NC Standard Course of Study. The interdisciplinary units are taught within respective grade levels yet complement other grade level studies. Choosing environmental topics as organizing themes proved to be an excellent direction and has served as a model for other ZooLINC schools. Examples of organizing themes and essential questions around which the units revolve are included in *Appendix A: Examples of ZooLINC Interdisciplinary Units.*

This school-wide interdisciplinary approach has proven very effective as Zoo Educators link creative classroom presentations into the curriculum from Kindergarten through Fifth grade. Examples of classroom presentations are charted in *Appendix B: Classroom Programs Conducted by ZooLINC Educators.*

In 1997, three North Carolina ZooLINC schools were inspired to form partnerships with three African "sister" schools in Cameroon. The goals of the partnerships enhanced ZooLINC objectives by:

- promoting an understanding of local and global environmental issues among young people in North Carolina and Cameroon through the exchange of ideas, knowledge and information
- identifying similarities and differences between environmental issues and trends in NC and Cameroon
- promoting an understanding of the interrelationships that bind us to other peoples, regions and nations and an appreciation for other cultures, and
- promoting positive attitudes toward solving environmental problems and motivation to practice personal actions which benefit the environment

After exchanging written communications throughout the school year, students and teachers from all six schools prepared to meet via a live, interactive satellite broadcast to discuss and illustrate ecological relationships and conservation issues specific to each local environment and to address the question "What is our responsibility to our environment?" This Earth Day

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UPLINK was an astounding success and one about which ZooLINC students still fondly reminisce.

With each successive year teachers, students and Zoo Educators generate new ideas for involvement in activities which help meet the program objectives. Other projects specific to individual schools have included:

- students becoming Animal Ambassadors for the Zoo
- the creation of recycling and composting programs
- the development of an outdoor WILD education site in a highly urban area
- participation in a nestbox monitoring program, and
- the production of segments for the Zoo's *Wild 'n Wonderful* TV series.

III. Materials

Classroom presentations by Zoo Educators are designed to be interactive and inspiring. The materials used are selected to help promote highly visual, hands-on, memorable experiences. Materials used include:

- costumes for Mother Earth and Gypsy Lady characters
- Next Door Neighbor Puppets
- biofacts such as snake skins, turtle shells, feathers, warthog hide, elephant hide, porcupine quills, polar bear hair, gorilla hair, egg shells, bird nests,
- Cargo for Conservation Kit, Goods From the Woods Kit
- models of various bird feet, bird beaks and snakes
- vermicompost materials and samples of different soil types
- plants including venus flytraps, pitcher plants, cacti and ferns
- tools such as dipping nets, buckets, hand lenses, microscopes, bug boxes, sponges, straws, tweezers, nutcrackers, thongs
- examples of various footwear such as flippers, skates, ballet shoes and boots
- vidoes: *Wormania, Carnivorous Plants, Exploring the Diversity of Life, The Lorax*
- books: *Why Animals Don't Wear Clothes* by Judi Barrett and *Dear Children of the Earth* by Schim Schimmel
- posters of various zoo animals, NC forests, illustration of buffer zone concept, aquatic insects, birds, mammals, reptiles

Zoo Educators and teachers adapt ideas and lessons from a variety of curriculum resource guides. Those most commonly used include:

- *Project WET Curriculum Guide* produced by The Watercourse and Council for Environmental Education
- *Project Learning Tree Curriculum Guide* produced by the American Forest Foundation
- *Project WILD* and *Aquatic WILD Curriculum Guides* produced by the US Fish and Wildlife Service and the Environmental Education Council
- *North Carolina WILD Education Sites Instructors Guide* produced by the NC Wildlife Resources Commission
- *Counting on People* and *Multiplying People/ Dividing Resources* produced by Zero Population Growth
- *The GLOBE Program Teacher's Guide* produced by the Global Learning and Observations to Benefit the Environment International Partnership

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Evaluation

To examine changes in students' environmental knowledge and attitudes associated with the ZooLINC partnership program, pre and post Environmental Knowledge and Attitude Surveys were administered to third, fourth and fifth graders in partnership schools as well as a non-partnership school. A total of 903 students participated in the survey.

The multiple-choice Knowledge Survey questions for each grade level were aligned with the specific curriculum offered to ZooLINC schools:

- 3rd grade – water and air
- 4th grade – soils and forests
- 5th grade – human population growth

The Attitude Survey statements were ranked on a 5-point scale (very true, mostly true, not sure, mostly false, very false) with the most pro-environmental responses receiving 5 points and the least receiving 1 point. All grade levels were administered identical Attitude Surveys. See *Appendix C: Environmental Attitude Survey; Appendix D: Environmental Knowledge Survey-3rd Grade; Appendix E: Environmental Knowledge Survey-4th Grade; Appendix F: Environmental Knowledge Survey-5th Grade.*

Students responded to the survey questions prior to Zoo Educators conducting classroom programs and again at least a month after the programs were completed for the school year. For control purposes a different group of third, fourth and fifth graders responded at the same time interval but without any curricular intervention. Pre and post-test comparisons were made on individuals by assigning matched-pair scores.

All statistics were one-tailed repeated measures t-test. Comparisons were pre vs. post for Knowledge and Attitude for each grade separately. Treatment pre was compared to Treatment post and Control pre was compared to Control post. Results are as follows:

Knowledge

Third Grade : Statistically significant increase in Knowledge of ZooLINC pre vs. post-test (t-test, df = 274, P < .001).
: No statistically significant difference in Knowledge of Control pre vs. post-test (t-test, df = 51, P > .05).

Fourth Grade : Statistically significant increase in Knowledge of ZooLINC pre vs. post-test (t-test, df = 255, P < .001).
: Marginally significant increase in Knowledge of Control pre vs. post-test (t-test, df = 50, P = 0.0537).

Fifth Grade : Statistically significant increase in Knowledge of ZooLINC pre vs. post-test (t-test, df = 221, P < .001).
: No statistically significant difference in Knowledge of Control pre vs. post-test (t-test, df = 49, P > .05).

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Attitude

Third Grade : Statistically significant increase in Attitude of ZooLINC pre vs. post-test (t-test, df = 274, P < .001).
: Statistically significant increase in Attitude of Control pre vs. post-test (t-test, df = 50, P = .0001).

Fourth Grade : Statistically significant increase in Attitude of ZooLINC pre vs. post-test (t-test, df = 256, P < .001)
: No statistically significant difference in Attitude for Control pre vs. post-test (t-test, df = 49, P = .1861)

Fifth Grade : Statistically significant increase in Attitude of ZooLINC pre vs. post-test (t-test, df = 221, P < .001).
: No statistically significant difference in Attitude for Control pre vs. post-test (t-test, df = 49, P = .2396).

See graphed results *Appendix G: Environmental Knowledge Survey Results* and *Appendix H: Environmental Attitude Survey Results.*

Comparing results from past surveys with these current results has enabled us to determine that a focused curriulum for each grade level over an extended period of time has a more positive influence on students' environmental understandings than one which offers a broad patchwork of topics offered on a limited basis. By continuing to review and revise survey questions, format and administration techniques we hope to develop a more extensively applicable tool for the measurement of environmental understandings.

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Examples of ZooLINC Interdisciplinary Units

Kindergarten Organizing Theme: Domestic Animals

Essential Questions:

1. How are domestic animals and wild animals different?
2. How are domestic animals and wild animals the same?
3. What do all animals need to survive?
4. How can I help both domestic and wild animals?

First Grade Organizing Theme: Water Around Us

Essential Questions:

1. How do I need water?
2. How do plants and animals need water?
3. How can I help take care of the Earth's water?

Second Grade Organizing Theme: Habitats Around Us

Essential Questions:

1. What types of habitats are around our school and homes?
2. How are the habitats important to plants and animals?
3. How are the habitats important to people?
4. What can I do to help protect habitats?

Third Grade Organizing Theme: Endangered Species / Endangered Habitats

Essential Questions:

1. In what ways do humans affect the lives of plants an animals?
2. Why should we protect endangered plants, animals and habitats?
3. What can I do to help save wildlife?
4. How can we manage the use of natural resources so future generations of animals, plants and people will have the resources they need?

Fourth Grade Organizing Theme: NC Wildlife and Habitats – Let the Wildlife Roam

Essential Questions:

1. How are North Carolina habitats changing?
2. How are the changes affecting wildlife?
3. What can I do to help wildlife in North Carolina?
4. How can people manage NC's natural resources so future generations will have the resources they need?

Fifth Grade Organizing Theme: Wild Spaces and Species – Today and Tomorrow

Essential Questions:

1. In what ways do humans affect the lives of plants and animals globally?
2. What can I do to help wildlife globally?
3. What can I do to help raise the awareness of others about the importance of wildlife and natural resources?
4. How can we manage the use of natural resources globally so future generations of animals, plants and people will have the resources they will need?

Classroom Programs

Conducted by ZooLINC Educators

Appendix B

K	**"Mother Earth" character** (teaches respect for the Earth)	**Walk on the Wild Side** (ways animals move)	**Animal Wrappers** (body coverings)
1st	**"Gypsy Lady" character** (looks at our role in the future of plants, animals, ecosystems)	**Amazing "Feets"** (feet as adaptations for survival)	**What's Wild?** (compares wild & domestic animals)
2nd	**Fill the Bill/Migratory Birds** (bird beaks & birds in your own backyard)	**Wildlife Trade** (how purchasing animal products may effect wildlife populations)	**Air is There** (what is it and why is it important?)
3rd	**Water Cycle** (properties of water)	**Wetlands** (importance of wetlands)	**Water Pollution** (causes, impacts and actions)
4th	**Soils/Vermi Composting** (importance of soil & worms)	**Carnivorous Plants of NC** (adaptations of plants, importance of habitats)	**Forests of NC** (importance of forests)
5th	**What's So Important About People and the Planet?** (human population)	**Global Family Ties** (human population)	**How Do You Make a Difference?** (human population)

School:_____ Teacher:_____

ID#:	Score:

Student:_____

Environmental Attitude Survey

Mark the circle under the answer that best describes how <u>YOU</u> feel or act.

	Very True	Mostly True	Not Sure	Mostly False	Very False
1. The problems with the environment are so big there's really not very much I can do.	O	O	O	O	O
2. I have talked with my parents about how to help with environmental problems.	O	O	O	O	O
3. I reuse things over and over rather than throwing them away.	O	O	O	O	O
4. I do NOT throw litter on the ground or in the water.	O	O	O	O	O
5. To save energy, I turn off lights when they are not needed.	O	O	O	O	O
6. To save water, I do NOT let a faucet run when it is not necessary.	O	O	O	O	O
7. I am willing to carpool in order to reduce air pollution.	O	O	O	O	O
8. I would rather watch TV than spend time outdoors.	O	O	O	O	O
9. We compost food scraps at my home.	O	O	O	O	O
10. I do NOT pour detergents, paints or other harmful chemicals down the drain.	O	O	O	O	O
11. I have helped clean up litter.	O	O	O	O	O

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	Very True	Mostly True	Not Sure	Mostly False	Very False
12. It concerns me to see houses being built where animals used to live.	O	O	O	O	O
13. I treat plants and animals with respect.	O	O	O	O	O
14. I like to spend time outdoors observing wildlife.	O	O	O	O	O
15. When I encounter spiders, insects, birds and other wildlife, I do NOT disturb them.	O	O	O	O	O
16. I buy products made from recycled materials when possible.	O	O	O	O	O
17. I walk or ride a bike rather than riding in a car when possible.	O	O	O	O	O
18. I am NOT worried about running out of clean, fresh water.	O	O	O	O	O
19. I enjoy hiking in forests.	O	O	O	O	O
20. I like to read stories about the environment.	O	O	O	O	O
21. I think about how much stuff will end up in the landfill before I buy something.	O	O	O	O	O
22. I enjoy learning about ways plants and animals live.	O	O	O	O	O
23. I have tried to cut down on the amount of garbage I make.	O	O	O	O	O
24. I really don't care what is dumped into the water far away from where I live.	O	O	O	O	O
25. I do NOT buy products made from animals' fur, skin or feathers.	O	O	O	O	O

THANK YOU!

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School:_____ Teacher:_____

Student:_____

ID#:	Score:

Environmental Knowledge Survey - 3rd Grade

1. **The amount of water on Earth today is**
   - **A.** increasing by large amounts every year
   - **B.** roughly the same as when water first formed on the planet
   - **C.** much *less* than when water first formed on the planet
   - **D.** much *more* than when water first formed on the planet

2. **Of the 70% of the Earth's surface that is covered by water, about how much is fresh water?**
   - **A.** less that 3%
   - **B.** about 30 %
   - **C.** more than 40%
   - **D.** about 50%

3. **A watershed is a**
   - **A.** type of system for cleaning animal waste
   - **B.** building where water is stored
   - **C.** type of frozen precipitation
   - **D.** natural area where water travels into rivers and streams

4. **The most pollution of our water sources is caused by**
   - **A.** runoff from farms
   - **B.** methane gas
   - **C.** leaks in sewers
   - **D.** dams on rivers

5. **Wetlands**
   - **A.** clean polluted water
   - **B.** stop flood control
   - **C.** are worthless as habitats
   - **D.** decrease breeding grounds for waterfowl

6. **When solid waste ends up in lakes, rivers and oceans it**
   - **A.** will eventually dissolve and disappear
   - **B.** will be buried after washing up on land
   - **C.** can harm animals that mistake it for food
   - **D.** does no harm to the environment

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7. Because of the Earth's water cycle

- **A.** water is lost forever when it evaporates
- **B.** new water is created every time it rains
- **C.** humans, plants and other animals use the same water over and over
- **D.** water pollution is NOT a problem

8. Toxic household products such as detergents, paints and soaps that get washed down drains

- **A.** help clean the soil
- **B.** may end up in drinking water
- **C.** are good for animals to drink
- **D.** are harmless to the environment

9. Water pollution and disease are closely linked because

- **A.** most diseases are airborne
- **B.** bacteria do not need water
- **C.** many disease causing organisms spend part of their life in water
- **D.** water is not recycled

10. Signs of clean water include

- **A.** a shiny film on the surface of the water
- **B.** dead fish or other organisms floating in the water
- **C.** healthy, balanced plant and animal life
- **D.** muddy water

11. Food choices which help conserve the amount of water used in farming include

- **A.** eating a variety of red meats
- **B.** eating no vegetables
- **C.** eating more vegetables and less red meat
- **D.** eating only meat

12. Chemical runoff from farms can cause

- **A.** air pollution
- **B.** water pollution
- **C.** solid waste problems
- **D.** more oxygen in the water

School:_____ Teacher:_____

Student:_____

ID#:	Score:

Environmental Knowledge Survey - 4th Grade

1. Forest trees and other plants

- **A.** cause erosion
- **B.** increase the greenhouse effect
- **C.** cause air pollution
- **D.** provide oxygen

2. Forests used to cover about 60% of the Earth's land areas. Today forests cover about

- **A.** 3% of the land
- **B.** 30% of the land
- **C.** 50% of the land
- **D.** 75% of the land

3. North Carolina

- **A.** has less forests than any other state
- **B.** does not use its forests
- **C.** has more forests than most other states
- **D.** has only a few species of trees

4. When people build roads, airports, malls and houses

- **A.** no damage is done to the environment
- **B.** more land is available for forests to grow
- **C.** wildlife habitats increase
- **D.** forests and wildlife habitats are often destroyed

5. By leaving a forested buffer along streams and rivers

- **A.** all wildlife habitat is destroyed
- **B.** water pollution is filtered
- **C.** water pollution is increased
- **D.** soil erosion is increased

6. The Neuse River in North Carolina has been of special environmental concern because it is

- **A.** too salty
- **B.** experiencing fish kills
- **C.** overpopulated with fish
- **D.** too deep

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7. Jobs in North Carolina such as agriculture, fishing, furniture and tourism depend on

- **A.** recycling
- **B.** natural resources
- **C.** universities
- **D.** television

8. Composting

- **A.** causes soil erosion
- **B.** is too difficult to do at home
- **C.** reuses organic wastes
- **D.** produces large amounts of pollution

9. The greatest cause of soil degradation worldwide is

- **A.** poor agricultural practices
- **B.** heavy precipitation
- **C.** loss of wetlands
- **D.** increase in wildlife habitat

10. Soil pollution may be caused by

- **A.** forests
- **B.** pesticides
- **C.** wetlands
- **D.** rocks

11. Toxins in soils

- **A.** have no effect on plants and animals
- **B.** make the soil richer for plant growth
- **C.** usually get completely washed away when it rains
- **D.** may be carried up the food chain

12. The most important step in saving endangered plants and animals in North Carolina and worldwide is

- **A.** protecting their natural habitats
- **B.** selling them in pet shops
- **C.** clear cutting their natural habitats
- **D.** reproducing them in zoos

School:_____ Teacher:_____

Student:_____

ID#:	Score:

Environmental Knowledge Survey - 5th Grade

1. **At the current rate of growth, in about 20 years the world's human population may be around**
   - **A.** 8 billion
   - **B.** 5 billion
   - **C.** 3 billion
   - **D.** 1 billion

2. **If the human population continues to increase at its present rate**
   - **A.** it should have no affect on the planet's natural resources
   - **B.** it will eventually reach the limit of the planet's natural resources
   - **C.** there should still be plenty of natural resources for everyone
   - **D.** there will be more space for other animals and plants

3. **Sustainable living means**
   - **A.** using natural resources as if they are unlimited
   - **B.** collecting more material possessions
   - **C.** using natural resources with regard for future generations
   - **D.** moving to another country to live

4. **The greatest growth of human populations today is occuring in**
   - **A.** industrial societies
   - **B.** tribal societies
   - **C.** developing nations
   - **D.** hunter-gatherer societies

5. **Human population growth in the United States is of particular concern because**
   - **A.** it is growing faster than in any other country
   - **B.** it has stopped
   - **C.** Americans do not use many natural resources
   - **D.** Americans use more energy than any other people

6. **As a nation, Americans use more fresh water than any other industrialized country because of our**
   - **A.** rapidly growing human population
   - **B.** limited home and industrial use
   - **C.** decreasing numbers of factories and farms
   - **D.** agriculture, manufacturing and individual use

7. **Americans own about 1/3 of the world's cars and drive about as many miles as the rest of the world combined. As a result**
   - **A.** our cars are more expensive
   - **B.** ozone pollution is a problem
   - **C.** ozone pollution is decreasing
   - **D.** our air is very clean

8. **The uncontrolled expansion of cities into surrounding areas is called**
   - **A.** sustainable development
   - **B.** rural preservation
   - **C.** urban reclaimation
   - **D.** urban sprawl

9. **The garbage created by an expanding human population is best controlled by**
   - **A.** sending it all to landfills
   - **B.** burning as much of it as possible
   - **C.** throwing it in the oceans
   - **D.** reducing and reusing

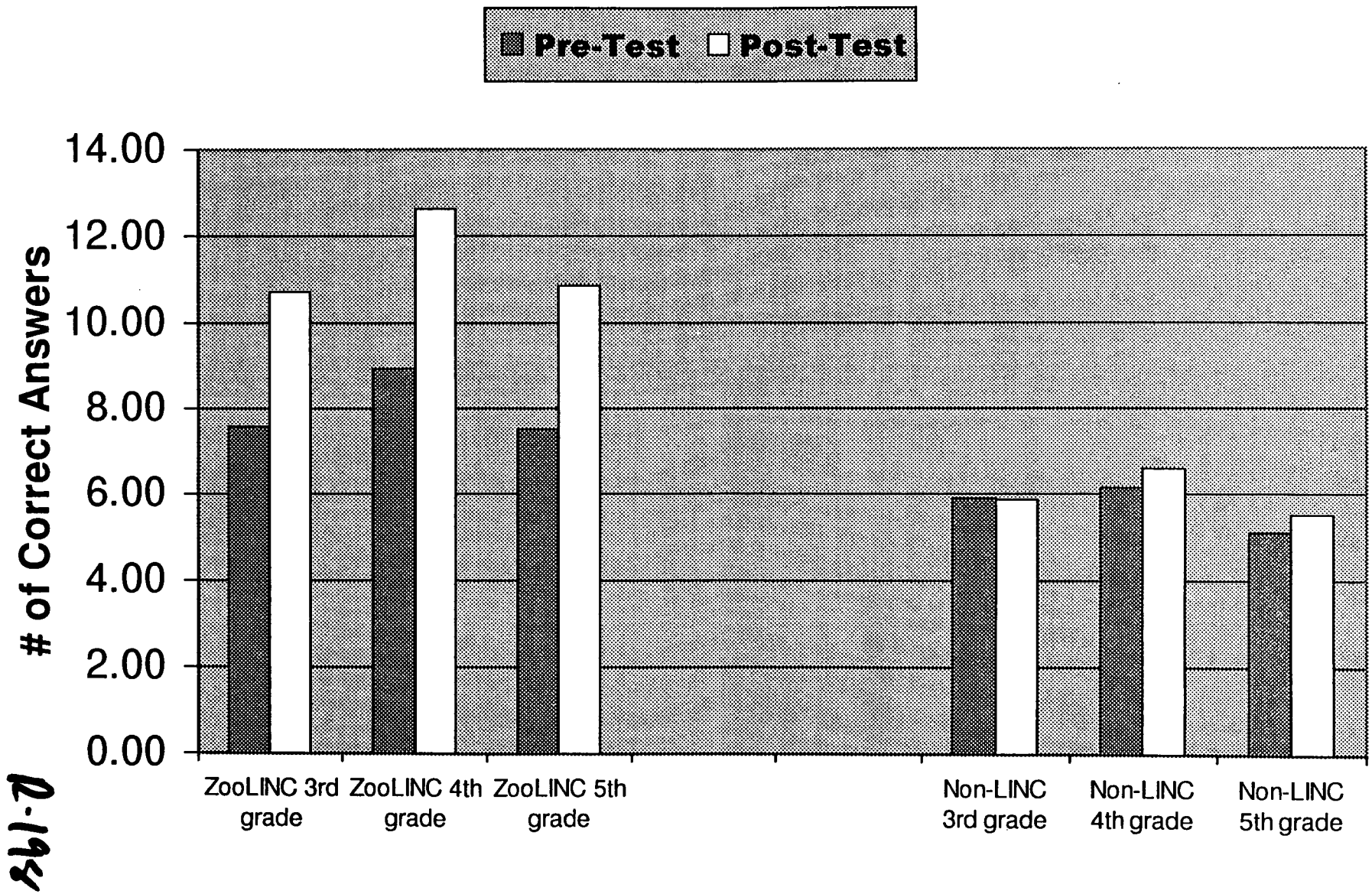
10. **Being a "green" consumer includes**
    - **A.** buying products that are resuable, durable and not overpackaged
    - **B.** buying products with plenty of packaging that will be thrown away
    - **C.** buying only products that are green in color
    - **D.** buying products that are disposable and will only be used once

11. **Your ecological "footprint" refers to**
    - **A.** the impact you have on the Earth
    - **B.** the size of your foot
    - **C.** the river basin in which you live
    - **D.** the number of pets you have

12. **When an area's human population grows very rapidly it can result in**
    - **A.** poverty
    - **B.** cleaner air
    - **C.** increased water supply
    - **D.** increased forests

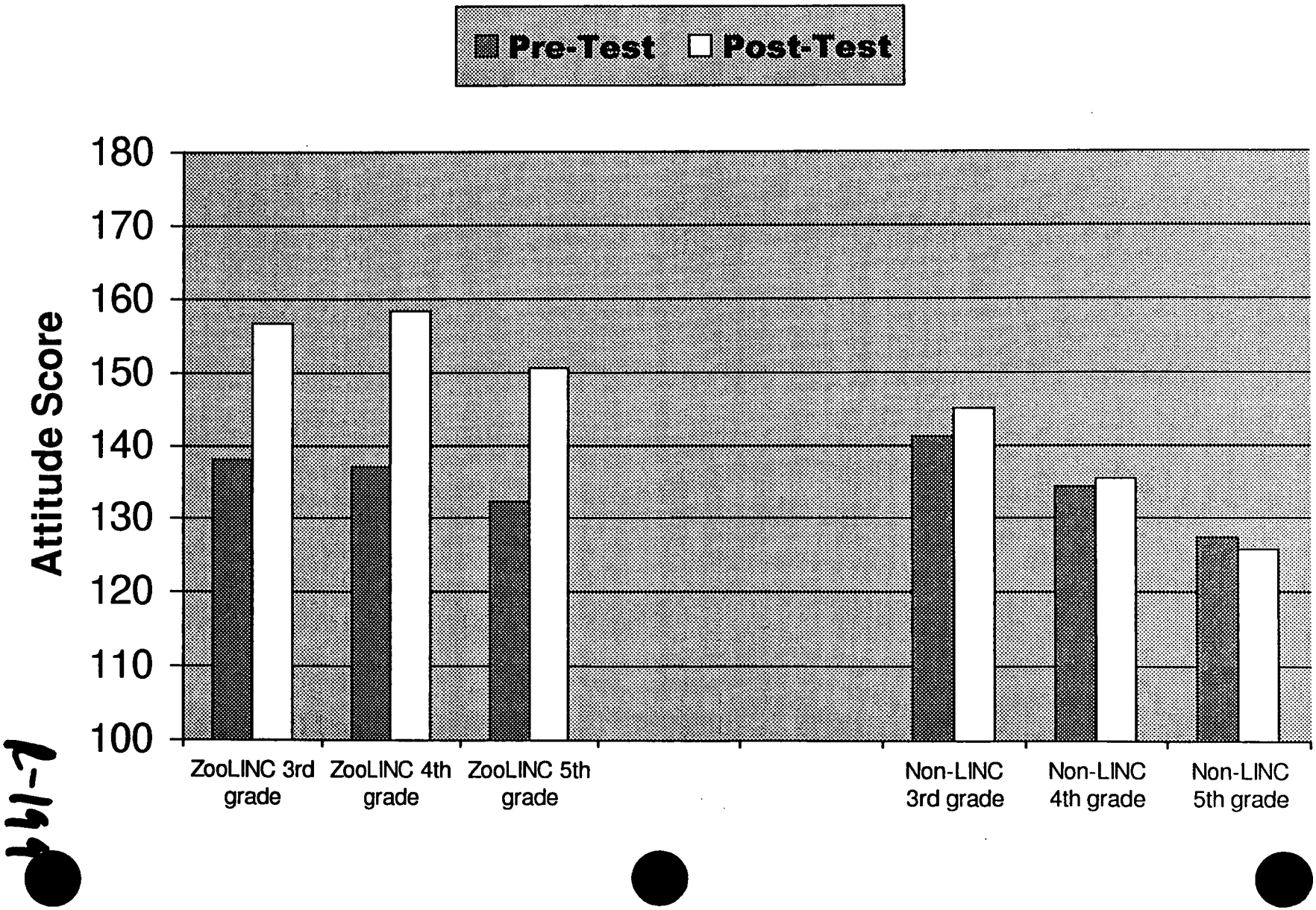
Environmental Knowledge Survey Results

Appendix G



Environmental Attitude Survey Results

Appendix H



NORTH CAROLINA
MUSEUM of NATURAL SCIENCES

NORTH CAROLINA STATE MUSEUM OF NATURAL SCIENCES
Betsy Bennett, *Director*

MEMORANDUM

TO: Representative Baker

FROM: Betsy Bennett

DATE: March 9, 1999

SUBJ: Your request

Attached please find a memo from Harry Baulch, Senior Project Manager for DJB Construction Group. As we discussed on Thursday when I saw you at lunch, your information was accurate.

And as a reminder, the stone map on the floor at the entrance to the new building will be made up of different rocks from across North Carolina. The Museum is working with a number of companies across the state to help bring that to fruition.

Please don't hesitate to call me with any other questions that you may have. And thank you for your continued support of the Museum of Natural Sciences.

DJB Construction Group

To: Museum of Natural Sciences

Attn: Dr. B. Bennett

Dear Dr. Bennett,

I wish to first apologize for providing you with inaccurate information on the origin of the granite for the new museum building. I have been operating under the impression that the stone used on this building (at least the granite) had been quarried in North Carolina. I have also been operating under this misunderstanding that the "Carolina Black" granite was a product of North Carolina. My misinformation to you stems from the fact that North Carolina Granite Corp., out of Mt. Airy, NC, did provide the granite and that at one time Green County (not Greene County) and Carolina granite were the only two specified granite types.

The facts are as follows:

1. Green County granite is out of Georgia.
2. Carolina Black is a nickname for "Cambrian" or "Cadium Black" which is a Canadian granite.
3. Cedar Rose granite, which is a North Carolina stone, was specified in the June 1995 bid documents, but it was deleted and Green County was specified in its place for the Oct. 1995 re-bid.

Dr. Bennett, I apologize again for any embarrassment that I might have caused you by passing along my misunderstanding.

Very truly yours,

Harry A. Baulch
Sr. Project Manager

With attachments
1. June '95 bid spec.
2. Oct. '95 revision to bid spec.
3. Sub. letter on architect's request.

3101 Industrial Drive, Suite 100 • Raleigh, North Carolina 27609 • 919-828-6260 • 919-829-2114 FAX

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R-201

NORTH CAROLINA DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF BUDGET, PLANNING & ANALYSIS

NCDENR

JAMES B. HUNT JR.
GOVERNOR

WAYNE MCDEVITT
SECRETARY

JANE Q. SMITH
DIRECTOR

April 15, 1999

MEMORANDUM

TO: Jennifer Herrera
Fiscal Research Division

FROM: Jane Q. Smith

RE: Museum of Natural Science Funding History

Attached you will find the information that was requested regarding the funding history for the Museum of Natural Sciences currently under construction.

Please do not hesitate to contact me, if you have any further questions regarding this matter.

R-202

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Museum of Natural Sciences

Development and construction of a new Museum of Natural Sciences is the most complex state project currently under construction. Initial planning funds were received for the new museum in 1986, and many challenges have been overcome in the 13 years of this project. One of the challenges was discovered during the construction of the Museum of History. Soil issues were identified that required shoring up of the Agriculture Building before further construction could be accomplished.

Funding History

Public

1986	$500,000 for planning for new construction
1992	$750,000 for building design and construction drawings
1994	$30.9 million for museum construction
1995	$900,000 for planning of exhibits
1997	$7.6 million for exhibits
1998	$1 million for exhibits

Private, Local, Federal

The Friends of the Museum have pledged $20.3 million
$18.3 has been raised to date

The funding history reflects one of the challenges faced in this project. Funding for design and construction of the building was appropriated well in advance of funding for the design and construction of exhibits. This resulted in a challenge of designing exhibits to fit into the building, rather than designing a total project at one time. Consequently, the original exhibit estimates were made in 1991 without an exhibit design firm or exhibit production firm under contract. The original exhibit estimate in 1991 was $16 million. The current cost of all exhibit elements under contract is $24.3 million, excluding the privately funded *Acrocanthosaurus* acquisition and exhibit. The additional exhibit construction and acquisition costs are being covered by an unprecedented increased commitment of $20.3 million pledged by the Friends of the Museum. **There are no contract commitments for Museum construction and exhibits beyond the budgeted funds available.**

Upfit Issues

The Museum needs funding of $2.5 million to cover costs for upfitting the new Museum (carpet, special lighting, telecommunications cabling) so public and support spaces are fully functional when the Museum opens. Building upfit funds are generally requested the last year of project construction. The Museum is scheduled to open April 7, 2000. A request was made in 1998 for upfit but not funded. A bill has been filed for 1999-2000

Gap Needs

As referenced above, design of the exhibits began well after the building was designed. The designed exhibits required changes to the building in order to integrate the exhibits into the building. Examples of these are lighting for the exhibits, special effects, animal care support, plumbing support for exhibits and general construction. The Office of State Construction and the Office of State Budget and Management are working with Museum staff to resolve these needs within existing funding, but it is not known at this time if all costs will be able to be covered.

DIVISION OF PARKS AND RECREATION

April 9, 1999

MEMORANDUM

TO: Jane Smith, Director
Budget, Planning, and Analysis

FROM: Phil McKnelly

SUBJECT: Fiscal Research Request — LEO Salary Equity

The 1997 Session of the General Assembly passed a provision in Session Law 1997-443, Section 15.38 of the Base Budget Bill (SB 352) that directed the Department of Environment and Natural Resources to raise the average salary of law enforcement officers in the Division of Parks and Recreation (DPR) to the average salary of law enforcement officers in the Division of Marine Fisheries (DMF) and the Wildlife Resources Commission (WRC). Approximately $750,000 would have been necessary to fund the mandated salary adjustment and related benefits. However, the ratified bill appropriated only $538,239 for that purpose.

As a result of the 1997 Base Budget provision, effective July 1, 1997 all DPR law enforcement employees that were in trainee progressions were brought to the minimum range of their salary grade. Employees who had already received their law enforcement certification received a 5% salary increase. A 5% increase was also budgeted for those positions where employees had not yet received their certification with an additional 5% to be awarded once the certification was achieved. An additional increase of $486 per year was given based on total years of law enforcement service for those employees with at least 0.5 years of law enforcement experience as of July 1, 1997. Salary increases ranged from 5% to 24.05%, with an average increase of 14.98%. Prior to 1997, the average salary for DPR law enforcement staff was $25,809. The increase authorized by the General Assembly brought the average salary to $30,097.

The 1997 salary adjustment funding improved the salary equity situation, but salary equity has not been attained. DPR law enforcement staff classifications remain at lower pay grades than those in DMF and WRC. DPR continues to work with the Department's Division of Human Resources and the Office of State Personnel to review turnover and recruitment patterns and labor market information that may result in classification/grade changes. Attached is a chart which reflects the current average salaries for DPR, DMF, and WRC, and the salary differences between those classifications.

Please contact me if additional information is required.

PKM/GSR

Attachment

cc: J.W. Reel, Budget Supervisor, Office of State Budget
Sherri Evans-Stanton, Deputy Secretary for Policy and Programs
Dewey Botts, Asst. Secretary for Natural Resources
Richard Rogers, Director, Legislative and Intergovernmental Affairs

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State Parks/Wildlife/Marine Fisheries Officers Salary Comparisons

April 1999

State Parks Classifications	Parks SG	No. Positions	Parks Average	Wildlife Classifications	Wildlife SG	Wildlife Average	Park Avg vs Wildlife	Total $ for Equity
Park Ranger I	60	30	21,811	Wildlife Enforcement Officer I	66	26,507	-17.7%	140,880
Park Ranger II	62	56	26,150	Wildlife Enforcement Officer II	67	29,441	-11.2%	184,296
Park Ranger III	64	34	31,094	Wildlife Enforcement Officer III	68T	35,910	-13.4%	163,744
Park Superintendent I	65	10	34,585	Wildlife Enforcement Area Leader	70	42,406	-18.4%	78,210
Park Superintendent II	67	14	37,267	Wildlife Enforcement Asst Dist. Supv.	71	47,214	-21.1%	139,258
Park Superintendent III	69	8	42,363	Wildlife Hunter/Boating Safety Coord.	72	45,306	-6.5%	23,544
Park Superintendent IV	71	3	43,882	Wildlife Enforcement District Supv.	74	54,616	-19.7%	32,202
Parks District Superintendent	73	4	50,383	Wildlife Enforcement Asst. Admin.	76	57,923	-13.0%	30,160
				Wildlife Enforcement Administrator	80			

State Parks Classifications	Parks SG	No. Positions	Parks Average	Marine Fisheries Classifications	Marine Fish. SG	Marine Fish. Average	Park Avg vs Marine Fish.	Total $ for Equity
Park Ranger I	60	30	21,811	Marine Fisheries Enforcement Officer I	66	26,183	-16.7%	131,160
Park Ranger II	62	56	26,150	Marine Fisheries Enforcement Officer II	67	no positions		
Park Ranger III	64	34	31,094	Marine Fisheries Enforcement Officer III	68T	37,744	-17.6%	226,100
Park Superintendent I	65	10	34,585	Marine Fisheries Enforcement Area Leade	70	42,375	-18.4%	77,900
Park Superintendent II	67	14	37,267					
Park Superintendent III	69	8	42,363	Marine Fisheries Enforcement Asst/ Supv.	71	47,053	-10.0%	37,520
Park Superintendent IV	71	3	43,882	Marine Fisheries Enforcement Supervisor	74	49,404	-11.2%	16,566
Parks District Superintendent	73	4	50,383	Marine Fisheries Enforcement Asst Chief	77	59,940	-15.9%	38,228
				Marine Fisheries Enforcement Chief	80			

LRL 4/99
PMIS

MEMORANDUM

Date: April 8, 1999

TO: Mona Moon

FROM: Donna Moffitt

SUBJECT: Coastal Reserve Program Information

In response to your request, I am glad to supply acquisition, budget and education/research program information concerning the North Carolina Coastal Reserve Program. This program is located within the DENR/Division of Coastal Management's (DCM) Policy and Planning Section.

Creation/Acquisition:
The N.C. Coastal Reserve was established by the General Assembly in 1989 for the purpose of protecting a number of undeveloped coastal natural areas so that they will remain available for research, education and other consistent public uses (NCGS 113A-129.1 et seq.). The Coastal Reserve is comprised of eight sites (please see attached map) that were acquired using a combination of state and federal funds. Acquisition of a ninth site (Buckridge -- 18,000 acres in Tyrrell County) is underway. Most of the state funds used for acquisition were awarded from the Natural Heritage Trust Fund and the Clean Water Management Trust Fund. Federal funds were received from the U.S. Department of Commerce (National Oceanic and Atmospheric Administration) and the U.S. Department of the Interior (Fish and Wildlife Service). These properties were acquired in response to input and recommendations from the Coastal Resources Commission/Coastal Resources Advisory Council, 1994 Coastal Futures Committee, federal/state agencies, universities, state environmental groups and local citizens.

Four of the eight sites (Currituck Banks, Rachel Carson, Masonboro Island and Zeke's Island) are also part of the National Estuarine Research Reserve System administered by the U.S. Department of Commerce. Restrictive covenants in the deeds and periodic federal evaluations ensure that certain performance guidelines are met, particularly for estuarine research and educational activities.

Detailed acquisition information for all sites is summarized in the following table:

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NORTH CAROLINA COASTAL RESERVE
Acquisition Summary (April 1999)

Site Name (Co.)	Date(s)	Acres*	State Funds	Federal Funds	Donation Value
1. Zeke's Island (Brunswick)	1980	249	0	0	$1,164,500
2. Rachel Carson (Carteret)	1983-9	237	0	$ 203,100	407,160
3. Currituck Banks (Currituck)	1984	335	0	1,250,000	880,000
4. Masonboro Island (New Hanover)	1985-**	503	1,540,568	2,153,408	245,000
5. Permuda Island (Onslow)	1987	49	973,648	809,505	916,848
6. Buxton Woods (Dare)	1988-94	825	2,488,836	3,409,142	49,247
7. Bald Head Woods (Brunswick)	1993-94	173	325,000	3,975,000	1,000,000
8. Kitty Hawk Woods (Dare)	1995-***	844	468,957	1,499,121	0
TOTALS		**3,215**	**$5,897,009**	**$13,299,276**	**$4,662,755**

* This refers to upland acreage only. Intertidal and subtidal lands are assumed to be state property by common law unless submerged land claims are documented.

** Masonboro Island acquisition is ongoing with about 28 acres of uplands left in private ownership. Total acreage includes 93 acres purchased in 1973 by the Division of Parks & Recreation for $120,000.

*** Kitty Hawk Woods acquisition is ongoing. Town of Kitty Hawk owns another 462 acres also managed in conjunction with the state-owned portion of the Coastal Reserve.

Staff/Budget:

Coastal Reserve Program staff consists of four full-time (three state and one federally-funded) positions located in offices at Wilmington, Beaufort and Kitty Hawk.

Position Classifications:	*Funding Source:*
Environmental Supervisor I	Appropriations
Extension Education & Training Specialist I	Appropriations
Environmental Specialist III	Appropriations
Natural Science Curator I	Federal Funds

Below is the 1998-1999 Budget and Expenditures as of January 31, 1999

Account	Description	Budget	Y-T-D	Balance
Expenditures				
531XXX	Personal Services	180,030	78,946	101,084
532XXX	Purchased Services	32,658	26,364	6,294
533XXX	Supplies	1,900	698	1,202
534XXX	Property, Plant & Equip	2,917	1,092	1,825
535XXX	Other Expenses	4,539	373	4,166
536XXX	Aid & Public Assistance	106,266	40,305	65,961
Total Expenditures		328,310	147,778	180,532
Revenues				
437300	Indirect Cost	4,539	345	4,194
5388XX	Federal Grant	198,145	59,777	138,368
Total Revenues		202,684	60,122	142,562
	Appropriations	125,626	87,656	37,970

Coastal Reserve employees do not perform law enforcement, but devote their time to research. education and resource stewardship. Any needed assistance or site surveillance is accomplished through a dozen memoranda of understanding and established contacts with federal, state or local agencies in the vicinity of each site. There are also local volunteer groups that perform various activities (e.g., picking up litter). Management plans have been developed for each site.

Education/Research:
The primary difference between the Coastal Reserve and other environmental programs within state government is the goal of improving coastal management by combining the results of on-site research with existing knowledge to better inform coastal decision makers and the general public of issues and possible solutions. Educational activities focus on estuaries and associated habitats. Curriculum guides, workshops, field guides, videos, web pages, Internet partnerships and brochures have been produced concerning estuaries and related topics such as non-point source pollution. These are intended to reach audiences of various ages and educational backgrounds.

Last year, the Coastal Reserve educational staff presented a total of 180 programs to 17,315 participants. Of these 82 were field trips (1,741 persons), 69 were outreach/volunteer

programs (4,492), 16 were volunteer/staff development sessions (185), and five were teacher workshops (174). The staff also participated in 13 educational fairs where they interacted with approximately 10, 723 persons. In addition, Coastal Reserve sites were visited used by a total of 31,215 persons who participated in educational programs with the N.C. Aquarium at Ft. Fisher, Ft. Fisher Air Force Base, N.C. Maritime Museum and Carolina Ocean Study (Carolina Beach).

Research activities include baseline monitoring and specific investigations. Currently, staff have several automated samplers located within the sound areas at Zeke's Island, Masonboro Island and Rachel Carson. For the past several years, water quality (e.g., pH, dissolved oxygen, temperature, turbidity, conductivity, depth) and weather data have been sampled regularly and cataloged on computer. These data are then transmitted to the national Estuarine Reserve data center near Georgetown, South Carolina where this information is available to anyone on the Internet.

Recent research projects have focused on such topics as water quality, fisheries biology, shellfish habitats and bird populations. The Reserve Research Specialist performed a comparison of golf course runoff management practices along a tidal creek in New Hanover County. Masonboro Island was used to assess the effects of ocean beach dredge material disposal on near shore fish populations. At the Rachel Carson site, a graduate student studied the recovery of replanted oyster shell communities near various habitats. Local residents and Reserve staff assisted the North Carolina State Museum of Natural Sciences to census seasonal maritime forest bird species at Buxton Woods. Faculty and students from such schools as Duke University, North Carolina State University, University of North Carolina (UNC)-Institute of Marine Sciences, UNC at Wilmington, East Carolina University and several out of state institutions have used Reserve sites for investigations. A complete bibliography of past research at Estuarine Reserve sites has been published. All sites are available for scientific use provided a research permit is secured from the Reserve Research Specialist.

I hope this information is helpful. Please call Dr. John Taggart at (910) 256-3721 ext. 243 or myself if there are have any questions.

NORTH CAROLINA DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES

NCDENR

JAMES B. HUNT JR.
GOVERNOR

WAYNE MCDEVITT
SECRETARY

March 25, 1999

TO: **Mona Moon**

FROM: **Jane Q. Smith**

RE: **NER Inquiry**

During the Division of Soil and Water Conservation's appearance before the NER Subcommittee one of the Members asked about tort liability coverage for District Supervisors. As you will recall, Dewey botts responded that the Division is working with NRCS, Soil and Water Conservation Districts and their respective Counties to execute operational agreements which address tort liability along with other issues.

The Subcommittee asked that a copy of one of these agreements be forwarded to them. Attached you will fin a copy of the Operational Agreement with the Caldwell District, NRCS, Caldwell County and the Division of Soil and Water Conservation.

If there are further questions regarding this matter please direct them the Dewey Botts.

cc: Dewey Botts
Cecil Settle

R-210

P.O. BOX 27687, RALEIGH NC 27611-7687 / 512 NORTH SALISBURY STREET, RALEIGH NC 27604
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OPERATIONAL AGREEMENT

Between the

UNITED STATES DEPARTMENT OF AGRICULTURE
NATURAL RESOURCES CONSERVATION SERVICE
and
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES - DIVISION OF SOIL AND WATER CONSERVATION
and
THE CALDWELL SOIL AND WATER CONSERVATION DISTRICT
and
CALDWELL COUNTY, NORTH CAROLINA

For their Cooperation in the Conservation of Natural Resources

BACKGROUND STATEMENT AND PURPOSE

THIS AGREEMENT is between the Natural Resources Conservation Service (NRCS), an agency of the United States Department of Agriculture (USDA), the DENR-Division of Soil and Water Conservation (DSWC) an agency of the State of North Carolina, the Caldwell Soil and Water Conservation District (District) and Caldwell County (County) collectively referred to as the parties, to clearly define the roles and responsibilities of the parties.

The purpose of this agreement is to supplement the Cooperative Working Agreement between the USDA-Natural Resources Conservation Service, North Carolina Department of Environment and Natural Resources, North Carolina Soil and Water Conservation Commission, and Caldwell Soil and Water Conservation District. This operational agreement documents those areas of common interest of the federal, state and local partnership in natural resources conservation.

The parties mutually agree to provide leadership in natural resources conservation. The parties pledge to work together by advancing and practicing teamwork, including input in the decision making process; communicating, coordinating, and cooperating; promoting mutual respect, and sharing leadership, ownership, credit and responsibility.

AUTHORITIES, STATUTES, LAWS

NRCS is authorized to cooperate and furnish assistance to the parties in the conservation of natural resources as referenced in the Soil Conservation and Domestic Allotment Act, 16 U.S.C. 590; The Department of Agriculture Reorganization Act of 1994, Public Law 103-354; and Secretary's Memorandum No. 1010-1, Reorganization of the Department of Agriculture, dated October 20, 1994.

DSWC is authorized to enter into this agreement by North Carolina General Statutes Section 139-4 and Section 143B-294 thru Section 143B-297.

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The District authority is defined in Soil Conservation Districts Law, General Statutes of North Carolina Section 139-1 thru Section 139-47.

The county is authorized to enter into this agreement by North Carolina General Statute Section 153A-11 and Section 160A-461 thru Section 160A-464.

ROLES AND RESPONSIBILITIES:

CONSERVATION PROGRAM IMPLEMENTATION

The parties recognize the natural resources conservation program as a unique blend of voluntary conservation initiatives and federal, state, and local mandates. Together these address a variety of natural resource, environmental, and educational issues. The parties agree to jointly commit their program authorities and financial and human resources to cooperatively implement a unified natural resources conservation program in areas of mutual concern. The implementation of all programs will be done in accordance with program policy and procedure developed for that specific program.

Inventories and Data Sharing: The parties agree to identify, define, and coordinate the collection and use of natural resource and other data needed to support the delivery of program benefits. The parties will cooperate in maintaining data to assure that it supports the mutual needs of the parties for resource planning and evaluation. The parties further agree that gathered data will be mutually shared and used in support of conservation program implementation. The parties will coordinate with public and private resource groups, other resource agencies, and interested parties to share information and resources as needed to facilitate implementation of the conservation program. Attachment A contains a list of significant resource inventories/data used and maintained to support conservation program initiatives.

Setting Program Priorities: The parties agree to implement the conservation program based on mutually developed priorities while recognizing individual responsibilities for federal, state, or local mandates. The parties further agree to annually re-evaluate established priorities and adjust as warranted. District supervisors have responsibility to organize local work groups to assess resource conditions and establish local priorities.

Programs to be Implemented: The parties agree to use federal, state, and local programs in a complimentary fashion to address local priorities and concerns. Attachment A includes a list of programs that will be utilized to address priorities and concerns.

Public information: The parties agree to conduct a common effort to inform the public of program opportunities and benefits.

TECHNICAL STANDARDS AND JOB APPROVAL AUTHORITY

The parties agree to utilize the NRCS Field Office Technical Guide and Soil and Water Conservation Commission adopted standards as the minimum technical standards for conservation program implementation in areas of mutual concern. The parties may utilize more stringent standards when necessary to comply with locally enacted laws or ordinances. The NRCS will be the lead agency in the development, maintenance, and interpretation of the Field Office Technical Guide.

The parties agree that their respective employees will provide technical assistance based on assigned conservation practice (job approval) authority which is based on acquired knowledge, skills, and demonstrated ability and within applicable laws, regulations, and guidelines. Conservation practice

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(job approval) authority will be determined and documented according to NRCS National Engineering Manual, Part 501.

PERSONNEL AND FISCAL MANAGEMENT

The parties recognize that natural resources conservation programs are delivered through an intergovernmental system, in which federal, state, and local governments work together.

The parties will work together to provide staffing and fiscal resources commensurate with workload, priorities, allocated funding, and expertise necessary to deliver a balanced and diversified conservation program. Staffing will be a mix of employees provided by federal, state, county, and district resources. There are certain authorities delegated to specific staff as follows:

Department Head

The parties jointly agree that the District Conservationist will serve as the department head. The Department Head will represent the District and its employees at county meetings, conferences, and appropriate functions. Additionally, any District supervisor may represent the District and its assigned staff in this capacity when so approved by the District Board.

Personnel Management

The management of personnel will be as follows:

a) Hiring, management and dismissal of employees is the responsibility of the respective parties.

b) The management of NRCS personnel is the responsibility of NRCS.

c) The management of county employees assigned to the District is the responsibility of the District board of supervisors and county manager. In the interest of facilitating these responsibilities the District Conservationist is delegated the authority for:

1) Daily supervision and guidance
2) Leave (absence from duty) coordination and approval up to ten days
3) Delivery of employee training and development
4) Certification of Time and Attendance reports

d) The District Conservationist will make recommendations to the district board of supervisors regarding the following in accordance with county government policy:

1) Recruitment and hiring of county employees assigned to the District.
2) Employee performance evaluation, including awards, disciplinary actions and separation
3) Leave coordination and approval exceeding ten days
4) Determination and approval of training requiring expenditure of district/county funds
5) Documentation of the appropriate number of hours worked annually for each position cost shared by the State's Ag Cost Share Program and spent on non-point source pollution control issues.

County personnel policy will be followed when a county employee assigned to the District feels aggrieved. At the request of the aggrieved employee, the District board of supervisors may act as department head. The parties agree to work cooperatively to resolve employee grievances.

Hiring, supervision, development, evaluation and dismissal of employees will be done in accordance with applicable law and specific governmental or agency policy.

Fiscal Management

The parties will work together to maximize available resources and actively seek funding to accomplish natural resource priorities and programs. All parties will be consulted when any party plans significant changes in their financial commitment to this agreement.

Each party is responsible for its own fiscal resources to include equipment, supplies, and accounts.

The District Secretary will actively assist the district with the following:

1) Development of operating budgets
2) Tracking of expenditures for maintaining funding accountability
3) Making recommendations regarding expenditure of funds and purchases

RECORDS, FACILITIES, AND EQUIPMENT

The parties will work together to provide office space, vehicles, and equipment within funding limits, operating guidelines, authorities, federal and state laws, and local ordinances. The parties will work cooperatively to share these resources.

The parties will agree on the maintenance, update, and disposition of relevant records. Access to records will be governed by the Federal Freedom of Information Act (FOIA) and/or the North Carolina Public Records Law.

FEE FOR SERVICES

The parties recognize that nonfederal signatories may establish procedures to collect fees, where permissible, for delivery of such services which are not provided through federal financial or technical assistance. The District does not intend to charge or collect fees for technical services.

From time-to-time the District may:

- *sell materials, such as seeds, plants, maps, erosion control products, etc.
- *sell advertising
- *solicit sponsorships
- *provide equipment for rent

These activities are intended to defer costs or raise money for a specific project and not to compete with retail businesses.

ACCOUNTABILITY

The parties agree to cooperatively develop and utilize the Field Office Computing System resource and program databases to measure effectiveness in program delivery and customer satisfaction. The District will provide a copy of its Annual Report and Plan of Operations to the other signatories of this agreement by October 1 of each year. The District will also provide a copy of their Long Range Plan which, at no time, will be in excess of five years old.

R-214

SCOPE OF AGREEMENT

This agreement covers the basic operating understanding between all parties. Authority to carry out specific projects or activities, transfer of funds, or acquisition of services or property, will be established under separate agreement. The parties agree that contracts, memorandums of understanding (MOU"S), and additional agreements may be made, as needed, to facilitate the implementation of natural resources conservation programs. All parties will be informed in writing of any contracts, MOU's, agreements, or any other devices and decisions that might impact the roles and responsibilities set forth herein.

TORT LIABILITY

The parties will each assume responsibility for the actions of their officials or employees acting within the scope of their employment to the extent provided by federal and state laws and local ordinances. District supervisors and county employees assigned to the District are subject to provisions of county liability insurance coverage. NRCS employees are subject to provisions of the Federal Tort Claims Act.

CIVIL RIGHTS

The parties recognize the benefit and importance of delivering conservation programs equitably to all customers, having a diverse staff to assist this customer base, and having diversity within the district board. The parties agree to work cooperatively to achieve diversity in all aspects of the conservation program through effective outreach and marketing.

The parties will be in compliance with the nondiscrimination provisions contained in Titles VI and VII of the Civil Rights Act of 1964, as amended, the Civil Rights Restoration Act of 1987 (Public Law 100-259) and other nondiscrimination statutes, namely, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, Americans with Disabilities Act of 1990, and in accordance with regulations of the Secretary of Agriculture (7CFR-15, Subparts A & B) which provide that no person in the United States shall, on the grounds of race, color, national origin, age, sex, religion, marital status, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Agriculture or any agency thereof.

REVIEW/MODIFICATION/TERMINATION

This agreement will be reviewed at least annually. The agreement can be modified or terminated at any time by mutual consent of all parties or can be terminated by any party by giving 180 days written notice to the other parties.

R-215

UNITED STATES DEPARTMENT OF AGRICULTURE
NATURAL RESOURCES CONSERVATION SERVICE

By: _____
State Conservationist

Date: Nov. 3, 1998

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF SOIL AND WATER CONSERVATION

By: _____
Director

Date: 11-6-98

CALDWELL SOIL AND WATER CONSERVATION DISTRICT

By: _____
Chairperson

Date: 10-20-98

CALDWELL COUNTY

By: _____

Title: Chairman, Board of Commissioners

Date: October 26, 1998

R-216

ATTACHMENT A

The following is a detailed list of resource inventory/data sharing and programs used to address local conservation priorities and concerns. The parties agree to use these in a complimentary manner, maximizing the delivery of conservation benefits to customers and clients. This informal list will be updated as resources become available.

RESOURCE INVENTORY AND DATA SHARING
Natural Resources Inventory (NRI)
Soil Survey Maps, Manuscript & Tables
Catawba/Yadkin-Pee Dee River Basin Reports
Geographic Information Systems (GIS)
Caldwell District Long Range Plan
Client Conservation Plans
National Information Management System (NIMS)
Agricultural Census Data
Caldwell County Tax Maps and Records
Maps (aerial photo, topographic, flood hazard, wetland, soil, etc)
Caldwell County Chamber of Commerce information
NRCS dam inventory
NRCS Technical Guide
NRCS Technical Reference
NRCS Engineering Field Manual
NC Erosion and Sediment Control Guide
US Geological Survey Hydrological Data

PROGRAMS
Federal Programs
Conservation Technical Assistance (CTA)
National Cooperative Soil Survey (NCSS)
Small Watershed Program (PL-566)
River Basin Surveys and Investigations (RB-09)
Conservation Reserve Program (CRP)
Emergency Conservation Program (ECP)
Emergency Watershed Program (EWP)
Environmental Quality Incentives Program (EQIP)
Forestry Incentives Program (FIP)
Wetland Reserve Program (WRP)
Wildlife Habitat Incentives Program (WHIP)
North Carolina State Programs
Agricultural Cost Share Program for Water Quality (NCACSP)
Clean Water Trust Fund (CWTF)
Confined Animal Permits - NCDENR
Forest Development Program (FDP) - NCFS
Forest Stewardship & Stewardship Incentives Program (SIP) - NCFS
NC Dam Safety - NCDENR
Mining Permits - NCDENR
Wildlife Biology & Fishery Tech. Assistance - NCWRC

Local Programs

Caldwell County Planning and Development (Planning & Zoning)
Caldwell County Health Department
Caldwell District Educational Programs
Caldwell District Local Work Groups for federal programs
Caldwell County-Caldwell District Cooperative Soils Agreement
Caldwell County Economic Development Commission
Water Supply Watershed
Western Piedmont Council of Governments Programs
Cooperation with CES, FSA, RECD, USFS, NCFS, NCWRC, and all resident state and local institutions.

NORTH CAROLINA DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF BUDGET, PLANNING & ANALYSIS

March 16, 1999

JAMES B. HUNT JR.
GOVERNOR

WAYNE MCDEVITT
SECRETARY

JANE Q. SMITH
DIRECTOR

TO: Appropriations Subcommittee on Natural and Economic Resources

FROM: Jane Smith

RE: Division of Radiation Protection Lease

The following information is provided in response to questions from Committee Members regarding the lease of space for the Division of Radiation Protection:

1. The lease is for 13,820 square feet of space, comprised of the entire floors 2 and 3 (5,700 square feet each) and Suites 101 and 103 on floor 1 (2,500 square feet) in the three-story office building at 3825 Barrett Drive, Raleigh, NC.

2. The original lease was approved for a term of five years, beginning March 1, 1995 and terminating February 28, 2000.

3. The annual rental cost is $127,835 which equals a cost of $9.25/sq. ft. The Division pays the $127,835 for each of the five years of the original lease in monthly installments. There is no annual escalation of rent during this five year period.

4. The lease provides the option to renew the lease for two (2) three-year periods. The first option would begin March 1, 2000 and terminate February 28, 2003 at a cost of $214,210/year ($15.50/sq. ft.). This would be the first increase in this lease in five years. There would be no further escalation until and if, we exercised the second option would begin March 1, 2003 and terminate February 28, 2006. At that time, the lease rate would increase to 241,850/year ($17.50/sq. ft.).

The increase in the continuation budget represents the increased lease cost for the first year of the biennium (March 1,2000 - June 30, 2000), which equals $28,791, and a full year (July 1, 2000 - June 30, 2001) of the annual increase of $86,375. The decision to exercise either of the options to renew for the additional three-year periods will be made after a review is made of current rental rates in the area, the cost of moving the Division to another location, and the availability of other space.

R-219

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The leased square footage consists of office space and laboratory space. Included in the square footage is space termed "common" space, which is defined as hallways, bathrooms, and reception areas, as well as closets and storage areas. The lease also includes 58 parking spaces. Of the space leased, approximately 848 square feet is used for laboratory/shop space, 1042 square feet is used as storage for equipment, and 787 square feet is conference room.

It should also be noted that leases of property are the responsibility of the Office of State Property. Specifications for space needs are submitted to them and the request is processed through a bid process. The Office of State Property negotiates the final lease and it must be approved by the Council of State.

Should the Committee require additional information, please contact me.

JQS/

cc: Sherri Evans-Stanton
Bill Holman
Mel Fry
Richard Rogers
J.W. Reel

Revised 4-16-99

NER Follow-Up Information
Division of Environmental Health

Program	State Field Positions	Local Agents	State Funds for Local Programs
Food and Lodging	8	569	$426,667
On-Site Wastewater	10	630	-0-
Lead Poisoning Prevention	10	128	$416,298 State, $353,290 Federal
Day Care	**	569	
Tattoos	4	569	
Pools	***	569	
Total Authorized Agents		771*	
General Env. Health Aid-to-Counties			$616,629
Mosquito Control Funds			
County-Operated Programs		$366,784	
City-Operated Programs		$251,457	
Total Funds			$617,784

* Many individuals hold more than one type of authorization
** Share responsibilities with Lead Poisoning Prevention Program
*** Share responsibilities with Tattoo program

Environmental Health Services Section

Functions	**State employees**
Administration	~~4~~ 5
Food and Lodging -Provides technical assistance, training, consultation, and authorizations to local agents	~~9~~ 10
Quality Improvement -Makes inspections of state facilities (ie. prisons, state institutions, universities) and provides training, authorization, and consultation for local agents	6
Inspections, Statistics,and Fees -Bills food and lodging facilities for annual fee, collects and manages statistical data from inspections made by local agents, and provides training and consultation regarding on-line / notebook computer system	5
Plan Review -Reviews plans of food, lodging, and institutions for industry and local agents. Provides training on plan review for local agents	2

Children's Environmental Health — 16
-Assists local agents in the investigation of reported cases of high blood levels from children ages 6 or less. Assists locals in evaluation of places where children stay or play. Authorize locals in Day Care and Lead programs.

Grade A Milk — 7 ?
-Inspect dairy farms and processing plants.

Env. Health Services – Total 52

25 – Parker-Lincoln / 2 travel statewide
2 – Asheville
1 – Washington
5 – Winston-Salem
19 – Home Based

On-Site Wastewater Section

Functions	**State employees**
Administration (includes Section Chief and administrative support staff) of the program that oversees permitting of septic tank systems	3
Enforcement Team (includes the River Basin Project) -coordinates all civil and criminal enforcement cases and establishes and monitors enforcement procedures and policies	2
Engineering Team -reviews and approves plans and specs for large and industrial process wastewater treatment systems	3
Field Services Team - trains and recommends Authorization of Agents and provides consultative services to LHDs and citizens	7
WaDE Team -finds and facilitates the repair or replacement of straight- pipe systems and failing septic tank systems that impact surface	2
Program Improvement Team - works with LHDs to assess their programs, develop a plan to improve that program, and follow-up to ensure that the mutually agreed upon improvements are achieved water quality	3

On-Site Wastewater Total – 20

9 – Parker-Lincoln / 7 travel statewide
3 – Asheville
1 – Washington
1 – Wilmington
6 – Home Based

Public Water Supply Section

Functions

Technical Services/Regional Office Staff 54

-Reviews and approves plans and specifications for new and modified public water systems. Most positions are located in regional offices and are responsible for providing training, assistance and consultation to owners and operators of public water supply systems. Investigate problems with supplies and initiate enforcement actions With non-compliant systems.

Compliance Services 12

-Informs water system owners on the regulatory requirements for public water systems. Reviews and monitors the results of samples. Notifies regional staff and water system officials when immediate actions must be taken to maintain safe drinking water conditions. Provides quarterly and annual reports of the water system inventory, violations, and enforcements to U. S. E. P.A. Responsible for the development and maintenance of the Public Water Supply Section automated data management system.

Protection and Enforcement 8

-Responsible for the development and implementation of the Source Water Assessment Program and associated Wellhead Protection Program designed to determine the susceptibility of public water system source waters (surface and ground water. Responsible for the development and implementation of the Capacity Development Program, to ensure that public water supply systems acquire and maintain the technical, financial and managerial capacity to achieve the public health protection objectives of the Safe Drinking Water Act. Issues annual operating permits to community water system owners and initiates formal enforcement actions against non-compliant water system owners in accordance with the EPA/State enforcement agreement.

State Revolving Fund 8

-Receives and processes applications for loan and grant funds supplied from Federal and State (appropriated or bond) sources. Participates in central office and on-site pre-application conferences. Sets-up pre-construction conferences and makes on-site inspections of the construction in progress to meet EPA guidelines. Monitors spending patterns for optimum use and meets EPA guidelines for reporting expenditures authorized by the amended Safe Drinking Water Act and the Drinking Water State Revolving Fund provisions therein.

Administration 15

Prepares plan approval letters and other correspondence. Assists with the project tracking data entry and document preparation for loan and grant processing. Keys data from analytical labs performing compliance sample work. Through Section management team, provide guidance and support to both the central and regional office staff.

Public Water Supply Total – 97

48 – Parker-Lincoln / 6 travel statewide
9 – Asheville
5 – Fayetteville
8 – Mooresville
9 – Raleigh
8 – Winston-Salem
5 – Washington
4 – Wilmington
1 – Targeted for Budget Cut

Shellfish Sanitation Section
Functions

Survey samplers 7
-80% water sampling surveys
-20% shoreline surveys (source identification)

Shoreline surveyers 3
-90% source identification
-10% hydrographic surveys(dilution& dispersion of pollutants)

Plant inspections 4
-Make inspections of shellfish processing plants and provide technical assistance as needed.

Laboratory 4
- 70% shellfish growing area samples
-30% recreational samples(swimming areas)

Administration 7
-Provide program direction and supervision of shellfish and recreational water quality programs. Provide data entry for program.

Shellfish Sanitation Total – 25

15 – Morehead City
5 – Manteo
5 – Wilmington

Public Health Pest Management

Functions

Public Health Pest Management — 8
-Provide funding and technical assistance to local government (cities and counties) for the operation of mosquito control programs. Provide training and consultation to local health departments and other units of government operating mosquito control programs. Provide surveillance for diseases spread by insect and rodent vectors as needed.

Sleep products — 4
-Issue permits and inspect all manufacturers of bedding products to assure safety of consumers. Investigate complaints from consumers as indicated.

Administration – correspondence, forms, contracts, phones and other administrative support duties as needed — 2

Public Health Pest Management Total – 14

4 – Parker-Lincoln / 2 travel statewide
3 – Jacksonville
2 – Winston-Salem
1 – Morehead City
4 – Home Based

Division Office

Functions

Administration — 11
-Provide general administrative support for division, including personnel, budgeting, purchasing, public affairs, and central files. Maintain division LAN.

Education and Training — 6
-Provide necessary safety and health training for division staff. Provide Centralized Training for local agents (2 times per year). Operate the training provided for operators of public water supplies.

Division Office Total – 17 Parker-Lincoln / 7 travel statewide

April 16, 1999 Revised

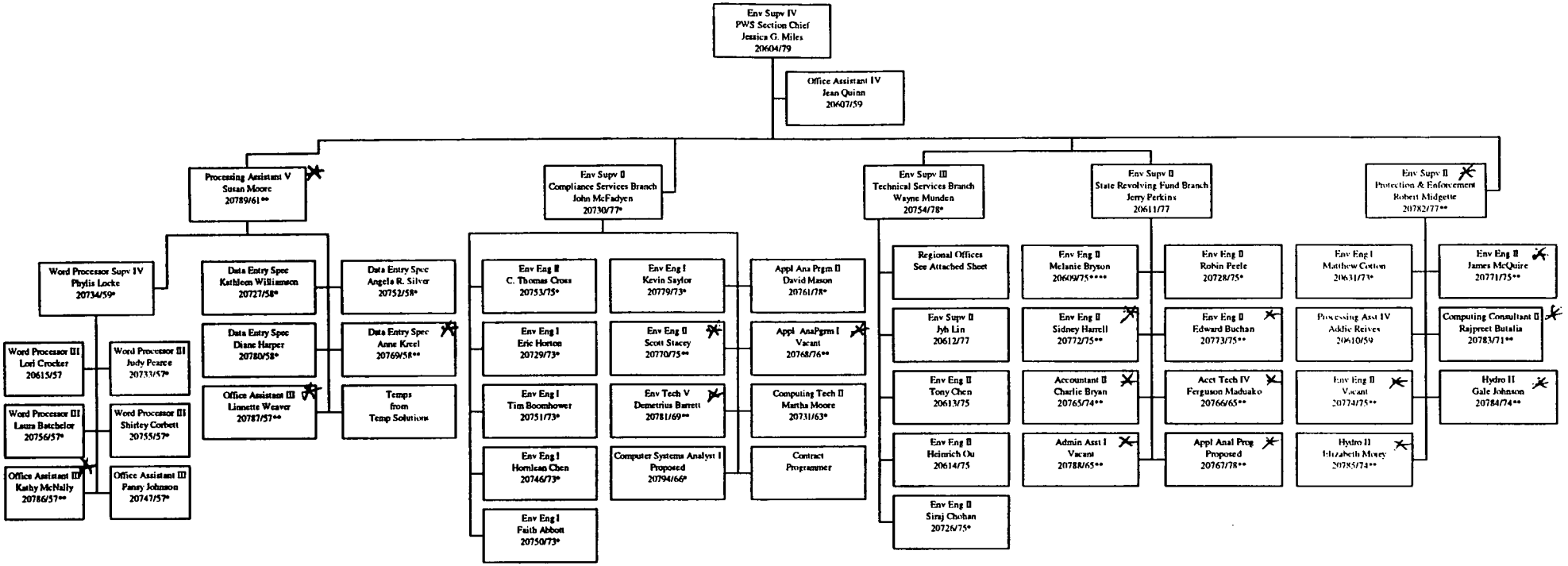
Drinking Water SRF Staffing
Public Water Supply Section
Division of Environmental Health

The 29 positions, designated previously by asterisk on the "0" chart have met Personnel requirements for creation and most are filled. Two (2) positions remain to be filled. Both are Applications Analyst Programmers, one for Budget/Fiscal/Project Tracking development which requires personnel approval, and the other for State Program development activities and has been approved by personnel. Since it has been approved, it should have been asterisked on the chart. These 31 positions represent the total included in the EPA approved Intended Use Plan for Set-aside purposes. The 29 asterisked positions and now plus one are funded from the Drinking Water State Revolving Fund Capitalization Grant and the work associated with them are in two broad categories; one being expansion of current duties described in the Public Water State Supervision grant and work plan documents (State Program), including two new initiatives. Those are Capacity Development and Source Water Assessment Program. Technical Assistance to Small Systems, although not new to North Carolina, is funded as a new initiative to improve the compliance status of transient, non community water systems across the State.
Local assistance and other Programs and the SRF Program Administration represent the other broad category, as both are new initiatives. The former includes two sub-programs, Delineation and Assessment work for watersheds, and Wellhead Protection. The latter is the administrative and technical staff needed to meet budgetary/fiscal reporting requirements and the engineering staff to administer the construction loan (low interest) part of the DWSRF program for water supply facility improvement projects.

R-226

DRINKING WATER SRF STAFFING

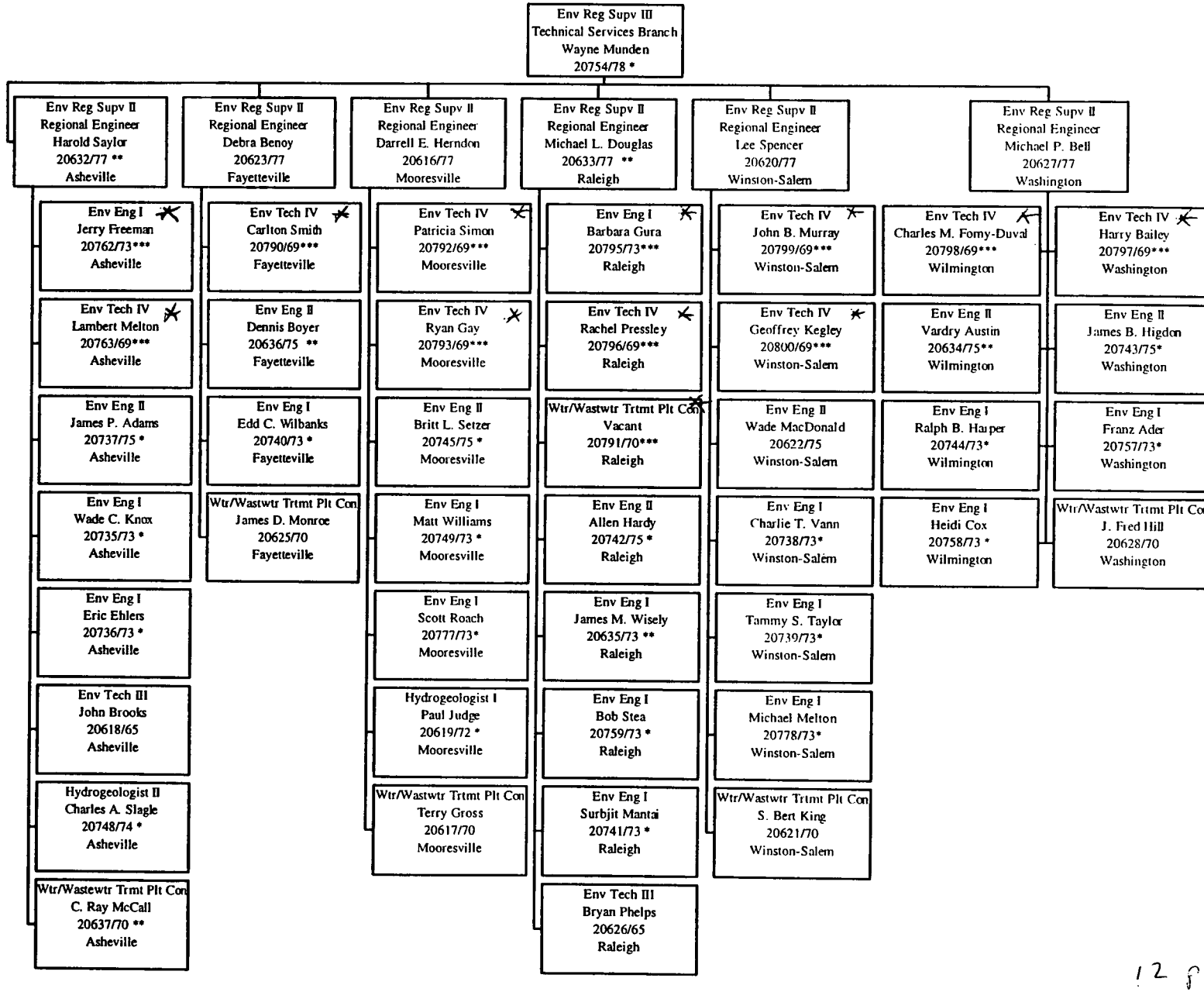
A.	**SRF Program Administration**		**Location**
	1	Administrative Assistant I	(P/L)
	1	Accountant II	(P/L)
	1	Accountant Tech IV	(P/L)
	2	Environmental Engineer II	(P/L)
	1	Office Assistant III	(P/L)
Total	6		
B.	**State Program**		
	1. PWSS Activities		
	1	Applications Analyst Programmer	(P/L)
	1	Environmental Engineer II	(P/L)
	2	Environmental Engineer I	(Regions)
	2	Environmental Tech IV	(Regions)
	1	Water Treatment Plant Consultant	(Region)
	1	Environmental Technician V	(P/L)
	1	Data Entry Specialist	(P/L)
	1	Processing Assistant V	(P/L)
Total	10		
	2. Capacity Development		
	1	Environmental Engineer II	(P/L)
	3. Source Water Assessment Program		
	1	Environmental Engineer II	(P/L)
C.	**Technical Assistance (Small Systems)**		
	7	Environmental Tech IV	(Regions)
D.	**Local Assistance and Other Programs**		
	1	Environmental Engineer Supervisor II	(P/L)
	1. Delineation and Assessment (Watersheds)		
	1	Hydrogeologist II	(P/L)
	1	Computing Consultant II	(P/L)
	2. Wellhead Protection		
	1	Hydrogeologist II	(P/L)
	1	Office Assistant III	(P/L)
Grand Total	30		



822-1

19 positions SRF

*1490-1212-4904
**1628
****1490-1211-4906



422-7

12 positions SRF

*1490-1212-4904
**1490-1212-4907
***1628

State of North Carolina
Department of Environment and Natural Resources
Division of Water Quality

James B. Hunt, Jr., Governor
Wayne McDevitt, Secretary
Kerr T. Stevens, Director

NCDENR
NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

MEMORANDUM

TO: Sherrill Harris

FROM: Cathey Cottle CC

DATE: April 9, 1999

RE: Request from Fiscal Research

In response to Mona Moon's question of April 5, 1999, on the number of DWQ positions and where they are located, following is a breakdown:

Administration
22 - Raleigh (Central Office)

Wetlands
8 - Raleigh (Harrington Street)

DWQ Laboratory
47 - Raleigh (DWQ Lab Complex)
2 - Regions

Construction Grants
28 - Parker Lincoln Building

Groundwater
42 - Field (Regional Offices and Kinston)
34 - Raleigh (Parker Lincoln)

Water Quality
167 - Raleigh (different locations)
111 - Field Offices (Regional Offices)

/cc

L-230

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State of North Carolina
Department of Environment and Natural Resources
Division of Water Quality

James B. Hunt, Jr., Governor
Wayne McDevitt, Secretary
Kerr T. Stevens, Director

NCDENR
NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

MEMORANDUM

TO: Sherrill Harris

FROM: Cathey Cottle CC

DATE: April 9, 1999

RE: Request from Fiscal Research

In response to Mona Moon's e-mail request dated April 5, 1999, the following information is provided from Ron Ferrell to answer the question regarding the relative portion of the state's land mass that is classified as wetlands in the coastal, piedmont and mountain areas.

The approximate number of acres of wetlands remaining in North Carolina is 5.6 million acres (originally we had about 7.5 million acres). Of those 5.6 million acres, 95% are in the coastal plain, 4% in the piedmont and 1% in the mountains. Another number of interest to the General Assembly members during the budget discussion was how much of the coastal plan is wetlands. That number is approximately 25%.

Please let me know if you need additional information.

/cc

Q-231

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ESTUARINE AUTOMATED SAMPLING (UPDATE-APRIL 99)

During 1996, special appropriations for enhanced monitoring of nitrogen in the Neuse River Estuary were used to collect daily nutrient samples at key locations to improve model accuracy, and to collect real time data through establishment of automated monitors. To improve nutrient loading estimates, flow gages were established at key locations of the river and tributaries flowing to the estuary. Nutrient samples were collected along with continuous flow measurements as follows:

Location	Nutrient Collection Frequency
Neuse R. @ Clayton	weekly
Neuse R.@ Kinston	daily
Neuse R nr.Fort Barnwell	daily
Contentnea Crk.@ Hookerton	daily
Swift Crk. nr.Streets Ferry	weekly
Trent R. nr. Trenton	weekly
Trent R. nr. Pollocksville	weekly

In addition, the Department contracted with the US Geological Survey (USGS) to establish and maintain real time monitors at key locations in the estuary, measuring dissolved oxygen, temperature, pH, and salinity, near the surface and near the bottom. These data are collected every 15 minutes and uploaded via satellite every 4 hours. USGS immediately places these data on the World Wide Web in both tabular and graphical formats (URL: http://sgi1dnrcrlg.er.usgs.gov/qw/Neuse River.htm) These platform locations are:
Neuse River near Highway 17
Neuse River at Marker #11
Neuse River at Marker #9

Data collected from the activities above not only provide a rapid understanding of recent conditions, but are imperative for success in creating a predictive model useful for developing management strategies and measuring the results of those strategies. The funds which initiated these activities with USGS were nonrecurring and expired March 31,1999. The 1998 session of the N. C. Legislature approved additional funds to continue these activities in the Neuse River and to expand efforts into other estuaries with similar problems and needs.

A new contract was recently awarded to USGS to maintain the flow meters and monitoring platforms above, to establish and maintain an acoustical velocity meter on the Pamlico River at Washington, and to establish and maintain monitoring platforms at the following locations:
Pamlico River at Highway 17
Pamlico River at Marker #5 near Core Point
Pamlico River at Marker #3 near Indian Island

Pungo River near the mouth
New River near Wilson Bay
The USGS has initated contacts with the US Coast Guard to gain permission for installation of the monitoring platforms, the acoustical velocity meter at Washington, and the relocation of the platform from the US 17 bridge at New Bern which is scheduled for removal. Members of the Pamlico and Neuse River Response teams have begun working with USGS personnel. One response team member will accompany one USGS person each trip to service and calibrate the meters as a cost reduction measure. Installation of platforms on the Pamlico should begin immediately.

In past discussions there has been some confusion in terminology of this equipment. A brief description with purpose follows:

Water Quality Monitors or Monitoring Platforms- Fixed locations with instruments deployed near the surface and near the bottom, which measure temperature, pH, salinity, dissolved oxygen, and depth every 15 minutes. These data are uploaded to USGS headquarters via satellite every 4 hours. Graphs of the past seven days are available on the USGS web page. A link is provided on the Environmental Sciences Web Page (http://esb.ehnr.state.nc.us/). To minimize error in the measurements due to fouling USGS and DWQ personnel will service and calibrate these instruments weekly during the summer.
Acoustical Velocity Meters (AVM's)-These instruments measure total velocity and volume of water moving in a downstream direction (net flow). USGS installs and maintains these instruments as well as traditional flow meters in nontidal areas.
Automated Samplers (ISCO's)-These devices are programmed to collect a water quality sample daily for nutrient analyses. The Neuse and Pamlico response teams service these instruments every two weeks and ship the samples to the DWQ Laboratory Section in Raleigh for analysis. The results provide a daily "concentration" of nutrients. These concentrations are used with the "net flow" from the AVM's to calculate **daily nutrient load** entering the estuary.

The attached map details the existing locations of these devices, and where these devices are being installed in 1999.

This year's (1999) funding was used to:
Establish a two year contract with the USGS to:
*Continue operation of the 3 acoustical velocity meters, and the 3 monitoring platforms in the lower Neuse basin.
*Establish an acoustical velocity meter at US 17 on the Pamlico River
*Install and operate 3 monitoring platforms on the Pamlico River, 1 on the Pungo River, and 1 on the New River.
*Move the monitoring platform from the US 17 bridge on the Neuse River
**USGS will purchase all equipment necessary for the installation of AVM and monitoring platforms.

* *DWQ will purchase data sondes necessary to swap out during service to enhance reliability of data. DWQ and USGS will provide one person each for service trips to monitoring platforms

In addition the DWQ will purchase, establish, and operate an Automated Sampler at US 17 on the Pamlico River, and maintain current level of nutrient collections and analysis on the Neuse River and its tributaries.

The total cost to the Department of the agreement with USGS is $624,000, and expires March 2001. USGS provided $40,000 toward installation of new devices.

Costs for Streamflow and Water-Quality Measurement Stations

Site	Installation		Operation[b]		Total	
	DWQ	USGS	3-99 to 2-00	3-00 to 2-01	DWQ	USGS
Water-Quality Monitors						
Neuse R.--US 17	6,500[a]	n/a	25,000	26,000	57,500	---
Neuse R.--Light 11	n/a	n/a	25,000	26,000	51,000	---
Neuse R.--Light 9	n/a	n/a	25,000	26,000	51,000	---
Pamlico R.--US 17	16,500	6,000	17,500[c]	24,300	58,300	6,000
Pamlico R.--Light 5 (at Core Point)	16,500	6,000	17,500[c]	24,300	58,300	6,000
Pamlico R.--Light 3 (near Indian Island)	16,500	6,000	17,500[c]	24,300	58,300	6,000
Pungo River (near mouth of Pungo C.)	16,500	6,000	11,650[d]	24,300	52,450	6,000
New R.--near Wilson Bay	16,500	6,000	11,650[d]	24,300	52,450	6,000
Discharge--acoustic velocity meters						
Neuse River	n/a	n/a	23,500	24,200	47,700	---
Trent River	n/a	n/a	22,000	22,700	44,700	---
Swift Creek	n/a	n/a	22,000	22,700	44,700	---
Pamlico R. at US17	14,100	10,000	11,000[d]	22,700	47,800	10,000
TOTAL	103,100	40,000	229,300	291,800	624,200	40,000

[a]Cost for relocating monitor necessitated by bridge demolation; includes cost of anemometer

[b]No USGS matching funds are available for monitor operation and maintenance costs during 1999-2001.

[c]Installation to be complete by 5-1-99, and operational costs are for 9 months of data collection. One anemometer to be installed in Pamlico.

[d]Installation will be complete by 9-1-99 (although every effort will be made to complete installations at earliest possible date), and operational costs are for 6 months of data collection the first year.

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Notes

1. Each site consists of one set of sensors located near the water surface, and one set of sensors located about 2 feet above the channel bottom.
2. At each site, pH, water temperature, salinity, and dissolved-oxygen concentration will be measured at 15-minute intervals. These readings, as well as percent saturation of dissolved oxygen, will be reported on the home page for top and bottom sensors at each site, except for sites where anemomers are located. For those sites, wind speed and direction will be substitued for parameters selected by DWQ.
3. Monitors will be serviced twice per month from September - April, and once per week from May - August.
4. Water-quality monitoring sites will be serviced by USGS and NCDWQ staff, with a field team consisting of one person from each agency.
5. Equipment costs for new installation includes 2 sondes and one DCP per site. DWQ to purchase two additional sondes per site.
6. DCP's at Neuse sites are rental items. DCP's at new sites are purchased.
7. DWQ will provide boat for servicing Pamlico River sites.
8. Chlorophyll *a* sensors can be added if desired.

2-236

NORTH CAROLINA DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF BUDGET, PLANNING & ANALYSIS

NCDENR

April 9, 1999

JAMES B. HUNT JR.
GOVERNOR

WAYNE MCDEVITT
SECRETARY

JANE Q. SMITH
DIRECTOR

MEMORANDUM

To: Mona Moon
Fiscal Research Analyst

From: Sherrill Harris

Subject: Response to Clean Water Management Trust Fund questions

This is in response to your April 5, 1999 request for information on the Clean Water Management Trust Fund budget.

Attached is a spreadsheet detailing the activity of the trust fund by fiscal year. Also attached is a current BD701 that provides a detail budget, current year expenditures and current cash balance. This report reflects an adjustment to budgeted funds. The report you had reflected a budget of $857,289 for administration. An adjustment has been made to the budget to align the correct level of $850,000. The overstatement was the result of repeating prior year revisions and an equal adjustment not being made to reduce the reserve account.

The funds transferred to the trust fund in fiscal years 1997 and 1998 from the State Treasurer's Office and generally took about 4 months after the legislature adjourned. In fiscal year 1999 the funds were transferred from the Office of State Budget and Management. It took about 4 months to transfer the funds. However it should be noted that steps have been taken to make this transfer on a more timely basis. It should take less than 60 days after the adjournment of the legislature to transfer funds and have them reflected in the NCAS reports.

Interest is earned on the cash balance based upon the average daily balance of the fund. Funds are invested by the State Treasurer and interest earned is transferred to the Department on a monthly basis. The Department has submitted a request to the State Treasurer for interest earned on the current year credit balance allocation. The interest is posted to the reports upon receipt of the funds.

Should you need additional information regarding the interest earnings you may call Larna Griffin in the Office of the State Treasurer at 508-5951.

Attachment

L-23

P.O. BOX 27687, RALEIGH, NC 27611-7687
PHONE 919-733-8800 FAX 919-715-0165
AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER - 50% RECYCLED/10% POST-CONSUMER PAPER

CLEAN WATER MANAGEMENT TRUST FUND			
			March 31, 1999
Fiscal Year	**1996/97**	**1997/98**	**1998/99**
Beginning Balance July 1	0	38,280,381.01	82,969,515.71
Credit Balance Transfer	47,100,000.00	49,354,893.26	47,397,818.00
Less Wetlands Allocation	(9,200,000.00)		
Available CWMTF	37,900,000.00	87,635,274.27	130,367,333.71
Interest earned	431,481.76	5,095,234.60	3,605,094.73
Interest earned in fy 97 but deposited in fy 98		2,032,511.41	
Petty Cash allowance		500.00	
Interest and Credit Balance Total	38,331,481.76	94,763,520.28	133,972,428.44
Expenditures for FY's 97 and 98	(51,100.75)	(11,794,004.57)	(11,144,484.11)
Ending Balance June 30	38,280,381.01	82,969,515.71	
Cash Balance March 31, 1999			122,827,944.33
Encumberances as of March 31, 1999			(50,294,618.52)
Awarded by Commission pending contract			(52,877,356.00)
Note: FY 98/99 does not include interest earned on the $47,397,818. The State Treasurer is in process of transferring the interest to the CWMTF.			

III

RMDSID16
BD701-03
160 DEPT OF ENVIRONMT & NATL RESOURCES
24305 DENR-CLEAN WATER MGMT TRUST
2001 CLEAN WATER MGMT ADMIN

STATE OF NORTH CAROLINA GENERAL LEDGER SYSTEM
CERTIFIED MONTHLY BUDGET REPORT
FOR THE PERIOD ENDING MARCH 31, 1999

DETAIL REPORT BY FUND

C-U-GL-BD701-CERT-DET-ACCT
RUN DATE: 04/05/1999
ATBD701

ACCOUNT	DESCRIPTION	******** BUDGETED ******** CERTIFIED	AUTHORIZED	********** ACTUAL ********** CURRENT-MONTH	YEAR-TO-DATE	***** UNEXPENDED / UNREALIZED **** CERTIFIED	AUTHORIZED	ENCUMBRANCES	RATE
EXPENDITURES-BUDGET AND ACTUAL									
531212	SPA-REG SALARIES-REC	389,198.00	379,198.00	28,563.22	249,416.71	139,781.29	129,781.29	.00	.88
531312	REG(N S) TEMP WAGES-	.00	7,000.00	608.00	3,940.00	3,940.00-	3,060.00	.00	.75
531462	EPA&SPA-LONGVTY PAY-	.00	2,000.00	.00	531.00	531.00-	1,469.00	.00	.35
531512	SOCIAL SEC CONTRIB-R	29,954.00	29,954.00	2,093.30	18,241.34	11,712.66	11,712.66	.00	.81
531522	REG RETIRE CONTRIB-R	41,904.00	35,904.00	2,884.89	25,208.74	16,695.26	10,695.26	.00	.94
531562	MED INS CONTRIB-RECP	15,628.00	15,628.00	1,156.80	9,515.48	6,112.52	6,112.52	.00	.81
531631	WRKER COMP-MED PAYME	.00	1,000.00	.00	537.12	537.12-	462.88-	.00	.72
531651	COMPENSATION TO BOAR	8,000.00	8,000.00	345.00	2,805.00	5,195.00	5,195.00	.00	.47
531XXX	PERSONAL SERVICES	484,684.00	478,684.00	35,651.21	310,195.39	174,488.61	168,488.61	.00	.86
532110	LEGAL SERVICES	10,000.00	4,000.00	.00	2,321.93	7,678.07	1,678.07	17,678.07	6.67
532120	FINAN/AUDIT SERVICES	5,000.00	.00	.00	.00	5,000.00	.00	.00	***
532170	ADMIN SERVICES	20,000.00	.00	.00	.00	20,000.00	.00	.00	***
532181	FOOD SER AGREEMENT	1,000.00	1,000.00	.00	.00	1,000.00	1,000.00	.00	.00
532181900	WRKSHOP/CONF EXP-FOO	.00	50.00	.00	40.57	40.57-	9.43	.00	1.08
532184	JANITORIAL SER AGREE	.00	.00	130.00	1,165.00	1,165.00-	1,165.00-	.00	***
532199	MISC CONTRACTUAL SER	15,000.00	.00	.00	.00	15,000.00	.00	.00	***
532210	ENRG SER -ELECTRICAL	1,200.00	1,600.00	169.73	1,762.29	562.29-	162.29-	.00	1.47
532230	ENRG SER -WATER & SE	800.00	800.00	.00	.00	800.00	800.00	.00	.00
532332	REPAIRS-COMPUTER EQU	.00	100.00	.00	85.00	85.00-	15.00	155.13	3.20
532430	MAINT AGREEMENT-EQUI	2,000.00	2,200.00	.00	2,067.10	67.10-	132.90	.00	1.25
532512	RENT/LEASE-BLDINGS/O	12,000.00	12,000.00	950.00	8,550.00	3,450.00	3,450.00	.00	.95
532513	RENT/LEASE-OTH FACIL	7,000.00	7,000.00	.00	1,331.85	5,668.15	5,668.15	.00	.25
532513900	WORKSHOP/CONF-ROOM R	.00	3,000.00	545.53	3,327.53	3,327.53-	327.53-	.00	1.48
532521	RENT/LEASE-MOTOR VEH	.00	3,700.00	1,727.75	4,007.01	4,007.01-	307.01-	.00	1.44
532524	RENT/LEASE-GEN OFF E	500.00	550.00	.00	773.64	273.64-	223.64-	.00	1.88
532525	RENT/LEASE-FURN & FU	1,000.00	1,000.00	.00	.00	1,000.00	1,000.00	.00	.00
532714	TRANSP-GRND - IN STA	35,000.00	27,000.00	743.12	17,907.50	17,092.50	9,092.50	.00	.88
532717	TRANSP OTHER - IN ST	2,000.00	2,000.00	10.00	107.50	1,892.50	1,892.50	.00	.07
532721	LODGING - IN STATE	5,000.00	9,000.00	761.24	7,187.78	2,187.78-	1,812.22	.00	1.06
532724	MEALS - IN STATE	2,500.00	5,000.00	526.00	4,288.00	1,788.00-	712.00	.00	1.14
532727	MISC - IN STATE	1,000.00	1,000.00	.00	.00	1,000.00	1,000.00	.00	.00
532731	BD/NON-EMPLOYEE TRAN	25,000.00	19,000.00	1,031.00	7,854.75	17,145.25	11,145.25	.00	.55
532732	BD/NON-EMPLOYEE SUBS	20,000.00	20,000.00	974.00	10,037.72	9,962.28	9,962.28	.00	.67
532811	TELEPHONE SERVICE	19,000.00	19,000.00	1,549.52	8,791.56	10,208.44	10,208.44	.00	.62
532814	CELLULAR PHONE SERVI	1,000.00	1,000.00	313.10	899.42	100.58	100.58	.00	1.20
532821	COMPUTER/DATA PROCES	.00	2,500.00	254.90	2,154.39	2,154.39-	345.61	.00	1.15
532840	POSTAGE, FREIGHT & D	12,500.00	12,500.00	45.27	2,692.27	9,807.73	9,807.73	.00	.29
532840002	POST,FR&DEL-FREIGHT	.00	400.00	40.00	158.25	158.25-	241.75	.00	.53
532850	PRINT,BIND,DUPLICATE	10,000.00	14,000.00	177.85	16,047.13	6,047.13-	2,047.13-	8,420.98	2.33
532860	ADVERTISING	2,000.00	2,000.00	.00	30.60	1,969.40	1,969.40	.00	.02
532913	LIABILITY INSURANCE	.00	50.00	.00	25.58	25.58-	24.42	.00	.68
532930	REGISTRATION FEES	.00	250.00	17.00	339.00	339.00-	89.00-	.00	1.81
532942	OTHER EMP EDUCATIONA	.00	200.00	.00	153.00	153.00-	47.00	.00	1.02

ACCOUNT	DESCRIPTION	BUDGETED CERTIFIED	BUDGETED AUTHORIZED	ACTUAL CURRENT-MONTH	ACTUAL YEAR-TO-DATE	UNEXPENDED / UNREALIZED CERTIFIED	UNEXPENDED / UNREALIZED AUTHORIZED	ENCUMBRANCES	RATE
EXPENDITURES-BUDGET AND ACTUAL									
532XXX	PURCHASED SERVICES	210,500.00	171,900.00	9,966.01	104,106.37	106,393.63	67,793.63	26,254.18	1.01
533110	GENERAL OFFICE SUPPL	9,000.00	9,000.00	178.91	3,896.21	5,103.79	5,103.79	21.08	.58
533120	DATA PROCESSING SUPP	500.00	500.00	.00	.00	500.00	500.00	.00	.00
533130	PHOTOGRAPHIC SUPPLIE	.00	1,000.00	53.24	465.50	465.50-	534.50	.00	.62
533190	OTHER ADMIN SUPPLIES	500.00	500.00	.00	.00	500.00	500.00	.00	.00
533720	EDUCATIONAL SUPPLIES	.00	100.00	.00	46.00	46.00-	54.00	.00	.61
533900	OTHER MATERIALS/SUPP	1,000.00	1,000.00	.00	.00	1,000.00	1,000.00	.00	.00
533XXX	SUPPLIES	11,000.00	12,100.00	232.15	4,407.71	6,592.29	7,692.29	21.08	.49
534511	FURN-OFFICE	8,500.00	8,500.00	400.68	497.14	8,002.86	8,002.86	1,363.21	.29
534521	OFFICE EQUIPMENT	15,000.00	15,000.00	.00	783.87	14,216.13	14,216.13	.00	.07
534522	EQUIP-COMPUTERS	20,000.00	20,000.00	.00	4,862.22	15,137.78	15,137.78	.00	.32
534528	EQUIP-COMMUNICATIONS	2,000.00	2,000.00	.00	42.37	1,957.63	1,957.63	.00	.03
534539	OTHER EQUIPMENT	.00	1,000.00	.00	493.00	493.00-	507.00	.00	.66
534630	LBRRY&LRNING RESRCE	.00	50.00	.00	28.48	28.48-	21.52	.00	.76
534710	COMPUTER SOFTWARE	2,000.00	2,000.00	630.73	682.67	1,317.33	1,317.33	205.81	.59
534XXX	PROPERTY, PLANT & EQ	47,500.00	48,550.00	1,031.41	7,389.75	40,110.25	41,160.25	1,569.02	.25
535890	OTHER ADMIN EXPENSE	1,000.00	1,000.00	.00	.00	1,000.00	1,000.00	.00	.00
535900	OTHER EXPENSES	2,500.00	17,500.00	123.47	13,280.75	10,780.75-	4,219.25	.00	1.01
535950	PETTY/IMPREST CASH	500.00	500.00	.00	500.00	.00	.00	.00	1.33
535XXX	OTHER EXPENSES & ADJ	4,000.00	19,000.00	123.47	13,780.75	9,780.75-	5,219.25	.00	.97
537114	RES-CMMT FOR ALLOCAT	74,605.00	62,366.00	.00	.00	74,605.00	62,366.00	.00	.00
537XXX	RESERVES	74,605.00	62,366.00	.00	.00	74,605.00	62,366.00	.00	.00
538010	DEPENDENT CARE-OP TF	.00	100.00	.00	80.95	80.95-	19.05	.00	1.08
538021	WORK COMP OP TRANS-1	.00	300.00	.00	95.00	95.00-	205.00	.00	.42
538108	TFR IND. COST 1940/1	25,000.00	25,000.00	.00	.00	25,000.00	25,000.00	.00	.00
538122	I F1140 CMMTF I/C	.00	32,000.00	.00	31,574.91	31,574.91-	425.09	.00	1.32
538XXX	INTRAGOVERNMENTAL TR	25,000.00	57,400.00	.00	31,750.86	6,750.86-	25,649.14	.00	.74
	TOTAL NON-SALARY ITE	372,605.00	371,316.00	11,353.04	161,435.44	211,169.56	209,880.56	27,844.28	.68
	EXPENDITURES	857,289.00	850,000.00	47,004.25	471,630.83	385,658.17	378,369.17	27,844.28	.78
REVENUES-ESTIMATED AND ACTUAL									
437992	IMP/PETTY CASH RE-DE	500.00	500.00	.00	.00	500.00	500.00		.00

RMDSID16
BD701-03
160 DEPT OF ENVIRONMT & NATL RESOURCES
24305 DENR-CLEAN WATER MGMT TRUST
2001 CLEAN WATER MGMT ADMIN

STATE OF NORTH CAROLINA GENERAL LEDGER SYSTEM
CERTIFIED MONTHLY BUDGET REPORT
FOR THE PERIOD ENDING MARCH 31, 1999

DETAIL REPORT BY FUND

C-U-GL-BD701-CERT-DET-ACCT
RUN DATE: 04/05/1999
ATBD701

ACCOUNT	DESCRIPTION	******** BUDGETED ******** CERTIFIED	AUTHORIZED	********** ACTUAL ********** CURRENT-MONTH	YEAR-TO-DATE	***** UNEXPENDED / UNREALIZED **** CERTIFIED	AUTHORIZED	ENCUMBRANCES	RATE
REVENUES-ESTIMATED AND ACTUAL									
43811Q	TRANSFER FROM 19940	856,789.00	849,500.00	.00	856,789.00	.00	7,289.00-		1.34
	REVENUES	857,289.00	850,000.00	.00	856,789.00	500.00	6,789.00-	.00	1.34
	INCREASE/(DECREASE) IN FUND BALANCE	.00	.00	47,004.25-	385,158.17	385,158.17-	385,158.17-	.00	***

CASH ANALYSIS

BEGINNING BALANCE	279,875.16
+ CASH RECEIPTS	856,789.00
- CASH DISBURSEMENTS	471,630.83
+ ASSETS	.00
+ LIABILITY	.00
+ EQUITY	.00
= ENDING BALANCE	665,033.33

ADDITIONAL ASSETS

TOTAL AVAILABILITY	665,033.33

CLEAN WATER MANAGEMENT TRUST FUND

David A. McNaught
Executive Director

2313-B Executive Park Circle
Greenville, NC 27834

Telephone (252) 830-3222
Fax (252) 830-3224

April 8, 1999

Ms. Mona M. Moon
Fiscal Analyst
Fiscal Research Division
Room 619, Legislative Office Building
Raleigh, NC 27603-5925

Dear Mona:

In response to the questions raised by the appropriations committee, Sherrill Harris with DENR Planning and Budget has provided a letter, which explains the basis, posting and amounts of interest earned on the CWMTF allocations. He has also provided you with a detailed Administrative Budget and an explanation of why the budget "appeared" to exceed the statutory cap.

In regards to the questions about "matching requirements", I am providing a copy of the grant evaluation guidelines adopted by the Trustees. As that document notes, (Section A. (b)) "No match is required; however, Trustees may choose to fund projects at less than 100% of the application request." The projects CWMTF considers or approves are very diverse; CWMTF considers the water quality benefits of proposed projects, and the relative responsibility of the local community in determining a reasonable level of CWMTF participation in a project. Of the 86 projects for which CWMTF has formally encumbered funds under a contract, 67 projects include some financial participation ("match") by the applicant. In some cases, CWMTF funds as little as 15% or less of a project. In 19 cases, CWMTF is funding the entire project. While these 19 projects have no "formal match", the applicant has usually contributed some complementary work on related projects.

A copy of the application 1998-B 410 is enclosed. Initial approval of this or any project by the CWMTF Board of Trustees is "tentative", until such time as CWMTF staff and the applicant are able to execute a contract. The contract is to ensure that the project is conducted in a manner that is fiscally, ethically and technically responsible. We do not as yet have a formal contract on this project; but when the contract is executed, the budget will be firmly established. When the Trustees tentatively approved this project, the approval was to grant up to

CWMTF Trustees

Chair, Joseph M. Hester, Jr.
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Mickey Simmons
Newport

Chuck Wakild
Wilmington

Drew Willis
New Bern

Jerry Wright
Jarvisburg

R-242

$298,000 for the restoration work, excluding greenway enhancement. In establishing a contract with the applicant, CWMTF staff will require a more detailed and precise line item budget.

We have approved 25 projects, which are categorized as "restoration". Most of these projects are comprehensive solutions based on reestablishing the natural channel design, wherein the cause (and not simply a symptom) of the erosion is treated. Many projects, which are only stabilization of an eroding streambank, will be far less costly than the project that restores the natural functions of the creek itself. Even if projects have similar objectives of natural channel restoration, the costs may vary based on the size and power of the stream, size of the eroded area, height of the bank, complexity of the watershed, relative development of the area, and engineering techniques employed. Channel restoration costs may vary from $125 - $150 per linear foot for larger, more urbanized streams to $50 - $75 for tributaries in less developed areas. For projects, which only stabilize eroding streambanks using on-site material, costs may be as low as $15 per linear foot; but of course the water quality benefits of such projects are also substantially less. (All of the cost estimates are based on considerable personal communication between CWMTF staff and various agencies involved in restoration work). Applicants on projects approved by CWMTF have made similar projections for the costs of their projects. Most of the projects approved by CWMTF are of the more comprehensive, channel restoration nature. As none of these projects have been completed, we have no actual cost numbers.

In regards to the final questions about the eligibility of school boards and districts, I have enclosed a self-explanatory memo from our representative with the Office of the Attorney General.

Thank you for your assistance in explaining the complexities of these issues.

Sincerely,

David McNaught
Executive Director

R-243

CLEAN WATER MANAGEMENT TRUST FUND (CWMTF) GRANTS
GRANT EVALUATION GUIDELINES

The following evaluation system will be used by the CWMTF in its review of applications submitted during the fifth cycle (December 2, 1998 – June 1, 1999).

A. Eligible applicants for CWMTF grants.

(a) Any of the following are eligible to receive a grant from CWMTF for the purpose of protecting or enhancing water quality:

1. A State agency
2. A local government or other political subdivision of the state or a combination of such entities.
3. A nonprofit corporation whose primary purpose is the conservation, preservation and restoration of our State's environmental and natural resources.

(b) No match is required; however, Trustees may choose to fund projects at less than 100% of the application request.

B. CWMTF purposes:

(a) Grant monies from CWMTF may be used for any of the following purposes:

Acquire land for riparian buffers for environmental protection fo surface waters or urban drinking water supplies, or for establishing a network of greenways for environmental, educational or recreational uses.

Acquire easements in order to protect surface waters or urban drinking water supplies.

Coordinate with other public programs involved with lands adjoining water bodies to gain the most public benefit while protecting and improving water quality.

Restore degraded lands for their ability to protect water quality.

Repair failing waste treatment systems: if (i) an application to the Clean water Revolving Loan and Grant Fund has been submitted and denied in the latest review cycle; (ii) repair is for a reasonable remedy to an existing waste treatment problem; and (iii) the repair is not for the purpose of expanding the system to accomodate future anticipated growth of a community. Priority shall be given to economically distressed units of local government.

Repair/eliminate failing septic tank systems, to eliminate illegal drainage connections, and to expand waste treatment systems if the system is being expanded as a remedy to eliminate failing septic tank systems or illegal drainage connections. Priority shall be given to economically distressed units of local government.

Improve stormwater controls and management

Facilitate planning that targets reductions in surface water pollution.

C. CWMTF Objectives and grant application evaluation and prioritization.

(a) Grant applications will be quantitatively evaluated upon their contribution toward achieving the principal objectives of the fund: (1) restoration of degraded waters, (2) protection of unpolluted waters, and (3) establishment of riparian buffers. A numeric scoring system will guide the Board and the applicants in prioritizing prospects for funding. The following evaluation and scoring system will be applied to all applications:

1 -- Principal Objectives	Point Range
a -- Restoration of degraded waters	**0-45**

(Explanation: Restoration projects will target specific waters that have been identified by NC-DWQ as impaired; preferred projects will (1) reduce the pollutant identified as the cause of water quality impairment, (2) restore wetland functions, (3) improve aquatic habitat, and /or (4) restore flood plain functions adjacent to impaired waters).

OR

b -- Protection of unpolluted waters

(Explanation: Protection projects will target specific waters that have not been indentified by NC-DWQ as impaired; preferred projects will (1) restore or maintain the natural hydrologic flow patterns or other water quality enahncing functions of adjacent lands (e.g. nutrient reduction processes), (2) maintain streambank stabalization reducing potential for sediment erosion, and/or (3) avoid, reduce or eliminate discharge of pollutants).

AND/OR

c -- Establishment of riparian buffers	**0-10**

2-- Additional priorities	Point Range
a-- Consistency with NC-DWQ Basinwide Management Plan	**0-20**

(Explanation: In the event that the plan for the subject basin has not been formally adopted, the project should be articulated with reference to the current DWQ draft plan for that basin). Preferred proposals will identify the waters that will be enhanced, restored, or protected by said project. Specific attention should be paid to (1) restoration of waters not meeting use standards as noted on the 303 (d) list, or (2) protection of significant resource waters (e.g. ORWs, Trout Waters, HQWs, PNAs, Critical Habitats for endangered aquatic species, Water Supply watershed). Proposals should demonstrate integration with other water quality programs or strategies in the sub-basin).

b-- Provide measurable/enduring outcomes	**0-20**
c-- Provide other resources	**0-20**

d-- Applicant's qualifications **0-10**

(Explanation: Preferred applicants will demonstrate: (1) their ability to ensure any long time management required by the project, (2) fiduciary responsibility, (3) likelihood of success for project), and (4) committment to the project. If the applicant has received previous CWMTF grants, their performance on those projects will be considered.

e-- Develop riparian buffer greenways serving environmental, educational or recreational uses. **0-10**

f-- Target environmentally sensitive waters, including (1) high quality waters (e.g.water supply, ORWs, HQWs etc.), or (2) severely degraded waters (e.g. waters noted on DWQ's 303 (d) list) **0-10**

g-- Contribute toward integrated ecological network. **0-5**

h-- Employ innovative procedures or techno. **0-5**

i-- Provide public education uses **0-5**

j-- Preserve waters having special economic or recreational uses. **0-5**

(b) The Board will also be guided by the following <u>non-quantitative</u> criteria in making final funding decisions:

1-- Applications for projects which are mandated by legislation or regulation may be funded but are not preferred. The CWMTF is not available for compensatory mitigation projects.

2-- Projects eligible for funds from other state or federal grant programs will be considered, but will not be preferred unless significant matching resources are provided.

3-- To the extent practicable, grant awards will be distributed geographically across the state. At least 20% of annual allocations will be targeted to each of three geographic regions of the state: mountain, piedmont and coastal.

4-- The scope and benefits of the project will be evaluated relative to the amount of the requested grant.

5-- The Board may award grants on a limited basis for (1) projects which facilitate planning that targets reduction in surface water pollution or protection of unpolluted waters; or (2) coordination with other public programs to gain the most public benefit while protecting and improving water quality; even though such applications may not score well on our measures of quantitative criteria above.

6-- The Board may award grants to applicants for projects which the Board finds are uniquely different than the quantitative criteria anticipate and are exceptional opportunities for restoration or preservation.

1998B Applications

Project ID	1998B-410
Applicant Name	Pilot View RC&D, Inc.
Applicant Type	Non-profit
Purpose	Restoration
Request $	$298,000
Total $	$348,082
Duration (months)	24
Watershed	Yadkin
Region	Piedmont
County	Iredell
Contact	Charles Anderson
Title	
Organization Name	Pilot View RC&D, Inc
Address	2714 Henning Drive
City	Winston Salem
State	NC
Postal Code	27106-
Work Phone	(336) 750-0522
Mobile Phone	
Fax Number	(336) 750-0177
E-Mail	pvica@bellsouth.net

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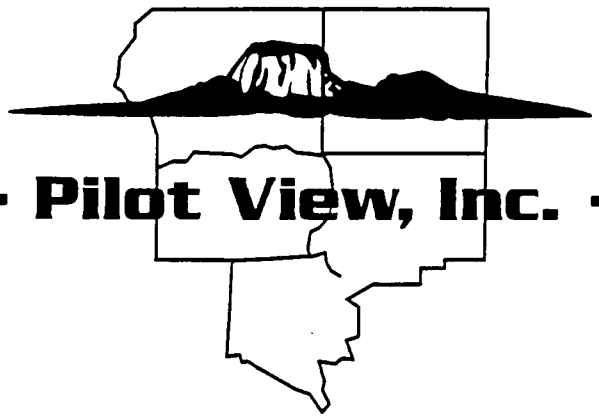

Pilot View, Inc.

FREE NANCY BRANCH RESTORATION PROJECT

Project Summary

The Pilot View, Inc. Board of Directors respectfully requests two-hundred ninety-eight thousand dollars ($298,000) for water quality protection, stream restoration improvement, and enhancement of existing greenway to buffer the stream in the Fourth Creek Watershed of the Yadkin River Basin in the City of Statesville, NC. Pilot View, Inc. is a 501 c 3 not for profit environmental organization that addresses natural and human resource concerns in the Northwest Piedmont section of North Carolina. This project in the City of Statesville encompasses approximately 1500 acres in the watershed with 48% impervious land area dominated by curb and gutter infrastructure. The drainage basin of Free Nancy Branch is heavily urbanized, and the historical drainage network has been eliminated and replaced with sewered streets and culverts. These changes have influenced the channel in the project site in several ways. The channel cross-section has increased in size as a result of the increase impervious area and ground water recharge have more than likely decreased as the impervious area has increased. The result is a flashy flow regime with low base flows, rapid increased in stage height in storm events as runoff

Pilot View, Inc. (Resource Conservation & Development)
2714 Henning Drive • Winston-Salem, North Carolina 27106
Phone (910) 750-0522 • Fax (910) 750-0177
"Partners In Progress"

L-248

is conveyed through pipes and culverts. This relates now to the current problem that is facing the City of Statesville and the adjoining landowners; degraded stream channels, eroding stream banks and riparian areas being destroyed.

CWMTF monies will be used to:

- Use natural channel approaches in the restoration of 2,280 feet of stream.
- Provide public access to the stream for understanding the importance of water quality.
- Facilitate protection and restoration efforts and long term management along the corridor.
- Assemble hydraulic and geomorphology data to design the project.
- Construction of project design.
- Enhancing of greenway with trail development and vegetation to establish a stream buffer.
- Signage – To provide an educational element on the importance of project activity.
- Use bioengineering technology with native plant materials.

This proposed CWMTF project would initiate protection efforts throughout the city and in meeting city objectives of a greenway system along stream corridors. Our intent is to work with community, landowners, and governmental partners to use existing information along with other baseline data to plan for future protection of the watershed in a partnership manner with interested landowners.

Project Description

The restoration plan consists of 2,280 feet of Free Nancy Branch that is contained in the Yadkin/Pee Dee River system and is a direct tributary of Fourth Creek. The section of stream begins at MacAnderson Park (on North Race Street) to Statesville High School (on North Center Street) and is owned mostly by the City of Statesville and two private landowners. The project will restore degraded riparian buffers and reestablish eroded streambanks back into native

vegetation. The design will show the proposed planform, bed features, and bank stabilization measures (e.g. toe boulders, log cribbing, vegetative planting) location and number of flow deflection and grade control structures (e.g. rock vanes, cross vanes); cross sections of riffle and pool features; and planting guide for bank stabilization. The greenway enhancement will provide for an expanded trailway that will allow citizens to appreciate the stream and it's improvements while providing a buffer for protection of the riparian area and water quality improvements. User's of the trail will be able to cross over the stream at planned crossings that keep's the user's out of the stream but allows them to view the creek and appreciate it's scenic value. Traffic control will be established to prevent vehicular traffic from traveling over the riparian area. The combine stream restoration and greenway improvements will provide for a combined use of these floodplains that are often neglected and used for dumping grounds in urban areas.

Project Need

The intense built-up of the area has put extreme pressures onto the stream, eroding banks, a degrading channel, lost of aquatic habitat, impaired waters, vehicular damage to riparian areas and the trashing of streams with man made waste. The site for this project receives an over whelming amount of attention from residents and visitors alike from adjoining city parks. The project would also be used to help others in understanding the need for stream and river restoration work to improve water quality. According to NC DWQ, Basin Assessment Report urban development is identified as one of the main threats to water quality. Without the necessary funding to conduct this project, streams like Free Nancy Branch will fail to exist.

Project Methods

Pilot View, Inc. and the City of Statesville will facilitate and coordinate the numerous public and private partners, all working to protect and improve the water quality in Fourth Creek and the

Yadkin River Basin. Numerous partners (City Tree Board, Parks and Recreation Dept., Mayors Office of Statesville, and interested property owners) have been working together to address all concerns for protecting the resources that are owned by the public while improving water quality. In order for contractors to be able to perform these natural channel techniques we will conduct a contractor's training seminar so that they may have a full understanding of the different practices and how they should be installed. Contractor's training will be conducted by Rocky Powell of Clear Water Consultants, an expert in stream restoration and design.

Project Evaluation

Project success will be evaluated through partnership support and the establishment of bioengineering techniques along the stream reach with the enhancement of the greenway providing the buffer protection needed. This restoration approach will offer a unique opportunity in using native plant materials to establish eroding banks compared to rock riprap.

As built plans of the work performed can be provided if desired by the grantor showing the results of the work performed and the benefits to water resources.

Other Funding Sources

The following is providing other funding for this project:

- City of Statesville - $25,000
- Division of Water Resources - $25,000 (pending)
- Inkind Services

  City of Statesville - $30,000

CLEAN WATER MANAGEMENT TRUST FUND

2313-B Executive Park Circle
Greenville, North Carolina 27834
(919) 830-3222

APPLICATION FORM

Application Closing: Dec. 1, 1998

Proposals postmarked on or before Dec. 1, 1998 will be considered during this funding cycle. Proposals postmarkd after Dec. 1, 1998 will be considered during the subsequent cycle scheduled by close on June 1, 1999. CWMTF is not able to accept applications by facsimile. **CWMTF REQUESTS THAT APPLICATIONS BE COMPLETE AND MAILED TO THE ABOVE ADDRESS.**

FOR OFFICE USE: APPLICANT NUMBER:_____
(Detailed instructions on page 2)

Project:

Objective: Restore Degraded Stream & Riparian Area while establishing a Greenway

Primary use: Restoration of Stream & Greeenway

Secondary use: Sediment and Pollutant Reduction, Educational

Funding sought from CWMTF: $298,000

Total Cost of Project: $348,082

Duration: Two Years

Location:

Region of NC: (circle one) Western Central Eastern

County: Iredell

River Basin: Yadkin - Pee Dee

Stream Segment: Fourth Creek (Free Nancy Bracnch)

Latitude/Longitude: 35° 47 Min. 27 Sec. / 80° 54 Min. 00 Sec.

Project Street Address (if applicable):

Applicant:

Organization Name: Pilot View RC&D, Inc.

Eligible Applicant Type: Non-Profit

Contact:

Name: Charles Anderson

Street/PO: 2714 Henning Dr.

City: Winston Salem, NC Zip code: 27106

Phone: 336-750-0522 Fax: 336-750-0177

E-mail: pvica@bellsouth.net

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**** Most of this application will be evaluated according to CWMTF quantitative criteria, and will yield a "score" from 0-165 points; however, Trustees will also consider non-quantitative criteria that are identified in CWMTF published guidelines. Answers should be direct, thorough and concise. Please limit responses to space available on the form.**

Project: (Up to 135 points)**

0-45 points: (1) To what extent will the proposed project either (a) restore degraded waters, or (b) protect relatively unpolluted waters.

* Restore degraded urban stream - Free Nancy Branch
* City of Statesville first attempt to address watershed concerns using natural channel approaches.
* Project is an overall objective to educate citizens by enhancing existing greenway addressing water quality BMP's on streams.
* Stabilization of streambank.
* Storm water management using bio-engineering techniques.

0-25 points: Describe any special significance of waters (in terms of NC-DWQ water quality classification, e.g. High Quality or Impaired) to be enhanced, restored or protected by the project. Note also any special recreational, educational or economic values of specific waters:

The Free Nancy Branch tributary is adjacent to city parks and existing greenway system that is effected by urban runoff. The restoration of the stream will provide for a more enhanced environmental approach to address stream management and in protecting water quality through buffer and protection with the improved greenway.

0-20 points: What does the NC-Division of Water Quality Basinwide Management Plan say about the specific waters, which will be restored or protected by your project? (Make page specific references to the plan, and explain how your project will address documented problems and ensure protection or restoration).

Reference Pages 4-39 / 43 & 6-16

* Impaired Waters - NC DWQ BMP
* High levels of fecal coliform
* Reduce nutrient loading into stream
* Listed on DWQ 303 - D report
* Being an impaired stream, NPS strategy consist with efforts in meeting state objectives.

0-20 points: What will be the measurable and enduring outcomes of the project?

* Streambanks will be stabilized using natural channel approaches.
* The restoration will provide the city of Statesville with their first restoration effort in addressing watershed management.
* Improve water quality with buffer along channel.
* Educational element of addressing streams using environmental friendly concepts.

0-5 points: Does the project employ innovative procedures or technology? If so, what are the implications for water quality?

Yes, this project creates and implements a comprehensive restoration that involves state, federal, and local agencies along with community leaders. The project demonstrates new technology for addressing streambank stabilization by using natural channel concepts to provide an aesthetically environmental friendly solution

0-20 points: Does the project establish functional riparian buffers or greenways? If so, provide details of buffer design and estimates of pollution reduction.

Yes, A part of their total project is to enhance an existing greenway to provide a vegetative buffer between the trail and the stream.

Applicant: (Up to 30 points)**

0-20 points: Describe other resources committed towards this project:

* City of Stateville will commit financial resources and inkind services for gathering data and information to be used towards the design.
* Application for funding is pending with the Division of Water Resoruces.
* City of Statesville will use the work performed on Free Nancy Branch as a guide for future watershed planning.

0-10 points: Briefly describe organization's qualifications to accomplish the proposed project:

* Pilot View, Inc. is the only non profit organization that has offered professional training to various disciplines over the last five years in natural channel approach.
* Pilot View, Inc. has contracted other projects of this nature.
* Pilot View, Inc. has the technical resources available to design and build projects of this type.

Is there a long-term management plan to which this proposed project is strategically related? (Explain)

Yes, the City of Statesville is in the process of developing a comprehensive greenway system which would inter-connect all of the urban riparian areas.

Is there a local land use plan for the county or municipality in which the project will occur?
What assurance can you provide regarding long term management of the project?

Yes, Adopted a state directed plan for development.

The Parks & Recreational Department and city personnel would perform regular maintenance as needed.

Is this project eligible for funding under other state or federal grant programs? If so, elaborate.

Other resources are being investigated at this time.

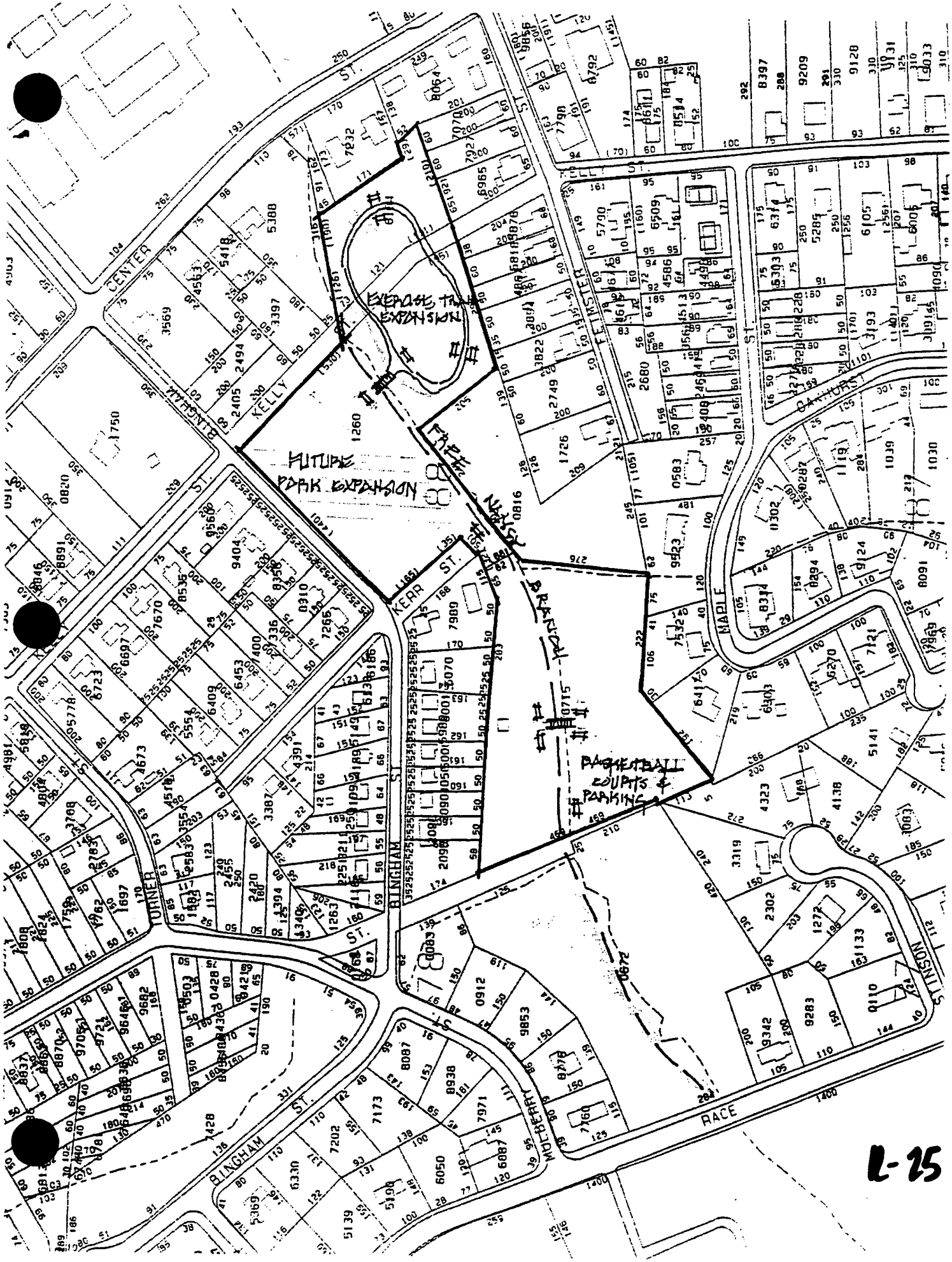
Is the property wherein the project will be located subject to any environmental laws, rules or regulations (existing or pending) which impose obligations or restrict the use or marketability of the property? (If yes, please explain)

BUDGET FOR THE FREE NANCY BRANCH PROJECT STATESVILLE, NC

Item	Cost
Stream Restoration	$ 231,605
• 2,280 ft. Natural Channel Design	
• Mobilization	
• Construction	
• Engineering, Staking, Oversight	
• Labor	
• Construction Materials	
• Hauling & Disposal	
Greenway Enhancement	$ 89,673
• Trail expansion	
• Stream Crossings & Rest Areas	
• Traffic Control	
• Staking, Oversight, Design 12,000	
• Native Tree Planting & Shrubs for Riparian Buffer 25,000	
• Public Access	
Project Facilitation	$ 24,804
• Staffing	
• Project Management	
• Administration	
• Design	
• Bidding	
• Financial Accounting	
Educational Development	$ 2,000
Total Cost	$348,082

Notes:

- The above does not include any in-king services.
- All strategic planning, project facilitation and education expenses are covered for two years in the above budget.


EXERCISE TRAIL EXPANSION
FUTURE PARK EXPANSION
FREE NASSY BRANCH
BASKETBALL COURTS & PARKING
CENTER ST.
KELLY ST.
BINGHAM ST.
KERR ST.
TURNER ST.
FETMSTER ST.
MAPLE ST.
OAKHURST
MULBERRY ST.
RACE
ST. JOHNSON

L-25

MICHAEL F. EASLEY
ATTORNEY GENERAL

State of North Carolina
Department of Justice
P. O. BOX 629
RALEIGH
27602-0629

Reply to: Robin W. Smith
Environmental Division
Tel: (919) 716-6600
Fax: (919) 716-6767

MEMORANDUM

CWMTF
Received
APR 7 1999
GREENVILLE, NC

TO: David McNaught, Executive Director
Clean Water Management Trust Fund

FROM: Robin W. Smith
Special Deputy Attorney General

DATE: April 6, 1999

RE: School Board Eligibility for CWMTF Grants

You have raised the question of whether local boards of education are eligible to receive grants from the Clean Water Management Trust Fund ("CWMTF"). Under N.C.G.S. § 113-145.4, the following entities are eligible to apply for grants from the CWMTF:

(1) A State agency.
(2) A local government or other political subdivision of the State or a combination of such entities.
(3) A nonprofit corporation whose primary purpose is the conservation, preservation, and restoration of our State's environmental and natural resources.

The basic responsibility for providing a system of free public schools throughout the State lies in the General Assembly. The State exercises significant oversight of the public school system both by statute and through the State Board of Education. The General Assembly has, however, authorized local boards of education to administer the individual city and county school systems. *See*, N.C.G.S. § 115C-47. County boards of education are locally elected, while city boards may be either elected or appointed as provided by law. N.C.G.S. §115C-35. In those cases where local legislation provides for appointment of the city board, appointments are generally made by the governing body of the city within which the system operates. Both county and city school boards function as corporate bodies. N.C.G.S. § 115C-40.

As locally elected or appointed bodies with corporate status, local boards of education essentially function as a unit of local government or political subdivision of the State. Given their

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composition and function, it appears that local boards of education would fall within the range of state and local government entities that the General Assembly intended to be eligible for grants from the Clean Water Management Trust Fund.

cc: Tom Ziko

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Attachment F

Governor's Recommended Reductions - NER

Dept	Item	Reduction	1999-2000	2000-2001	Decision
AG	1	Veterinary Services - Vacant Position Animal Health Technician I	(41,865)	(41,865)	
AG	2	Research Stations/State Farms - Vacant Position Agricultural Research Assistant III	(30,325)	(30,325)	
LAB	3	Commissioner's Office - Vacant Position Processing Assistant III	(25,338)	(25,338)	
LAB	4	OSH Division - Vacant Position Applications Analyst Programmer I	(54,668)	(54,668)	
COM	5	NC ACTS (CET) - Vacant Position Deputy Director	(68,669)	(68,669)	
COM	6	Business and Industry - Vacant Position Program Assistant IV	(27,646)	(27,646)	
DENR	7	Forest Resources - Eliminate Vacant Position and reduce salary reserve Forester II - ($39,223) Salary Reserve - ($12,743)	(51,966)	(51,966)	
DENR	8	Forest Resources - Defer helicopter replacement	(2,100,000)	-	
DENR	9	Parks and Recreation - Vacant Position Office Assistant III	(22,948)	(22,948)	
DENR	10	Water Quality - Vacant Positions Community Planner II - ($40,814) Environmental Specialist II - ($37,681)	(78,495)	(78,495)	
DENR	11	Museum of Natural Sciences - Eliminate vacant position and reduce salary reserve Program Assistant IV - ($36,416) Salary Reserve - ($8,394)	(44,810)	(44,810)	
DENR	12	Environmental Health - Vacant Position Environmental Technician III (0.50 FTE)	(16,225)	(16,225)	
DENR	13	Administration - Vacant Positions Internal Auditing Mgr. I (0.10 FTE) - Controller - ($8,021) Data Base Administrator - IT Services - ($4,949)	(12,970)	(12,970)	
DENR	14	Marine Fisheries - Vacant Position Research Vessel Crew Member	(25,555)	(25,555)	
		TOTAL RECOMMENDED REDUCTIONS	**(2,601,480)**	**(501,480)**	

Governor's Recommended Continuation Budget Changes - NER

Dept	Item	Increase	1999-2000	2000-2001	Decision
AG	1	Research Stations/State Farms Equipment Increases	325,245	448,245	
AG	2	Standards Equipment Increases - motor vehicles and scientific/medical	224,789	112,470	
AG	3	Plant Industry Equipment Increases - sci/medical and other	110,800	50,875	
AG	4	Food and Drug Protection Equipment Increases - scientific & medical	59,898	97,898	
LAB	5	Adminstration Increase amount budgeted for indirect cost receipts and reduce GF appropriation	(175,000)	(175,000)	
LAB	6	Elevator and Amusement Device Decrease rent line item	(17,340)	(17,340)	
LAB	7	Elevator and Amusement Device Increase amount budgeted for in-state transportation	17,340	17,340	
LAB	8	OSHNC Decrease rent line item	(79,390)	(79,390)	
LAB	9	OSHNC Increase line items for printing, travel, and equipment	79,390	79,390	
COM	10	Administration/Aircraft Increase rent	9,000	9,000	
COM	11	Administration/Aircraft Increase to provide insurance for new aircraft	117,512	117,512	
COM	12	Administration/Aircraft Increase for pilot training and maintenance qualifications	37,000	37,000	
COM	13	Administration/Aircraft Increase supplies - fuel requirements	52,700	52,700	
COM	14	Community Assistance Decrease personal services - time limited position	(39,250)	(39,250)	
COM	15	Community Assistance Increase rent - Methodist Building	16,660	16,660	

Governor's Recommended Continuation Budget Changes - NER

Dept	Item	Increase	1999-2000	2000-2001	Decision
COM	16	International Trade Increase line item for contract employees	18,000	36,655	
DENR	17	Aquariums Operating Reserve for Roanoke Island Aquarium	1,486,814	1,694,286	
DENR	18	Aquariums Operating Reserve for Pine Knoll Shores Aquarium	-	1,300,349	
DENR	19	Aquariums Operating Reserve for Fort Fisher Aquarium	-	1,424,899	
DENR	20	Museum of Natural Sciences Operating Reserve for Museum	398,726	398,726	
DENR	21	Marine Fisheries Purchased services inflationary increases	92,554	92,554	
DENR	22	Marine Fisheries Supplies inflationary increase	19,722	19,722	
DENR	23	Marine Fisheries Equipment replacement	209,022	189,689	
DENR	24	Parks and Recreation Parks operating reserve	2,602,848	1,939,668	
DENR	25	Parks and Recreation Communications equipment increase	198,000	198,000	
DENR	26	Forest Resources Increase temporary wages	90,609	92,421	
DENR	27	Forest Resources Rent/lease inflationary increase	168,735	176,752	
DENR	28	Forest Resources Hull Insurance - CL-215	160,000	160,000	
DENR	29	Forest Resources Equipment increase	228,200	170,000	
DENR	30	Forest Resources Aircraft replacement	2,100,000	2,100,000	
DENR	31	Forest Resources Motor vehicles replacement	355,000	355,000	

Governor's Recommended Continuation Budget Changes - NER

Dept	Item	Increase	1999-2000	2000-2001	Decision
DENR	32	Forest Resources Trailers - equipment increase	50,839	338,839	
DENR	33	Forest Resources Operating reserve for capital improvement projects	27,770	138,500	
DENR	34	Water Quality Rent increase per lease agreement	4,516	8,039	
DENR	35	Water Quality Equipment replacement	582,304	120,000	
DENR	36	Water Quality Inflationary increase for streamflow and water quality measurement stations	3,600	3,600	
DENR	37	Coastal Management Rent increase per lease agreement	3,334	5,936	
DENR	38	Coastal Management Equipment replacement	5,043	-	
DENR	39	Water Resources Inflationary increase for stream gages	12,380	12,380	
DENR	40	Radiation Protection Increase rent per lease agreement	28,792	86,375	
DENR	41	Radiation Protection Increase scientific/medical equipment	121,238	-	
DENR	42	Environmental Health Increase rent per lease agreement	12,714	22,631	
DENR	43	Environmental Health Equipment replacement	46,682	-	
DENR	44	Pollution Prevention Increase rent per lease agreement	4,793	8,533	
DENR	45	Waste Management Equipment replacement - vehicle	25,148	-	

Sen. Martin

VISITOR REGISTRATION SHEET

NER — Name of Committee

4-20-99 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
John McMillan	MF&S
Betsy Bennett	NC State Museum of Natural Science
Beckie Street	PPAB
Phil McKnelly	DENR/DPR
BRENT LANE	COMMERCE
Joe McClees	TDA
Weldon Denny	NCDA+CS
Maurice Weaver	NCDA&CS
Lyle Aycock	Commerce
Phil Wilson	"
Dottie Cieciorka	"
[illegible]	"
Dewey Bott	DENR
Jan Smith	"
Michael Williamson	"

MARTY

VISITOR REGISTRATION SHEET

NER — 4-20-99

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Sherrill Hanna	DENR
Linda Sewell	DEH, DENR
Shelle Altieri	OSBM
JW Rissel	OSBM
Gordon W. Clapp	Div. of Tourism, Fisher & Sports Development
Lynn D. Mingo	" " " " "
David Williams	DENR-DSWC
Tim Baumgartner	DENR-DSWC
Bill McNeil	Commerce - DCA
Greer Beaty	Commerce - DCA
Tom Fransen	DENR - DWR
David Herbig	State Planning
Tommy Stevens	DENR - DWQ
Donna Moffitt	DENR - DCM
Buck LATTIMORE	NC INDUSTRIAL COMMISSION

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VISITOR REGISTRATION SHEET

NER — Name of Committee

42099 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Katie Carstens	State Const Office
S Markham	EGHS
Herbert Carter	Energy Division
Thomas C. Adams	Energy Division
Becky Brown	[illegible]
Deborah Lamm	Energy Div
Chuck Ellstrom	Energy Division
Jim Speed	Bone & Associates
JIM QUINN	NC HOUSING FINANCE
CARL RUPERT	CCNC
R. ROGERS	DENR
Wayne Daves	Commerce

VISITOR REGISTRATION SHEET

NER 200 Pm 4-20-99

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Becky Brown	Labor
Kathy Sawyer	Commerce
Jane Smith	DENR
Michael Williamson	"
Sherrill Harris	"
Inga Aycock	Commerce
Phil Wilson	"
Dottie Cieciorka	"
Shelle Altieri	OSBM
JW Russ	OSBM
Johnny Gray	OSBM
Tom Fransen	DENR DWR
Daniel Harbing	State Planning
Tommy Stevens	DWQ
Buck Lattimore	NC Industrial Commission

VISITOR REGISTRATION SHEET

NER 2 Pm 4.20.99

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Thomas C. Adams	Energy Division
Nat Mund	Conservation Coal of NC
Herbert Carter	Energy Division
Deborah Lamm	Energy Div
Chuck Ellstrom	Energy Div
Susan Polk	Commerce
Donna Moffitt	DENR - DCM
Jeff Smith	Alamance-Burlington Schools
Ed Regan	N.C. Assoc. of Co. Comm

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

April 21, 1999

The Joint House Appropriations / Subcommittee on Natural and Economic Resources met on Wednesday, April 21, 1999 in Room 423 of the Legislative Office Building at 8:30 A.M. The following House Members were present: Representative Owens, Chairman, Representatives Fox, Warren, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, Tolson and Warwick. Four Senate Committee members were present. Mona Moon, Jennifer Hoffmann, and Jennifer Herrera, Fiscal Staff members were in attendance. A Visitor Registration list is attached and made part of these minutes.

The Chairman called the meeting to order. Representative Owens informed the Committee that Jennifer Herrera would be presenting information regarding the Governor's Recommended Continuation Budget Changes (*Attachments 1,2, and 3*)

Mr. Bill McNeil, Director, Division of community Assistance presented information regarding the CDBG Plan (*Attachment 4*).

There was discussion by the Committee members with the Division personnel and guests. A question and answer period followed.

There being no further business, the Chair adjourned the meeting at 9:55 A.M.

Respectfully submitted,

W. C. Owens Jr.

Representative W. C. Owens, Jr.
Chairman

Judith M. Veorse

Judith M. Veorse
Legislative Assistant

VISITOR REGISTRATION SHEET

NER
Name of Committee

4/21/99
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Anita McNeil	DENR BPA
Ray S. Baylston	DENR/Museum of Natural Sciences
Doug Lassiter	NC Septic Tank Assoc
Shari Bryant	DENR/DFR
[illegible] Brashy	Forestry
Maurice Weaver	NCDA&CS
David Herberg	State Planning
Buck LATTIMORE	NC INDUSTRIAL COMMISSION
D [illegible]	NC DOL
Wilda Dunning	NCDA&CS
Joe McClean	
Thomas Hill	ONSS
[illegible]	NC Park Council

Small Cities Community Development Block Grant Plan
Highlights for 2000 Program Year

1. $45 million federal HUD grant expected

2. Infrastructure as separate category to address critical residential needs, straight-piping and outhouses (previously a subcategory under Community Revitalization)

3. Community Revitalization grants to be made from ranked list of 1999-2000 applicants

4. Targeting distressed areas, people and places left behind Priority consideration for Tier 1, Tier 2, State Development Zones (as provided by Economic Opportunity Act of 1998)

5. Increased funding for Housing Development

CDBG Resources for Housing

Year	Sources of Funds	Funds
1998	Unobligated Funds	$ 2,000,000
1999	Housing Development (including 80% of increase in HUD grant)	2,349,827
2000	Housing Development (proposed new allocation)	3,484,000
	Total	$ 7,833,827

Governor's Recommended Reductions - NER

Dept	Item	Reduction	1999-2000	2000-2001	Decision
AG	1	Veterinary Services - Vacant Position Animal Health Technician I	(41,865)	(41,865)	
AG	2	Research Stations/State Farms - Vacant Position Agricultural Research Assistant III	(30,325)	(30,325)	
LAB	3	Commissioner's Office - Vacant Position Processing Assistant III	(25,338)	(25,338)	
LAB	4	OSH Division - Vacant Position Applications Analyst Programmer I	(54,668)	(54,668)	
COM	5	NC ACTS (CET) - Vacant Position Deputy Director	(68,669)	(68,669)	
COM	6	Business and Industry - Vacant Position Program Assistant IV	(27,646)	(27,646)	
DENR	7	Forest Resources - Eliminate Vacant Position and reduce salary reserve Forester II - ($39,223) Salary Reserve - ($12,743)	(51,966)	(51,966)	
DENR	8	Forest Resources - Defer helicopter replacement	(2,100,000)	-	
DENR	9	Parks and Recreation - Vacant Position Office Assistant III	(22,948)	(22,948)	
DENR	10	Water Quality - Vacant Positions Community Planner II - ($40,814) Environmental Specialist II - ($37,681)	(78,495)	(78,495)	
DENR	11	Museum of Natural Sciences - Eliminate vacant position and reduce salary reserve Program Assistant IV - ($36,416) Salary Reserve - ($8,394)	(44,810)	(44,810)	
DENR	12	Environmental Health - Vacant Position Environmental Technician III (0.50 FTE)	(16,225)	(16,225)	
DENR	13	Administration - Vacant Positions Internal Auditing Mgr. I (0.10 FTE) - Controller - ($8,021) Data Base Administrator - IT Services - ($4,949)	(12,970)	(12,970)	
DENR	14	Marine Fisheries - Vacant Position Research Vessel Crew Member	(25,555)	(25,555)	
		TOTAL RECOMMENDED REDUCTIONS	**(2,601,480)**	**(501,480)**	

Governor's Recommended Continuation Budget Changes - NER

Dept	Item	Increase	1999-2000	2000-2001	Decision
AG	1	Research Stations/State Farms Equipment Increases	325,245	448,245	
AG	2	Standards Equipment Increases - motor vehicles and scientific/medical	224,789	112,470	
AG	3	Plant Industry Equipment Increases - sci/medical and other	110,800	50,875	
AG	4	Food and Drug Protection Equipment Increases - scientific & medical	59,898	97,898	
LAB	5	Adminstration Increase amount budgeted for indirect cost receipts and reduce GF appropriation	(175,000)	(175,000)	
LAB	6	Elevator and Amusement Device Decrease rent line item	(17,340)	(17,340)	
LAB	7	Elevator and Amusement Device Increase amount budgeted for in-state transportation	17,340	17,340	
LAB	8	OSHNC Decrease rent line item	(79,390)	(79,390)	
LAB	9	OSHNC Increase line items for printing, travel, and equipment	79,390	79,390	
COM	10	Administration/Aircraft Increase rent	9,000	9,000	
COM	11	Administration/Aircraft Increase to provide insurance for new aircraft	117,512	117,512	
COM	12	Administration/Aircraft Increase for pilot training and maintenance qualifications	37,000	37,000	
COM	13	Administration/Aircraft Increase supplies - fuel requirements	52,700	52,700	
COM	14	Community Assistance Decrease personal services - time limited position	(39,250)	(39,250)	
COM	15	Community Assistance Increase rent - Methodist Building	16,660	16,660	

Governor's Recommended Continuation Budget Changes - NER

Dept	Item	Increase	1999-2000	2000-2001	Decision
DENR	32	Forest Resources Trailers - equipment increase	50,839	338,839	
DENR	33	Forest Resources Operating reserve for capital improvement projects	27,770	138,500	
DENR	34	Water Quality Rent increase per lease agreement	4,516	8,039	
DENR	35	Water Quality Equipment replacement	582,304	120,000	
DENR	36	Water Quality Inflationary increase for streamflow and water quality measurement stations	3,600	3,600	
DENR	37	Coastal Management Rent increase per lease agreement	3,334	5,936	
DENR	38	Coastal Management Equipment replacement	5,043	-	
DENR	39	Water Resources Inflationary increase for stream gages	12,380	12,380	
DENR	40	Radiation Protection Increase rent per lease agreement	28,792	86,375	
DENR	41	Radiation Protection Increase scientific/medical equipment	121,238	-	
DENR	42	Environmental Health Increase rent per lease agreement	12,714	22,631	
DENR	43	Environmental Health Equipment replacement	46,682	-	
DENR	44	Pollution Prevention Increase rent per lease agreement	4,793	8,533	
DENR	45	Waste Management Equipment replacement - vehicle	25,148	-	

Governor's Recommended Continuation Budget Changes - NER

Dept	Item	Increase	1999-2000	2000-2001	Decision
DENR	46	Administration			
		Purchased serivces inflationary increase	21,115	21,115	
DENR	47	Regional Offices			
		Increase rent to allow for inflationary increases	59,448	95,268	

Program and Funding Options for Federal Block Grants

Within block grant eligibility requirements, and as allowed under federal authorizing legislation, the following options are available for block grants:

Block Grant Programs and Categories

1. Delete existing category(ies)
2. Combine existing categories
3. Add new category(ies)
4. Change funding amounts

Allocation of Decreases in Federal Block Grant Funding

1. Across the board
2. Targeted
    - Trigger by dollar amount or percentage
    - Specify which categories are decreased first and by how much
    - Exempt specific category(ies)

Allocation of Increases in Federal Block Grant Funding

1. Across the board
2. Targeted
    - Trigger by dollar amount or percentage
    - Specify which categories are increased first and by how much
    - Exempt specific category(ies)

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State of North Carolina

Office of State Budget and Management

James B. Hunt Jr.
Governor and Director
of the Budget

Marvin K. Dorman, Jr.
State Budget Officer

April 20, 1999

MEMORANDUM

TO: Tom Covington

FROM: Shelle Wheless Altieri
Budget Analyst

RE: Community Development Block Grant (CDBG) Plan

According to G.S. 143-16.1, state administered block grant funding plans are to be provided from state departments, reviewed by the Office of State Budget and Management, and forwarded to the Fiscal Research Division of the North Carolina General Assembly. Pursuant to statute, attached herewith is the plan for the Small Cities Community Development Block Grant as administered by the Department of Commerce, Division of Community Assistance.

Please contact the department or me if you have any questions.

CC: Jennifer Herrera, Fiscal Research Division
J.W. Reel, Office of State Budget and Management

SP-2

116 WEST JONES STREET—RALEIGH 27603-8005 (919) 733-7061
AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

NORTH CAROLINA DEPARTMENT OF COMMERCE
DIVISION OF COMMUNITY ASSISTANCE

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
(To be submitted to General Assembly, April 20, 1999)

GENERAL DESCRIPTION

The State of North Carolina's overall community development objectives are to expand jobs, build community assets, provide decent housing, improve living environments, and meet other local needs having a particular urgency, principally for persons of low-and-moderate income.

Annually, the U.S. Department of Housing and Urban Development (HUD) provides Small Cities Community Development Block Grant (CDBG) funds to the state to invest in partnership with local governments in pursuit of these objectives. The Department of Commerce (DOC) administers these funds, distributing them primarily on a competitive basis because the demand for funds far exceeds the amount available. Local governments submit applications to DOC describing their proposed projects and how they will carry out the project.

In order to carry out the objectives of the North Carolina CDBG program, local applicants may receive funding through five different categories: Community Revitalization, Community Empowerment, Housing Development, Urgent Needs/Contingency, and Economic Development. Local government applicants may also secure loans to finance economic development or housing developments through the Section 108 loan guarantee program, approved by the General Assembly in 1995 and amended in 1996.

All counties, except HUD-designated Urban Counties (Wake and Cumberland and their participating municipalities) are eligible to apply for Small Cities CDBG funds. All municipalities, except for 22 entitlement cities that receive funds directly from HUD, are also eligible to receive Small Cities CDBG funds.

Local governments may undertake a wide range of activities under the CDBG program. Eligible activities are listed under Section 105 of the Housing and Community Development Act of 1974, as amended, and include, among other activities:

A. Acquisition of real property;
B. Acquisition, construction, and reconstruction of public works and facilities and site or other improvements;
C. Clearance, demolition, removal, and rehabilitation of buildings and improvements;
D. Provision of public services;
E. Planning activities; and
F. Payment of reasonable administrative costs.

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PROGRAM IMPROVEMENTS

In 2000, the Department of Commerce plans to make several improvements to the CDBG program that will deliver resources to priority local needs, including changes in funding for residential infrastructure projects, targeting severely distressed areas, and increasing funding for affordable housing.

Infrastructure (IF) projects, which were formerly funded under Community Revitalization, will be funded under a separate grant category using an annual award cycle. Application filing periods will be coordinated to the extent possible with other state and federal funding cycles. Some of the funds may be used to expand the state's efforts to eliminate outhouses and straight piping in partnership with local governments and community groups.

During 2000, the department plans to target CDBG funding for local governments in Tier 1 and Tier 2 counties to support their efforts to increase economic competitiveness and address infrastructure and other community development needs. Housing Development, Community Empowerment and Economic Development requests from these areas will be given priority consideration for CDBG funding.

The department plans to expand the Housing Development program category to address the housing needs of working poor families. Priority will be given to projects which focus on: 1) increasing the supply of affordable rental housing in rural tier 1 and tier 2 counties; 2) boosting homeownership in State development Zones; 3) expanding the Individual Development Accounts (IDA) down payment savings incentive program; and 4) supporting county-based housing strategies to support economic independence for Work First families.

Other improvements include coordinating reviews with the NC Housing Finance Agency (NCHFA) to rate applications involving tax credits and CDBG funding at the same time. This will make access to funds from sources administered by the Division of Community Assistance and NCHFA easier for local governments.

2000 ALLOCATION RECOMMENDATIONS

In the 2000 program year North Carolina expects to award $43,550,000 to eligible applicants, after administrative and technical assistance costs are deducted from the $45 million grant expected from HUD. The exact size of the 2000 Small Cities CDBG allocation is subject to Congressional appropriations for federal fiscal year 1999-2000.

Of the total funds available, the Department of Commerce proposes to award up to 20 percent for Economic Development loans and grants, up to 8 percent for Housing Development, up to 2 percent for Community Empowerment projects, up to 3 percent for Urgent Needs related to natural disasters and contingencies, and up to 21 percent for Infrastructure projects. The remaining funds, at least 46 percent of the total, will be awarded to Community Revitalization projects, using a competitive need-based statewide ranking of applications received in October 1998 for funding in Spring 2000.

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EXPECTED PROGRAM OUTCOMES

The primary goal of the program is to enable local communities to build stronger communities and develop decent neighborhoods. Pursuing this goal, the program provides incentives to spur local investments, both public, private and individual, in economic and neighborhood development. In 2000, CDBG funds will be invested to achieve the following outcomes:

- Increase the number of households living in improved housing. (500 units rehabilitated)
- Increase the number of households with sanitary wastewater disposal systems by eliminating straight piping and outhouses.
- Increase community and individual economic independence. (1,000 jobs created or retained)
- Increase homeownership opportunities for low-moderate income citizens. (150 units built)
- Increase supply of rental units affordable to low-moderate income citizens (100 units built)
- Improve living standards and economic well being of persons emerging from welfare.
- As a source of last resort, assist local communities with recovery from disasters or situations that threaten health and/or safety.

PROGRAM DESCRIPTIONS

Community Revitalization will continue to fund two types of projects: concentrated needs and scattered site housing rehabilitation. Concentrated needs and scattered site projects will be chosen from the ranked list of applications received in October 1998 and not funded in 1999. The Department will also continue to monitor awards by geographic location and consider regional balance as directed by the General Assembly.

Infrastructure will fund public water and/or public sewer installation in residential areas lacking infrastructure or needing improvements to existing infrastructure. Projects will be chosen from a ranked list of applications received in the yearly cycle. The Department will also continue to monitor awards by geographic location and consider regional balance as directed by the General Assembly.

Economic Development activities will focus on job creation projects in concert with the State's 1996 *William S. Lee Quality Jobs and Business Expansion Act*. This Act governs the annual designation of Enterprise Tier Areas and offers specific business incentives to improve job quality in general, particularly within the counties that rank higher in rates of unemployment and lower per capita income levels.

Community Empowerment will invest in projects that promote self-sufficiency among low and moderate income families. These projects develop community assets by integrating jobs, small business support, housing, and services for a particular population or neighborhood. In 2000, emphasis will be given to comprehensive projects that focus on severely distressed areas and proposals that help advance the state's Work First welfare reform strategies.

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Housing Development will be expanded to increase to the supply of affordable housing through new construction or conversion of buildings, with priority to rental units in rural Tier 1 and Tier 2 counties. CDBG funds will provide grants to local governments for public water or sewer installation, hazardous materials removal, and land acquisition by non-profit organizations that will make housing affordable for low-moderate income families. Funds will also be devoted to expanding homeownership opportunities in high poverty portions of State Development Zones and downpayment incentive Individual Development Account programs. Funded activities may also include pre-development loans for non-profit organizations to initiate engineering, surveying, architectural, or other similar activities necessary to develop projects.

Urgent Needs/Contingencies funds will address conditions which are of recent origin that poses a serious and immediate threat to the health or welfare of the community. Funds not committed to Urgent Needs situations may be awarded to applications in other categories that offer unusual development opportunities in creating or retaining housing affordable to low- and moderate-income families in an area with a severe shortage of affordable housing or in meeting severe infrastructure needs in a low-income residential area.

Section 108 loan guarantees will continue to be available under the CDBG program During 2000, the program will be assessed for its usefulness.

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	1998-99 Proposed Budget (Amended)		1999-2000 Recommended
1. Community Revitalization Funds to the Division of Community Assistance to award to local governments to improve existing housing and infrastructure in residential areas that benefit primarily persons of low and moderate income.	$19,528,600	at least	$20,033,000
2. Infrastructure Funds to the Division of Community Assistance to award to local governments to install or improve public water and/or public sewer systems in residential areas.	$9,000,000	up to	$ 9,145,500
3. Economic Development Funds to the Commerce Finance Center to award to local government projects that promote the creation and/or retention of jobs	$ 8,730,263	up to	$ 8,710,000
4. Community Empowerment Funds to the Division of Community Assistance to award to local governments to undertake comprehensive community-based economic revival, to increase jobs and small business opportunities, and foster self-sufficiency among, low income persons especially those involved in Work First welfare reform.	$ 2,767,700	up to	$ 871,000
5. Housing Development Funds to the Division of Community Assistance to award to local governments to expand the supply of affordable housing for low-and moderate-income persons through approaches that leverage local support and other funds.	$ 2,349,827	up to	$ 3,484,000

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6. Urgent Needs/Contingency Funds to the Division of Community Assistance to award to local governments for eligible projects submitted in other categories and for Urgent Needs projects based on conditions posing an imminent threat to public health or safety resulting from hurricanes or other events within the last 18 months for which no other funds are available. Funds for such projects must remove the imminent threat.	$ 1,277,400	up to	$ 1,306,500
7. Administration/Technical Assistance	$ 1,453,210	up to	$ 1,450,000

Notes: 1. 1998-99 budget figures shown above reflect the final HUD grant to the state of $45,107,000, allocated according to a proposed amendment to the special provision adopted with the 1998-99 budget.

PROGRAM INCOME

Since 1986, loan payments from local governments assisted with CDBG funds have been made to the State. In 2000 loan payments from projects funded by DCA prior to 1992 may be used to fund Housing Development or Urgent Needs projects. Loan repayments from projects funded after 1992 by the Commerce Finance Center will be used to fund additional economic development projects.

PROPOSED SPECIAL PROVISION

The following language is proposed to be added to the special provisions to address changes in the HUD allocation to the state that differ from the budgeted amount assumed in this plan.

(f) Notwithstanding any other provision of law, Community Development Block Grant funds approved under 1998 Session Law 212 which represent an increase in the state's federal grant shall be allocated in a manner to ensure that twenty percent (20%) of such funds are allocated to the Economic Development program category. The remaining increase in federal grant funds and funds not obligated under any category at the end of the 1998 program year may be allocated to the Housing Development program category.

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Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, April 22, 1999
Sen. Bob Martin, Presiding

1. **Chairman's Comments**

2. **Follow-Up on Continuation Review and Expansion Budget Questions**

   Jennifer Hoffmann
   Mona Moon
   Fiscal Research Division

3. **Committee Review of CDBG Plan**

   Bill McNeil, Director, Division of Community Assistance

4. **Committee Review of Proposed NER Budget Items**

5. **Committee Discussion**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, April 22, 1999 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday April 22 at 8:30 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Owens, Warren, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, Tolson, and Warwick were present.

Senator Martin called the meeting to order. Mr. Bill McNeil, Director of the Division of Community Assistance gave the Committee a review of CDBG plan. A Special Provision regarding the Community Empowerment category funds was before the Committee for a vote. This is Attachment A of these minutes. The Chairman asked for a motion to adopt the Special Provision. Representative Hunter moved to adopt the Provision. Senator Shaw seconded the motion. Motion carried.

Jennifer Hoffmann, Fiscal Research, said that in the last several days, the Committee had raised additional questions on three of the four NER agencies. Ms. Hoffmann reviewed these questions. Two of the questions asked were from the Department of Commerce. The first handout addressed the response to those inquiries. This is Attachment B of these minutes.

Mona Moon, Fiscal Research, followed up with the DENR questions. Ms. Moon provided the Committee with a handout, which was information she provided to the Committee last week. It was a list of the nonrecurring funding that the Committee has provided in the NER area the last two fiscal years. There was a list of Senate Bills related to NER subject matter that has been up-dated since last week and a list of House Bills that had been assigned to NER. Also, a list of supplemental list of additional House Bills that were related to NER areas that have not yet been referred to NER. This is Attachment C of these minutes.

Ms. Moon said the second handout is a green handout entitled NER agencies expansion budget request. Again, this is information the Committee received last week on the expansion request that were recommended by the Governor for DENR and the

Department of Commerce. The request for expansion items by the Department of Labor and the Department of Agriculture is in this package as well. This is Attachment D of these minutes.

Mona Moon, Fiscal Research, then reviewed the follow-up questions for DENR. This handout began on R-264. This is Attachment E of these minutes.

Mona Moon, Fiscal Research, presented the Committee with a list of NER proposed budget actions for the Committee to consider. This handout is a summary of discussions the NER staff had with the NER Chairs as to current date. This is Attachment F of these minutes.

The meeting adjourned at 9:50 a.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Special provision Attachment A

g) Assistance to increase capacity for non-profit organizations to carry out eligible activities with units of local government is an allowable activity under any program category, in accordance with federal regulations. Community Empowerment category funds not obligated as of December 31, 1999 may be used to fund assistance to increase capacity for projects in any category

Attachment B

North Carolina
Department of Commerce

James B. Hunt, Jr., Governor **Rick Carlisle, Secretary**

MEMORANDUM

TO: Jenniffer Hoffmann

FROM: Leza Aycock

SUBJECT: Follow-up to NER Committee Questions

DATE: April 21, 1999

The committee asked two additional questions during the discussion of the Department's response to the initial questions from the Commerce presentations. Outlined below is our response to those inquiries.

1. Is Commerce the appropriate agency to administer the Heritage Tourism Program?

The Department of Commerce is strongly committed to the concept of Heritage Tourism. We believe that Heritage Tourism is a strong vehicle for economic development, especially in rural communities. Marketing all of the state's tourism attractions - our mountains and beaches, other areas of natural beauty, recreational lakes and other activities, and sites important in the history of the state and the nation - is the primary purpose of the Tourism program. In promoting Heritage Tourism we partner with the Department of Cultural Resources and other agencies to attract visitors to these special locations.

The specific decision to appropriate funding to the Department of Commerce for the state positions located in Franklin County, Hope Plantation, historic Murfreesboro, and the Newbold-White House was made by the General Assembly.

2. How does the Department measure the benefit derived from the International Trade Division foreign offices?

The Trade Representatives in the Department's foreign offices work to link North Carolina companies with international buyers. In some cases, this means that the state must first build a relationship with the foreign buyers to create an awareness of the variety and quality of products which NC companies have to offer. Although our foreign Trade Reps maintain

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information on the sales leads they generate for NC companies in their respective territories, we do not have access to information on the dollar value of the final sales that those leads may produce.

Since sales figures are not available, the Department agrees that we must develop an alternative methodology for evaluating the effectiveness of our foreign offices. With the increasing globalization of the world economy, and the growth of new and emerging markets, we also want to develop strategies for determining how to deploy our foreign office resources to maximize the state's investment.

The Department plans to contract with an international consulting firm to assist us in this analysis. We plan to assess whether our current foreign offices are in the best locations, determine whether we are using the best strategy for staffing those offices, and develop a decision structure for determining where new offices should be located. We expect to complete this study by December of this year.

Attachment C

Supplemental Package

Requests for Consideration

Recent Nonrecurring Items Funded by NER

Department	Item	1997-98	1998-99
	On-Going Items Funded Primarily with NR Funds		
HFA	Housing Trust Fund	5,000,000	2,000,000
DACS	Small, Family Farms Marketing and Promotion	50,000	50,000
DENR	Environmental Education Grant Funds	200,000	200,000
DENR	WRC - Beaver Control Program	450,000	500,000
Commerce	Industrial Recruitment Competitive Fund	1,000,000	3,000,000
Commerce	Utility Account - Industrial Development Fund	2,000,000	1,500,000
Commerce	Rural Tourism Grants Program	300,000	300,000
State Aid	Land Loss Prevention Project	350,000	350,000
State Aid	Coalition of Farm and Rural Families	250,000	250,000
State Aid	Institute of Minority Economic Development	1,000,000	1,000,000
State Aid	NC Minority Support Center	375,000	375,000
State Aid	Technological Development Authority	3,000,000	3,500,000
State Aid	World Trade Center of North Carolina	300,000	200,000
State Aid	Center for Community Self-Help - Housing Program	5,000,000	1,000,000
REDC	NC Association of CDCs	200,000	275,000
	Subtotal	**19,475,000**	**14,500,000**
	Items in Continuation Budget that Recently Received NR Funds		
DACS	Goodness Grows in NC		200,000
DACS	Pseudorabies Eradication Funds		150,000
DENR	Grassroots Science Program	2,650,000	1,625,000
DENR	Adopt-a-Trail Grants Program	50,000	100,000
DENR	Env. Ed. Learning Experience (EELE)	30,000	
DENR	Ag Cost Share - BMPs	2,000,000	500,000
DENR	Soil & Water District Travel Funds	50,000	50,000
DENR	Ag Cost Share - Technical Assistance		100,000
DENR	Food Sanitation Program	100,000	100,000
DENR	Maintenance of Existing Water Quality Programs	1,000,000	
DENR	Expand Natural Heritage Program		125,000
Commerce	Industrial Development Fund	1,000,000	0
Commerce	Tourism - Advertising, Marketing and US Open Funds	2,000,000	2,500,000
Commerce	1-800-VISIT NC	250,000	
Commerce	B & I Marketing and Trade Missions		500,000
State-Aid	NC Community Development Initiative		275,000
Biotech Center	Historically Minority Univ..	1,000,000	
REDC	Supplemental Funding Program	3,150,000	8,000,000
REDC	Center Administration		200,000
REDC	Research and Demonstration Grants		50,000
	Subtotal	**13,280,000**	**14,475,000**

Recent Nonrecurring Items Funded by NER

Department	Item	1997-98	1998-99
Items Funded with NR, that are not Anticipated to Require Additional Funds at this Time			
DACS	Stanley County Agri-Center	50,000	
DACS	Fair and Exhibition Center	1,000,000	
DACS	Haywood County Agri-Center	200,000	
DACS	Local Ag. Fairs Grant Funds		150,000
DACS	Jacksonville-Onslow Farmers' Markets		50,000
DACS	Albemarle Farmers' Markets		50,000
DACS	Local Farmers' Markets Funds		250,000
Labor	Funds for Inf. Highway Site		30,000
Labor	Purchase Library Shelving/Furniture		190,000
DENR	Museum of Forestry	1,000,000	
DENR	Wastewater Treatment System Operator Training	474,795	
DENR	Regional Wastewater Management	1,000,000	
DENR	Federal Wastewater Assistance Matching Funds	4,001,775	4,860,532
DENR	Evaluation of Septic Problems	150,000	
DENR	Federal Water Supply Assistance Matching Funds	9,222,820	2,571,880
DENR	Cape Fear River Assembly	1,500,000	
DENR	Roanoke-Pamlico Estuary System Water Quality	400,000	
DENR	Core Sound Use Mapping	100,000	
DENR	South Mountains Gamelands Funds	5,000,000	
DENR	Junaluska Creek Damage		7,500
DENR	Coastal/Chevron		367,023
DENR	Oregon Inlet Sand Study		100,000
DENR	Isotope Study of Neuse and Cape Fear Rivers		321,000
DENR	Partnership of the Sounds		250,000
DENR	Study Alternative Animal Waste		750,000
DENR	MODMON		720,000
DENR	Upper Neuse River Basin		300,000
DENR	New River Monitoring Funds		50,000
DENR	Museum of Life & Science		400,000
DENR	LLRW Facility Siting Asst. Funds		100,000
DENR	County Recreational Building		50,000
Commerce	Enhance EDIN System	50,000	
Commerce	Industrial Commission - Temporary Positions	100,000	100,000
Commerce	Year of the Mountain	300,000	300,000
Commerce	Special Olympics	600,000	3,000,000
Commerce	Inst. for Aeronautical Tech	1,000,000	4,000,000
Commerce	Upper Coastal Plain COG		150,000
Commerce	Textile Technology		500,000
Commerce	Sotheastern Regional Econ. Development Comm.		225,000
State Aid	Yadkin-Pee Dee Lakes Project	100,000	150,000
State Aid	Jones Economic Development Funds		200,000
State Aid	Duplin Multi-purpose Center Funds		250,000
State Aid	Stanley & Montgomery County Airport Authorities		250,000

Recent Nonrecurring Items Funded by NER

Department	Item	1997-98	1998-99
State Aid	William S. Lee Leadership Institute		2,000,000
State Aid	4-H Clubs/Eastern NC Livestock Arena		600,000
State Aid	Textile Museum		100,000
State Aid	Charlotte/Mecklenburg Development Corp.		1,000,000
State Aid	Mountain Care-Trak System Pilot Project		141,400
State Aid	Town of Chadbourn-Emergency Repairs		400,000
State Aid	NC Global Center		500,000
State Aid	Piedmont Land Conservancy		25,000
State Aid	MCNC		4,500,000
Biotech Center	Bioscience Investment Fund	7,500,000	2,500,000
REDC	Capacity Grants Program		200,000
SIPS	Continue NC Information Highway		6,143,160
	Subtotal	**33,749,390**	**38,802,495**

New Initiatives Started with NR Funds

DACS	Small, Family Dairy Farm Grants	0	1,500,000
DACS	Farmland Preservation Trust Fund		250,000
DACS	Seafood & Aquaculture Marketing		300,000
DACS	Small, Family-Owned Farms Loan Program	0	1,500,000
DENR	Neuse and Tar-Pam River Basin Assistance		75,000
Commerce	Historic Waterfronts Revitalization		400,000
Commerce	NC Progress Board		400,000
	Subtotal	**0**	**4,425,000**
	GRAND TOTAL	**66,504,390**	**72,202,495**

Senate Bills Related to NER

Bill #	Sponsor	Short Title	1999-2000	2000-2001	Priority
7	Odom	Clean NC 2000	?	?	
37	Cochrane, Dannelly	Elderly Housing Funds	2,000,000	2,000,000	
50	Metcalf, Carter	WNC Agricultural Center Funds	4,000,000	0	
66	Soles	Museum of Forestry Funds	1,000,000	0	
67	Soles	Chadbourn Water & Sewer Funds	250,000	0	
84	Jordan	Wilmington Farmers' Market Funds	50,000	50,000	
113	Metcalf, Carter	WNC Farmers Market Funds	1,851,300	0	
163	Martin, R.L.	State Fairground Bldg. Funds	12,640,800	0	
164	Martin, R.L.	NC Technological Dev. Auth. Funds	6,000,000	7,000,000	
180	Hoyle, Forrester	Establish MTN Island State Forest	3,255,581	268,846	
191	Reeves	NC Technological Dev. Auth. Funds	6,000,000	1,500,000	
237	Metcalf, Carter	Colburn Museum Funds	50,000	50,000	
266	Hoyle	Future of Electric Service Funding	Utilities Comm'n and Public Staff Fund		
276	Odom	Grassroots Science Museum Funds	3,250,000	0	
315	Albertson	Center for Env. Farming Funds-2	1,972,862	2,165,962	
316	Albertson	Structural Pest Control Funds-2	390,350	300,950	
317	Albertson	Gypsy Moth Control Funds-2	739,593	726,424	
318	Albertson	Agriculture Info Technology Funds	99,600	29,600	
319	Albertson	Pesticide Disposal Support Funds	209,253	189,053	
320	Albertson	LP Gas Inspection Funds-2	332,998	279,838	
322	Gulley, Lucas	Museum of Life & Science Funds	5,000,000	0	
356	Weinstein	SE Farmers Market Funds	2,000,000	0	
361	Albertson	Motor Fuels Lab Funds	4,910,900	motor fuels earmarking	
362	Albertson	Meat/Poultry Inspection Funds	1,104,720	266,070	
363	Albertson	Ctr. Env. Farming Funds-2	6,037,100	0	
364	Albertson	Oxford Research Station Funds	229,204	212,204	
367	Martin, R.L.	Rural Economic Dev. Ctr. Funds	221,924	228,258	
374	L. Shaw	Economic Development Funds	8,550,000		
382	Jordan, Albertson	Jones Forestry Building Funds	500,000	0	
402	Robinson	Haywood Agricultural Ctr. Funds	500,000	0	
443	Albertson	Duplin Agri. Comm. Ctr. Funds	3,000,000	0	
445	Miller	Poe Health Center Funds	250,000	250,000	
502	Plyler, Purcell	Yadkin/Pee Dee Lakes Project Fund	100,000	0	

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Senate Bills Related to NER

Bill #	Sponsor	Short Title	1999-2000	2000-2001	Priority
507	Lee, Kinnaird	Chatham Funds for Siting Costs	500,000	0	
536	Albertson	Duplin Econ. Dev. Funds	500,000		
545	Hoyle	Tourism Job Training/Funds	260,000	0	
581	Hoyle	Sanitation Program Funds	2,914,916	1,414,916	
631	Wellons, Martin R.L., Cooper	Imagination Station Funds	600,000	0	
634	Wellons, Martin R.L., Cooper	Business Exposition Center Funds	4,000,000		
635	Wellons, Martin R.L., Cooper	Wilson OIC Renovation Funds	550,000	0	
677	Odom	Southern Dairy Compact Cmsn. Fund	1,800,000	0	
679	Warren	Pitt Forestry HQ Funds	345,000		
726	Martin, R.L.	Eastern Ag Atr. Funds	4,000,000	0	
734	Albertson	Agric Finance Loan Funds	3,000,000	0	
737	Martin, Bill	Project Homestead Funds	300,000		
744	Perdue	Tourism, Film & Sports Dev. Funds	8,663,868	8,663,868	
754	Phillips	Farmland Preservation Funds	1,000,000	1,000,000	
771	Kinnaird	Carrboro Farmers Market Funds	25,000	0	
778	Albertson	Sampson Economic Dev. Funds	500,000		
801	Rand	Cape Fear River Basin Research Funds	2,012,000	2,012,000	
809	Reeves	Home Start Funds	2,500,000		
825	L. Shaw	Housing Finance Agency Funds	$25 million in unspent Commerce funds for FY 1998-99		
854	Perdue	State Ports Capital Funds	12,419,000		
856	Perdue	Wilmington Harbor Deepening Funds	5,700,000		
858	Perdue	Pamlico Sound Monitoring/Modeling	1,360,000	635,000	
860	Rand	Museum of Natural Sciences Funds	4,000,000		
886	Cooper	Nash Asst. Forest Ranger Funds	47,820	23,309	
887	Cooper	Housing Finance Agency Funds	$25 million in unspent Commerce funds for FY 1998-99		
889	Phillips	Conservation Trust for NC Funds	150,000	150,000	
891	Metcalf	WNC Revitalization/Planning Funds	150,000		
893	Metcalf	WNC Industrial/Business Funds	250,000		
896	Perdue	Smart Growth	150,000		
903	Lee	NC Progress Board Funds	400,000	400,000	
910	Albertson	Small Familty Farm Study Funds	25,000		
949	Harris	Four Oaks Farmers' Market Study	20,000		
952	Perdue	NC/Israel Partnership Funds	100,000		

NER-22

Senate Bills Related to NER

Bill #	Sponsor	Short Title	1999-2000	2000-2001	Priority
1050	Albertson	Amend Environment/NR Laws	?	?	
1078	Albertson	Ag in the Classroom Funds	100,000	100,000	
1083	Albertson	LP Gas Registration/Training	76,833	84,398	

NOTE - Includes introduced bills related to NER subject matter. This is not an official list of bills referred to NER.

NER-22

House Bills Assigned to NER

				Senate	1999-2000	2000-2001	Priority
26	Clary	Elderly Housing Funds (Housing Finance Agency)	NER	37	2,000,000	2,000,000	
40	Nye	Turnbull State Forest Multi-purpose Center	NER		85,000		
90	Owens	Land Mapping Funds (Matching Grants)	NER			2,000,000	
177	Fox	NC Technological Development Authority	NER	164	6,000,000	7,000,000	
189	Cansler	Tourism 2000 Funds (Commerce)	NER		4,225,000	4,255,000	
203	Nesbitt	Colburn Gem and Mineral Museum (City of Asheville)	NER	237	50,000	50,000	
279	Redwine	ESC Automation Funds	NER		479,644		
305	Nesbitt	Agricultural Finance Authority for Farm Loans	NER		3,000,000		
311	Tolson	Agriculture Info Technology Funds (Similar to HB 340)	NER		99,600	29,600	
335	Hill	Meat & Poultry Inspection Funds	NER	362	1,104,720	266,070	
336	Hill	Center for Env. Farming Funds	NER	315	1,972,862	2,165,962	
338	Hill	Gypsy Moth Control Funds	NER	317	739,593	726,424	
340	Hill	Agriculture Info Technology Funds	NER	318	99,600	29,600	
341	Hill	Structural Pest Control Funds	NER	316	390,350	300,950	
342	Hill	LP Gas Inspection Funds	NER	320	332,998	279,838	
343	Hill	Pesticide Disposal Support Funds	NER	319	209,253	189,053	
344	Hill	Agricultural Research Station (Oxford)	NER	364	229,204	212,204	
347	Easterling	Grassroots Science Museum Funds	NER		3,250,000	3,250,000	
370	Cansler	Funds to Stop Straight Piping	NER		2,100,000	2,100,000	
432	Mosley	Alice Aycock Poe Center for Health Education (Grassroots Sc)	NER		250,000	250,000	
496	Hill	Goodness Grows in NC (Dept. of Agriculture)	NER		200,000	200,000	
497	Hill	Seafood/Aquaculture Marketing (Dept. of Agriculture)	NER		300,000	300,000	
546	Owens	Rural Economic Development Center Funds	NER	367	221,924	228,258	
742	Mitchell	Southern Dairy Compact Commission Funds	NER		1,800,000		

NER-23

Additional House Bills Related to NER

Bill #	Sponsor	Short Title	1999-2000	2000-2001	Priority
982	Hackney	Carrboro Farmers' Market Funds	25,000		
1005	Gillespie	McDowell Forestry Funds	300,000		
1006	Hill	Specialty Crop Funds	997,438	868083	
1024	Hunter	NC Heritage Center Funds	250,000		
1037	Gillespie	WNC Industrial/Business Funds	250,000		
1038	Gillespie	WNC Revitalization/Planning Funds	150,000		
1112	Wright	Wilmington Harbor Deepening Funds	5,700,000		
1115	Wright	State Ports Capital Funding	12,419,000		
1171	Blue	Museum of Natural Sciences Funds	4,000,000		
1185	Mitchell	Equine Anemia Test/Funds	150,000	150,000	
1298	Crawford	Vance Forestry Headquarters Funds	300,000		

NOTE - Includes introduced bills related to NER subject matter. This is not an official list of bills referred to NER.

NER-24

FRD

4/21/99 12:37 PM

Attachment D

NER Agencies

FY 1999-2001 Expansion Budget

Requests

Department of Agriculture and Consumer Services

To: Jennifer Herrera, Fiscal Research

From: Maurice Weaver

RE: Top Priority Expansion Requests

Date: April 12, 1999

Food safety and environmental quality are two of the most critical issues facing this agency, and the people of North Carolina. For this reason, we have chosen to limit agency expansion budget requests to proposals that impact these issues. These are the most urgent and far-reaching proposals facing this agency at this time.

Field Automation/Salmonella Sampling of Meat Products

Total Requirements	$ 893,616	$ 266,070
Estimated Receipts	446,808	133,035
Appropriation	446,808	133,035
Positions	(0)	(0)

In July of 1996 Congress passed the Pathogen Reduction Act with the goal of modernizing the meat inspection system through the incorporation of scientific inspection methods. A companion effort to this initiative is the automation of field personnel through the Field Automation Information Management (FAIM) program. By the use of notebook computers, inspectors will be able to access a vast data base of information detailing every processing plants inspection history, along with the daily inspection tasks and directives developed for that specific plant, based on its inspection history. The automated system will develop an inspection routine for each plant, directing resources to the historically weak points for each plant. The system will also provide inspectors with electronic access to the volumes of regulations that guide the inspection service. This is a vital companion step necessary to convert meat and poultry inspection from the long standing sight and smell technique to the more scientifically based HACCP (Hazard Analysis Critical Control Point) inspection program. This request would provide the equipment, training and communications to support field automation and electronic data transmission.

The Pathogen Reduction Act also mandates the sampling and laboratory analysis of ground meats and carcasses for Salmonella, a pathogenic bacteria. Samples are taken by field inspectors and shipped to the Food and Drug Laboratory in Raleigh. Regulations require analysis of each sample within 24 hours. The only mode of transporting the samples proven to be timely is by commercial courier service. Annual shipping cost approximates $35,000 with USDA paying 50%.

NER-1

Center for Environmental Farming Systems

Total Requirements	$ 993,753	$1,147,853
Estimated Receipts	-0-	-0-
Appropriation	993,753	1,147,853
Positions	(7)	(7)

Concern over the perceived incompatibility of agricultural practices and environmental quality has led the Department of Agriculture and Consumer Services, NC State University and NC A&T State University to establish the Center for Environmental Farming Systems at the Cherry Farm Unit near Goldsboro. This research center will concentrate resources, personnel and equipment to accommodate the multiple research philosophies associated with environmental farming such as no-till, optimized yield, organic and sustainable agriculture. This site was chosen because it affords scientists isolated locations on which to conduct research but also provides concentration sufficient to demonstrate to farmers the relative benefits of each approach without traveling to another research station. Research will be conducted on current crops, ornamental plants, animals, and forest land while identifying and researching other agricultural commodities for diversification. One of the major values in designating a research unit for this use is to qualify for federal and private grant funds earmarked for this purpose. A good example are the funds available through USDA under the SARE (Sustainable Agriculture Research and Education) program. EPA also grants funds for water quality studies on sites of this nature. Personnel and other operating resources are needed to support research and demonstration projects designed to discover and relate to farmers the production techniques most compatible with the environment. Agricultural research in North Carolina is a joint effort of the Department of Agriculture and Consumer Services and North Carolina State University. All research projects are designed and the resulting data evaluated by scientists from NCSU. Department of Agriculture and Consumer Services personnel are responsible for installing and managing research plots and livestock herds at research sites located across the state. Technicians employed by the Department implement projects, control all project variables, manage inputs and, in many cases, gather the research data required by the scientists. This shared approach to research maximizes the limited time available to scientists, allowing them to conduct several research projects simultaneously and avoids using highly trained scientists for manual labor. Department personnel are also responsible for maintenance of all facilities and equipment at each research station.

NER-2

NORTH CAROLINA DEPARTMENT OF LABOR
EXPANSION BUDGET REQUEST - 1999-2001

		1999-00	2000-01
I.	**Receipt-Supported Expansion Items**		
1	***Information Technology:***		
	Central Message Store (provide funds to meet the IRMC policy which requires agencies to connect and store e-mail messages in a central message store maintained by Information Technology Service (ITS) effective 7-1-99).	$ 22,176	$ 22,896
	Document Management System - Provide funds to ***continue*** implementation of the system started in 1998-99. The first year includes costs for design, configuration, installation, test training, and implementation along with software for Database, Jukebox, FAX Scanner, Import Server, and Web Server. The second year costs are primarily for hardware and system maintenance.	$ 300,000	$ 300,000
	Total Information Technology Request	$ 322,176	$ 322,896
	Less: Indirect Cost Receipts	$ 322,176	$ 322,896
	APPROPRIATION	$ -	$ -
2	***Staffing Needs:***		
	Boiler Inspectors - Establish 4 boiler inspector positions to help in the bureau's efforts to ensure all boilers and pressure vessels are safe throughout the state.	$ 235,000	$ 233,417
	Less: Boiler Receipts	$ 235,000	$ 233,417
	APPROPRIATION	$ -	$ -
	Elevator Inspectors - Establish 2 elevator inspector positions to provide additional support in the Raleigh and Charlotte areas.	$ 115,852	$ 109,972
	Less: Elevator Receipts	$ 115,852	$ 109,972
	APPROPRIATION	$ -	$ -
	Total Requirements	$ 673,028	$ 666,285
	Less: Receipts	$ 673,028	$ 666,285
	APPROPRIATION	$ -	$ -
	No. of Positions	6	6

NEA-2

II.	State Appropriation Expansion Items	1999-00	2000-01
1	***Vacant Position Reduction:*** Request that the recommendation to abolish the Applications Analyst Programmer I position in the Governor's proposed budget ***not*** be accepted. This position has been vacant for 12 months through no fault of the department's. It has been advertised numerous times without obtaining a qualified applicant. However, the position is critical to the OSH program and the work is currently being performed by contractual programmers. The annual salary is $44,675 and the position is 100% state funded.	$ 54,668	$ 54,668
2	***Department Travel Funds:*** The 1998 General Assembly increased in-state and out-of-state lodging allowance by $10 without additional state dollars. The amount requested is to provide state appropriations to cover the increase.	$ 25,709	$ 25,709
3	**Staffing Needs:** *Informations and Communications Specialist* - Assist current communications staff in writing, editing, project planning, and media relations duties (i.e. writing the monthly **Labor Ledger**, general informational materials, updating departmental webpage, etc.).	$ 41,013	$ 35,013
4	**Establish Apprentice Program in OSH Compliance:** Request funds for 30 "apprentice" safety officer positions (OSH Compliance Field Reviewer @ $27,833) to help existing safety officers with their duties. The intent would be to train these apprentices and allow them to develop the skills and abilities to fi fill vacant safety officer positions.	$ 1,485,281	$ 1,455,281
	TOTAL APPROPRIATIONS	$ 1,606,671	$ 1,570,671
	No. of Positions	32	32
	TOTAL EXPANSION REQUEST	$ 2,279,699	$ 2,236,956
	LESS RECEIPTS	$ 673,028	$ 666,285
	APPROPRIATION	$ 1,606,671	$ 1,570,671
	POSITIONS	38	38

H-171N

Department of Commerce

Recommended Expansion:

		1999-00	2000-01
1. **Minority Economic Development Programs**			
This recommendation continues funding levels established in the 1998-99 budget on a recurring basis for the following programs:			
Land Loss Prevention Project	($ 350,000)		
NC Coalition of Farm and Rural Families	($ 250,000)		
NC Institute of Minority Economic Development	($1,000,000)		
Minority Support Center	($ 375,000)		
NC Association of Community Development Corps.	($ 275,000)	$ 2,250,000	$ 2,250,000
Total Change for the Department of Commerce		$ 2,250,000	$ 2,250,000
Total Number of Positions		-	-

NER-5

Department of Environment and Natural Resources
1999-2001 Expansion Budget

Mission: To provide leadership, education and advocacy for the responsible stewardship of North Carolina's environment and natural resources.

Vision: North Carolina's abundant natural resources, healthy environment, and vibrant economy make it the best place to live, work, and visit.

Budget Categories

I. Clean Water
   - A. River Basin Management
   - B. Monitoring and Research
   - C. Reduce Non-point (Urban and Agricultural Runoff) Pollution
   - D. Improve Compliance with Water Quality Laws
   - E. Improve Marine Fisheries Management

II. Natural Resources Stewardship

III. Environmental Education Outreach

IV. Regulatory Reform and Customer Service

V. Other Critical needs

Department of Environment and Natural Resources

Governor's Recommended Budget for 1999 Session

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
I.	**CLEAN WATER**			
A.	**RIVER BASIN MANAGEMENT**			
1.	**District Matching Funds**			
a.	Data Management Initiative Enables DENR to implement quality data management practices across the department. The inability to access complete and comprehensive data on key issues is a frequent complaint from customers of DENR as well as the source of frustration of managers and employees of the department. The current system of incompatible databases makes it difficult, if not impossible, to respond to information requests from Legislators, the press, or citizens in a timely manner and does not provide departmental management with the data to understand and control key functions. This request will enable DENR to implement quality data management practices across the department.	Admin	$ 243,464 1 position	$ 243,464 1 position
b.	Information Technology Initiative Continues the implementation of the Marine Fisheries Information Technology Initiative. Prior funding provided the License System Development phase and the Year 2000 non-compliant application redeployments. This request allows the completion of the system design and implementation of the remaining high priority applications including: participant information; Licensing and Appeals; Permits; Trip-Ticket Data Management; Shellfish Leases and Production; Artificial Reef Buoy; Recreational Fishing Surveys; and Biological Data Research and Analysis.	DMF	$ 310,960 1 position	$ 310,960 1 position
c.	ITS Operations Support Provides 1.0 position to reduce response time (currently 30 days) and improve operational efficiency through additional computer support for the many computer-controlled operations at the Zoo.	Zoo	$ 44,253 1 position	$ 44,253 1 position
d.	Management Infrastructure Improvements Provides a data base manager to improve the management of information and databases to help reform the regulatory process. Three important results will be better performance measures to support the Performance Agreement-Key Performance Measures and Targets, an identification of those x-ray and tanning registrants that warrant closer and more frequent inspections, and a lessening of the regulatory burden for the responsible and low-risk x-ray and tanning registrants. Also provides permanent Accounting Clerk III position to assist in collecting and processing receipts from registrants and licensees.	DRP	$ 65,929 2 positions	$ 84,084 2 positions

NER-7

Governor's Recommended Budget for 1999 Session	DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
2. Infrastructure and Data Management Initiatives			
a. State Infrastructure Council/Water/Sewer Database Provides 1.0 position to provide staff support to the State Infrastructure Council, recently created by public referendum and 1.0 position to maintain the Water/Sewer database being transferred from the Rural Center.	DWQ	$ 247,215 2 positions	$ 247,215 2 positions
b. Data Management Initiative Provides funding to continue the modernization of information technology systems in the Division of Water Quality supported during the last legislative session. The initiative will convert existing systems from a language which is obsolete to a format that can allow greater access and use by the public, other agencies and DENR employees.	DWQ	$ 1,136,000	$ 853,000
3. Soil and Water Basin Positions Provides funding to support one position to work within the Tar-Pamlico Basin to reduce nitrogen loading. Current funding by the Tar-Pamlico Basin Association and the USEPA has exceeded the agreed time frame and state action is needed to continue this work on rivers designated as nutrient sensitive.	S&WC	$ 70,000 1 position	$ 70,000 1 position
4. Integrated Water Resources Management Allows the Division of Water Resources to prepare water quantity and water supply information about each river basin into form effective basin water management plans that can guide the state's growth in a more environmentally sound manner. Will allow the state to make wise decisions on all aspects of water quality management, including interbasin transfers, hydroelectric relicensing, water supply allocation, instream flow needs, and regulation of water withdrawals.	DWR	$ 413,450 5 positions	$ 413,450 5 positions
5. Department GIS Coordination Initiative Provides 2 positions to create a comprehensive departmental GIS system and provides 2 positions for the Division of Parks and Recreation to design a GIS system that will serve the Division's needs as well as to share information effectively with others.	Admin	$ 278,669 4 positions	$ 297,252 4 positions
Subtotal for A		**$ 2,809,940**	**$ 2,563,678**
B. MONITORING AND RESEARCH			
1. Recreational Water Quality Monitoring Expansion Expands the recreational water quality monitoring of coastal waters to the remainder of the state, focusing health.	DEH	$ 516,151 6 positions	$ 516,151 6 positions

NER-8

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
2.	Rivers Assessment and Outreach Allows Division of Water Resources to develop a GIS system to manage , analyze and distribute the large amount of data sent in by citizen volunteers and technical work teams who inventory and assess 5,000 miles of rivers and streams in the state. In addition, a full-time person will manage project WET (Water Education for Teachers) to double the number of teachers receiving training in water resources.	DWR	$ 155,877 3 positions	$ 155,877 3 positions
3.	Monitoring Enhancement Funds monitoring enhancement that is essential in providing sufficient and quality information to make both technical and policy decisions for the protection of our water quality, fisheries, and drinking water.	DWQ	$ 1,410,500 9 positions	$ 1,410,500 9 positions
	Subtotal for B		**$ 2,082,528**	**$ 2,082,528**
C.	**REDUCE NONPOINT (URBAN AND AGRICULTURAL RUNOFF) POLLUTION**			
1.	District Matching Funds Funds additional $2,000 to be used as a 50:50 match for each Soil and Water Conservation Districts. Funds are for administrative assistance due to increased responsibility to reduce non-point pollution.	S&WC	$ 200,000	$ 200,000
2.	Conservation Reserve Enhancement Program (CREP) Establishes staff for Conservation Reserve Enhancement Program (CREP). USDA has committed $221 million to enroll cropland and pasture to be set aside for riparian buffers in Chowan, Neuse and Tar-Pamlico river basins and the Lake Jordan watershed. The Clean Water Management Trust Fund provided start-up and the state's 20% match for first year.	S&WC	$ 353,044 4 positions	$ 353,044 4 positions
3.	**Wetlands Restoration**			
a.	Wetlands Restoration Program Assistance Provides funds to handle substantial increase in programs involved in the acquisition of property and conservation easements for the purpose of restoration, enhancement and preservation. The volume of property transactions requests is expected to increase dramatically with the full implementation of the CREP and Wetlands Programs. In order to process these requests and to allow these programs to fulfill their mandates, one position is needed in the State Property Office.	DWQ	$ 114,075 1 position	$ 114,075 1 position

NEP-9

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
b.	Wetlands/Buffer Restoration Establishes funds for wetlands buffers through the Wetlands Restoration Program for projects less than one acre. Funds will restore approximately 120 acres of wetlands and remove approx. 7,500 pounds of nitrogen annually to protect and enhance our water.	DWQ	$ 1,000,000	$ 2,000,000
4.	Coastal Management Representatives Adds staff to handle 56% increase in volume of permit applications since 1991. Staff will better serve the public by coordinating consistent permitting decisions among local, state and federal agencies.	DCM	$ 342,669 4 positions	$ 342,669 4 positions
5.	Sediment Control Plan of Action Continues expansion of field staff to perform erosion and sediment control inspections at commercial and residential development sites to determine compliance with required management practices to minimize impacts of land disturbing activities on water.	DLR	$ 1,010,396 15 positions	$ 1,010,396 15 positions
6.	Soil and Water District Supervisor's Travel Provides additional funds for local Soil and Water Conservation Districts for travel and per diem of district supervisors. The 496 Soil and Water District Supervisors serve as the mechanism for the the delivery of the soil and water conservation program in NC. They are currently reimbursed for a limited number of meetings per year and many pay expenses out-of-pocket to carry out their duties.	S&WC	$ 150,000	$ 150,000
7.	Protect Buffers and Wetlands Provides funds to implement the riparian area (streamside area) protection enacted by the General Assembly to establish a compensatory buffer mitigation program. Provides alternatives to protection of the streamside area if no practical alternative exists to impact the buffer. Also funds positions in the 401 Water Quality Certification project to increase compliance and better protect our water resources..	DWQ	$ 339,467 6 positions	$ 339,467 6 positions
8.	Groundwater Protection Provides funds to characterize Piedmont and Mountain area hydrogeology of aquifers and to begin to develop a long-term groundwater protection effort.	DWQ	$ 566,020 8 positions	$ 700,020 8 positions
	Subtotal for C		**$ 4,075,671**	**$ 5,209,671**

NEP-10

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
D.	**IMPROVE COMPLIANCE WITH WATER QUALITY LAWS**			
1.	Training Environmental Health Specialists Continues annual centralized training programs for new environmental health professionals at the local level resulting in cost savings through coordination of environmental health services across the state and well trained inspectors which help their customers reduce costly mistakes.	DEH	$ 100,000	$ 100,000
2.	Safe Wells Enables Department to work with county health departments to establish local programs. Currently 22 county health departments regulate construction of private drinking water wells.	DEH	$ -	$ 1,538,193 8 positions
3.	On-Site Wastewater Expansion Adds social scientists to On-Site Wastewater Program to better serve the 575 Environmental Health Specialists employed by the local health departments. Also adds an environmental engineer to provide quality assurance for components and devices of septic tank systems.	DEH	$ 362,283 4 positions	$ 362,283 4 positions
4.	Straight Pipe Elimination Expands program to reduce illegal sewage and wastewater discharges directly from straight pipes and from overland flow of failing septic systems in the western part of the state. Focus will be on streams used for public water.	DEH	$ 145,399 2 positions	$ 145,399 2 positions
5.	Pollution Prevention Technical Assistance to Priority Sectors Provides funds for a cost-effective and non-regulatory approach to improve water quality and air quality, to prevent ground water contamination, and to reduce the rate of ground water withdrawal in critically impacted areas. Program focuses on assisting industries during production process to prevent pollution.	DPPEA	$ 252,935 4 positions	$ 252,935 4 positions
6.	Coastal Management Local Permit Program Manager Funds position responsible for ensuring the proper administration for the CAMA minor permit program by providing technical training to local permit staff and assistance to local governments.	DCM	$ 59,053 1 position	$ 59,053 1 position

NER-11

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
7.	Evaluation of Economic Impact of Environmental Programs Funds Economist to prepare economic and cost-benefit analyses under the rulemaking process. This complies with new APA process that requires economic analyses.	DWQ	$ 62,876 1 position	$ 62,876 1 position
8.	Increase Compliance - Restore Water Quality Funds Municipal Compliance Initiatives to assist municipalities in evaluating the entire wastewater system and to provide technical assistance to address their compliance problems.	DWQ	$ 378,929 6 positions	$ 378,929 6 positions
9.	Solid Waste Landfills Funds 2 technical positions to review and evaluate of water quality assessments and corrective measures at solid waste landfills which are potential threats to the waters of the state.	DWM	$ 110,205 2 positions	$ 140,000 2 positions
10.	Hazardous Waste Compliance Funds 1.0 position to assist industry and the community up-front with training workshops and through continual on-site compliance assistance to help increase regulatory awareness and compliance.	DWM	$ 54,600 1 position	$ 70,000 1 position
	Subtotal for D		**$ 1,526,280**	**$ 3,109,668**
E.	**IMPROVE MARINE FISHERIES MANAGEMENT**			
1.	Enhance Maintenance Section Funds maintenance section consistent with recommendation in 1997 Performance Audit of Division to encompass current, immediate, long term and emergency maintenance. Current staff provides minimal maintenance for Division's vessels, aircraft, helicopters, vehicles and heavy equipment. This funding would allow for a program of scheduled, preventative maintenance.	DMF	$ 195,058 3 positions	$ 195,058 3 positions
2.	Administrative Support Addresses State Auditor's performance audit finding that the Division had inadequate internal controls and that its personnel and fiscal management functions should be separated.	DMF	$ 114,451 3 positions	$ 114,451 3 positions

NER-12

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
3.	Fishery Management Plan Program Continues phased in expansion of FMP's to guide coastal fisheries management and to ensure the long-term viability of stocks. Plans are to be developed for 31 commercially and recreationally significant species. Plans are underway for: River Herring, Red Drum, Shellfish, and Blue Crab. Plans must be revised every 3 years.	DMF	$ 672,995 5 positions	$ 1,226,664 15 positions
4.	Coastal Fisheries Habitat Continues phased in expansion to conduct research on the relationship of coastal habitats, water quality and fisheries production and to develop Coastal Fisheries Habitat Protection Plans. Plans must be developed in cooperation with the 3 commissions (CRC, EMC, and MFC) and rules adopted must be consistent with plans to protect habitats and water quality.	DMF	$ 359,988 6 positions	$ 359,988 6 positions
5.	Marine Fisheries Commission Staff and Operations Provides staff for Marine Fisheries Commission and its eight advisory committees created under the 1997 Fisheries Reform Act. Committees assist Commission in development of Fishery Management Plans. Commission and its advisory committees have increased the number of meetings estimated in the fiscal note by 50% in one year.	DMF	$ 217,476 2 positions	$ 217,476 2 positions
	Subtotal of E		**$ 1,559,968**	**$ 2,113,637**
II.	**NATURAL RESOURCES STEWARDSHIP**			
1.	Increase Fire Suppression Capability Funds staff to increase fire suppression activities. Forest fire suppression capabilities in North Carolina has not expanded to provide adequate protection for housing developments intermixed with forest settings.	DFR	$ 95,417 2 positions	$ 95,417 2 positions
2.	State Park Natural Resource Protection and Planning Funds staff to more adequately preserve and protect the valuable natural resources contained within the State Parks System. To be eligible for the State Parks System, the property must have unique natural features. These features must be protected and monitored.	P&R	$ 99,369 2 positions	$ 102,548 2 positions
3.	Improve our Natural Heritage Program Funds natural heritage inventories to provide information and assistance to the public in the conservation of NC's natural heritage. To date 53 counties have been inventoried and information has helped with regional planning and in assessing environmental impacts.	P&R	$ 99,370 2 positions	$ 102,548 2 positions

NER-13

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
4.	Land Use Planning Coordination and Outreach Provides staff to assist local governments in the development and implementation of land use plans and use of planning tools. Planning staff will review state and federal development proposals for consistency with local land use plans. In addition, educational materials on land use planning with be provided to the public.	DCM	$ 76,179 1 position	$ 154,829 3 positions
5.	Buckridge Site Manager Provides on-site management and educational programs at the newly acquired Buckridge Coastal Reserve approx. 18,000 acres in Tyrrell County). With the addition of the Buckridge tract, the Coastal Reserve will more than double the area currently managed by the Division.	DCM	$ 48,426 1 position	$ 48,426 1 position
	Subtotal of II		**$ 418,761**	**$ 503,768**
III.	**ENVIRONMENTAL EDUCATION/OUTREACH**			
1.	Environmental Education Library Grants - Project Tomorrow Establishes grants to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers.	ENV. ED	$ 350,000 1 position	$ 350,000 1 position
2.	**Zoological Park**			
a.	ZooLINC.Educator Expands educational program called "ZooLINC" (Learning about Issues in Natural Resource Conservation) from 5 schools to 10 schools. Program establishes partnerships with elementary schools and assists teachers so that students have a better understanding of ways in which humans, other animals, plants and the environment are interconnected.	Zoo	$ 31,328 1 position	$ 31,328 1 position
b.	Graphics Technician Provides one additional graphics technician to increase the Zoo's ability to develop new signage for animal and plant identification, maintenance of signage, special events and installation, emergency signage such as construction, and educational and programming signage. This work has more than doubled since the opening of the N. American Region in 1995.	Zoo	$ 30,491 1 position	$ 30,491 1 position

NER-14

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
3.	Environmental Education and Safety Increases availability of trained staff during operating hours to increase participation in environmental education opportunities through community outreach programs and hands on learning experiences and provides for a safety officer for the Division.	P&R	$ 158,058 3 positions	$ 158,058 3 positions
	Subtotal of III		**$ 569,877**	**$ 569,877**

IV. REGULATORY REFORM AND CUSTOMER SERVICE

1. CAMA Compliance

b.	CAMA Compliance Technical Assistance Specialist Funds 1.0 position to provide technical assistance strategies and materials as well as training and oversight to Division staff in support of the CAMA minor permitting program to ensure consistency.	DCM	$ 53,653 1 position	$ 53,653 1 position

2. Summary

a.	Water Resources Development and Beach Erosion Response Funds 3.0 positions to allow the Division o adequately handle development projects that have increased from less that 20 in 1993-94 to over 50 projects in 1997-98. The Division will implement a state strategy for beach protection, to increase technical and financial assistance to local governments and to remove dams needed to improve fish habitat.	DWR	$ 159,063 3 positions	$ 159,063 3 positions
b.	Beach Nourishment/Hazard Areas Acquisition Program Funds 2.0 positions to: 1) work cooperatively with the Division of Water Resources in evaluating and setting priorities for beach nourishment projects; 2) establish criteria for a state coastal hazard area acquisition program, and 3) coordinate with the Division of Emergency Management and local governments in identifying coastal high hazard areas and establishing priorities for acquisition.	DCM	$ 103,370 2 positions	$ 103,370 2 positions
c.	Environmental Geologic Atlas for NC Coast Provides funding to perform a basic inventory of geologic environments, resources, processes, and hazards which does not currently exist for most of the coast. The request also includes contract money to videotape the coast before and after hurricane landfall. A coastal geologic inventory is needed to provide information for evaluating hazards, land and water use, emergency responses, permit applications, and quantifying shoreline erosion.	DLR	$ 318,282 3 positions	$ 318,896 3 positions

NER-15

	DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
d. Environmental Geologic Atlas for NC Coast Provides technical assistance and oversight to the Division of Land Resources in their efforts to: 1) develop an environmental geologic atlas for the coast; and 2) generate video footage before and after a hurricane landfall event.	DCM	$25,433	$ 25,500
3. Regulatory and Resource Reinvention Provides two positions to develop and test innovative processes and approaches that provide industry and local governments the tools, flexibility and incentives needed to achieve and exceed compliance, and develop measurement tools to track the effectiveness of the approaches. The request would create a Grants Development position to identify additional resources outside of state government.	Admin/BPA	$ 184,394 3 positions	$ 184,394 3 positions
4. Solid Waste File Room Provides 1.0 position to maintain an up-to-date, orderly and accurate file room for the Division of Waste Management. Currently, temporary employees are being used for this service which provides little continuity and constant training.	DWM	$ 50,000 1 position	$ 50,000 1 position
5. Brownfields Initiative Provides 3 positions for the Superfund Section Inactive hazardous Sites Program to monitor the new privately-supported cleanup programs, implement the recent Brownfields legislation and to address imminent hazards presently affecting NC's citizens.	DWM	$ 215,774 3 positions	$ 490,000 7 positions
6. Plan Review Efficiency Provides funding and 4 positions to centralize review of all plans for franchised and chain food operations, rather than by county health departments. This request will increase efficiency and improve customer service by removing the inconsistencies which industries encounter under individual county review.	DEH	$ 237,259 4 positions	$ 237,259 4 positions
Subtotal for IV		**$ 1,347,228**	**$ 1,622,135**

NEB-14

		DIV.	FY 99-00 (Recurring)	FY 00-01 (Recurring)
V.	**OTHER CRITICAL NEEDS**			
1.	Electronic Mail Initiative Provides funds to comply with the Information Resource Management Commission's (IRMC) recently passed mandate to have a state-wide electronic mail initiative/mandate endorsing consistent and centralized operation of the e-mail message infrastructure by June, 2000.	DENR	$ 73,200	$ 73,200
	Subtotal for V		**$ 73,200**	**$ 73,200**
	TOTALS		**$ 14,463,453**	**$ 17,848,162**
			147.0	171.0

MER-17

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
POSITIONS IN 99-01 EXPANSION REQUEST

Item Number	Classification	FY 1999-2000 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request	FY 2000-2001 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request
A 1 a	Application Development Manager (SER)	1	82	58,113	43,585 *	243,464	1	82	58,113	58,113	243,464
A 1 b	Computing Support Technician I	1	61	20,950	20,950	310,960	1	61	20,950	20,950	310,960
A 1 c	Computer Consultant I	1	71	34,410	34,410	44,253	1	71	34,410	34,410	44,253
A 1 d	Computing Consultant II (SMR)	1	72	37,146			1	72	37,146		
	Accounting Clerk III	1	57	17,726			1	57	17,726		
	Subtotal				36,582 *	65,929				54,872	84,084
A 2 a	Office Assistant IV	1	59	19,329			1	59	19,329		
	Environmental Engineer II	1	75	37,677			1	75	37,677		
	Subtotal				57,006	247,215				57,006	247,215
A 3	Environmental Specialist	1	70	40,685	40,685	70,000	1	70	40,685	40,685	70,000
A 4	Environmental Engineer III	1	77	40,855			1	77	40,855		
	Environmental Engineer II	1	75	37,304			1	75	37,304		
	Environmental Modeler II	1	73	34,069			1	73	34,069		
	Environmental Engineer I	1	73	34,069			1	73	34,069		
	Computer Consultant III	1	74	38,475			1	74	38,475		
	Subtotal				184,772	413,450				184,772	413,450
A 5	Computer Consultant V	1	78	42,734			1	78	42,734		
	Applications Programmer II	1	74	35,632			1	74	35,632		
	Computer Consultant II	1	72	32,983			1	72	32,983		
	Computer Consultant I	1	70	30,338			1	70	30,338		
	Subtotal				86,674 *	278,669				141,687	297,252
B 1	Data Entry Specialist	1	58	20,186			1	58	20,186		
	Environmental Health Program Specialist	5	68	30,458			5	68	30,458		
	Subtotal				172,476	516,151				172,476	516,151
B 2	Computer Consultant II	1	72	32,656			1	72	32,656		
	Environmental Specialist II	1	70	30,038			1	70	30,038		
	Environmental Specialist I	1	67	26,446			1	67	26,446		
	Subtotal				89,140	155,877				89,140	155,877

* Positions are pro-rated for a starting date later than July 1.
Salary amounts do not include fringe benefits.

NER 17 P

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
POSITIONS IN 99-01 EXPANSION REQUEST

Item Number	Classification	FY 1999-2000 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request	FY 2000-2001 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request
B 3	Environmental Specialist II	6	70	30,338			6	70	30,338		
	Chem Tech II	1	65	24,551			1	65	24,551		
	Chem Tech III	1	68	27,833			1	68	27,833		
	Program Assistant IV	1	59	19,329			1	59	19,329		
	Subtotal				253,741	1,410,500				253,741	1,410,500
C 2	Environmental Supervisor II	1	75	37,677			1	75	37,677		
	Environmental Specialist II	1	70	30,498			1	70	30,498		
	Information & Communications Specialist II	1	68	27,833			1	68	27,833		
	Program Assistant IV	1	59	19,329			1	59	19,329		
	Subtotal				115,337	353,044				115,337	353,044
C 3 a	Property Acquistion Analysis	1	75	37,677	37,677	114,075	1	75	37,677	37,677	114,075
C 4	Coastal Management Representative	4	NG	28,048	112,192	342,669	4	NG	28,048	112,192	342,669
C 5	Environmental Engineer II	1	75	37,677			1	75	37,677		
	Environmental Engineer I	6	73	34,410			6	73	34,410		
	Environmental Tech V	6	69	29,022			6	69	29,022		
	Office Assistant IV	2	59	19,329			2	59	19,329		
	Subtotal				413,915 *	1,010,396				456,927	1,010,396
C 7	Environmental Engineer I	2	73	34,410			2	73	34,410		
	Environmental Specialist III	4	72	32,983			4	72	32,983		
	Subtotal				200,752	339,467				200,752	339,467
C 8	Application Analyst Programmer II	1	78	43,161			1	78	43,161		
	Hydrogeologist II	4	74	35,988			4	74	35,988		
	Environmental Chemist II	1	73	34,410			1	73	34,410		
	Environmental Engineer I	1	73	34,410			1	73	34,410		
	Accounting Clerk IV	1	59	19,329			1	59	19,329		
	Subtotal				275,262	566,020				275,262	700,020
D 2	Hydrogeologist II						1	74	35,988		
	Regional Environmental Health Specialist						6	71	34,804		
	Data Entry Specialist						1	58	20,202		
	Subtotal					0				265,014	1,538,193
D 3	Environmental Engineer II	1	75	37,677			1	75	37,677		
	Regional Soil Specialist (Soil Sci. II)	2	71	31,640			2	71	31,640		
	Office Assistant IV	1	59	19,329			1	59	19,329		
	Subtotal				120,286	362,283				120,286	362,283

* Positions are pro-rated for a starting date later than July 1.
Salary amounts do not include fringe benefits.

NEL 176

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
POSITIONS IN 99-01 EXPANSION REQUEST

Item Number	Classification	FY 1999-2000 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request	FY 2000-2001 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request
D 4	Environmental Health Specialist	2	68	30,312	60,624	145,399	2	68	30,312	60,624	145,399
D 5	Environmental Engineer II	4	75	37,304	149,216	252,935	4	75	37,304	149,216	252,935
D 6	Coastal Management Specialist II	1	74	35,632	35,632	59,053	1	74	35,632	35,632	59,053
D 7	Economist II	1	75	37,677	37,677	62,876	1	75	37,677	37,677	62,876
D 8	Environmental Specialist III	3	72	32,983			3	72	32,983		
	Environmental Tech. III	1	65	24,551			1	65	24,551		
	Environmental Engineer I	1	73	34,410			1	73	34,410		
	Environmental Engineer II	1	75	37,667			1	75	37,667		
	Subtotal				195,577	378,929				195,577	378,929
D 9	Hydrogeologist II	2	74	35,632	47,509 *	110,205	2	74	35,632	71,264	140,000
D 10	Waste Management Specialist	1	71	31,327	20,885 *	54,600	1	71	31,327	31,327	70,000
E 1	Section Chief	1	74	35,632			1	74	35,632		
	Marine Mechanic II	1	65	27,607			1	65	27,607		
	Office Assistant IV	1	59	19,138			1	59	19,138		
	Subtotal				82,377	195,058				82,377	195,058
E 2	Personnel Technician III	1	68	27,833			1	68	27,833		
	Office Assistant IV	2	59	19,329			2	59	19,329		
	Subtotal				66,491	114,451				66,491	114,451
E 3	Marine Fisheries Biologist I						5	67	30,301		
	Marine Fisheries Technician III	2	65	24,551			3	65	24,551		
	Marine Fisheries Technician II	3	62	21,781			5	62	21,781		
	Office Assistant IV						1	59	19,329		
	Technical Writer						1	65	24,551		
	Subtotal				133,774	672,995				377,943	1,226,664
E 4	Marine Biologist II	1	70	34,440			1	70	34,440		
	Office Assistant IV	1	59	19,329			1	59	19,329		
	Computing Consultant I (SMR)	1	70	34,411			1	70	34,411		
	Cartographic Technician	1	62	21,781			1	62	21,781		
	Environmental Specialist II	2	70	30,338			2	70	30,338		
	Subtotal				170,637	359,988				170,637	359,988
E 5	Office Assistant III	2	57	17,726	35,452	217,476	2	57	17,726	35,452	217,476

* Positions are pro-rated for a starting date later than July 1.
Salary amounts do not include fringe benefits.

NER-17c

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
POSITIONS IN 99-01 EXPANSION REQUEST

Item Number	Classification	FY 1999-2000 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request	FY 2000-2001 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request
II 1	Forest Fire Equipment Operator (SER)	1	63	26,250			1	63	26,250		
	Pilot II	1	71	31,640			1	71	31,640		
	Subtotal				57,890	95,417				57,890	95,417
II 2	Community Planner II	1	72	32,983			1	72	32,983		
	Environmental Biologist II	1	70	30,338			1	70	30,338		
	Subtotal				47,491 *	99,369				63,321	102,548
II 3	Computer Consultant II	1	72	32,983			1	72	32,983		
	Environmental Biologist II	1	70	34,415			1	70	34,415		
	Subtotal				59,152 *	99,370				67,398	102,548
II 4	Environmental Supervisor	1	73	34,069	34,069	76,179	1	73	34,069		
	Community Planner I						2	70	30,038		
	Subtotal									94,145	154,829
II 5	Fisheries Technician III	1	65	22,696	22,696	48,426	1	65	22,696	22,696	48,426
III 1	Community Development Specialist I	1	70	30,338	30,338	350,000	1	70	30,338	30,338	350,000
III 2 a	Natural Science Curator	1	65	24,555	24,555	31,328	1	65	24,555	24,555	31,328
III 2 b	Artist Illustrator II	1	64	23,595	23,595	30,491	1	64	23,595	23,595	30,491
III 3	Park Ranger II	1	62	27,005			1	62	27,005		
	Park Superintendent I	1	67	35,024			1	67	35,024		
	Safety Officer II	1	68	34,652			1	68	34,652		
	Subtotal				72,511 *	158,058				96,681	158,058
IV 1 b	Coastal Management Specialist III	1	74	35,632	35,632	53,653	1	74	35,632	35,632	53,653
IV 2 a	Environmental Engineer II	1	75	37,304			1	75	37,304		
	Environmental Engineer I	1	73	34,069			1	73	34,069		
	Environmental Specialist III	1	72	32,656			1	72	32,656		
	Subtotal				104,029	159,063				104,029	159,063
IV 2 b	Environmental Specialist II	2	70	30,038	60,076	103,370	2	70	30,038	60,076	103,370
IV 2 c	Geologist II	2	72	32,983			2	72	32,983		
	Geological Technician II	1	61	20,950			1	61	20,950		
	Subtotal				43,458 *	318,282				86,916	318,896

* Positions are pro-rated for a starting date later than July 1.
Salary amounts do not include fringe benefits.

NEW PL 174

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
POSITIONS IN 99-01 EXPANSION REQUEST

Item Number	Classification	FY 1999-2000 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request	FY 2000-2001 Number Positions	Salary Grade	Annual Salary	Total Salary	Total Request
IV 3	Environmental Engineer II	1	75	37,677			1	75	37,677		
	Economist II	1	75	37,677			1	75	37,677		
	Admin. Officer III	1	72	32,983			1	72	32,983		
	Subtotal				108,337	184,394				108,337	184,394
IV 4	Public Information Assistant IV	1	59	19,138	12,759 *	50,000	1	59	19,138	19,138	50,000
IV 5	Environmental Engineer II	2	75	37,677			4	75	37,677		
	Hydrogeologist II	1	74	35,988			3	75	35,988		
	Subtotal				74,228 *	215,774				258,672	490,000
IV 6	Environmental Engineer I	2	73	34,069			2	73	34,069		
	Environmental Engineer II	1	75	37,304			1	75	37,304		
	Office Assistant	1	59	19,138			1	59	19,138		
	Subtotal				124,580	237,259				124,580	237,259
	Total	**147**			**4,266,689**	**11,778,820**	**171**			**5,283,515**	**14,446,462**

* Positions are pro-rated for a starting date later than July 1.
Salary amounts do not include fringe benefits.

NER - 17

Attachment E

N C ZOOLOGICAL PARK

DATE: April 15, 1999

MEMORANDUM

TO: Jane Smith

FROM: Mary Joan Pugh MJP/jp

RE: Expansion Budget Questions

1. **ZooLINC Schools** -The following is the list of five schools participating in the ZooLINC Program:

- Davis Elementary in Columbia (Hyde County)
- Claxton Elementary and Irving Park Elementary in Greensboro (Guilford County)
- Teachey Elementary in Asheboro
- Seagrove Elementary in Seagrove (Randolph County)

2. **Graphic Technician** – The Zoo has over 2,500 permanent signs including directional, interpretive and interactive spread over 500 acres with a replacement value of $2 million. This signage is a critical link in relaying exhibit, environmental and educational information to visitors. With the opening of the North America region in 1995, the signage workload doubled and the staff remained at one graphic technician. The signage fell in such disrepair that a part-time temporary graphic technician was hired in February 1998 at an annual cost of $16,650. This temporary was funded with funds currently in the temporary wages line item, that normally would have been used to hire temporary employees in visitor services activities at the Zoo. With the aid of the temporary employee, the installation and maintenance of smaller signage was achieved as well as the design of temporary signage for special events and exhibit changes. The sign contractors continue to perform the fabrication of permanent and temporary signage and the installation and maintenance of large signage. If we had to outsource only the installation and maintenance work currently performed by the temporary employee, it would cost $24,000 ($25 per hour for 20 hours per week). Since temporary positions are not reliable sources of labor due to turnover, the Zoo needs a permanent graphic technician position to ensure that its large investment in signage, which is so essential in informing visitors, is maintained properly. The temporary funds currently being used are needed in order to hire temporaries in the visitor services activities of the Zoo.

CC: Sherri Evans-Stanton
Dewey Botts
J.W. Reel
Richard Rogers

April 16, 1999

Division of Water Resources

In the piedmont and mountain regions of North Carolina, the effects of ground water withdrawals are localized. No significant influences on North Carolina have been detected related to withdrawals in other states. In the coastal plain, ground water withdrawals can influence water levels over hundreds of square miles and interstate effects are an issue.

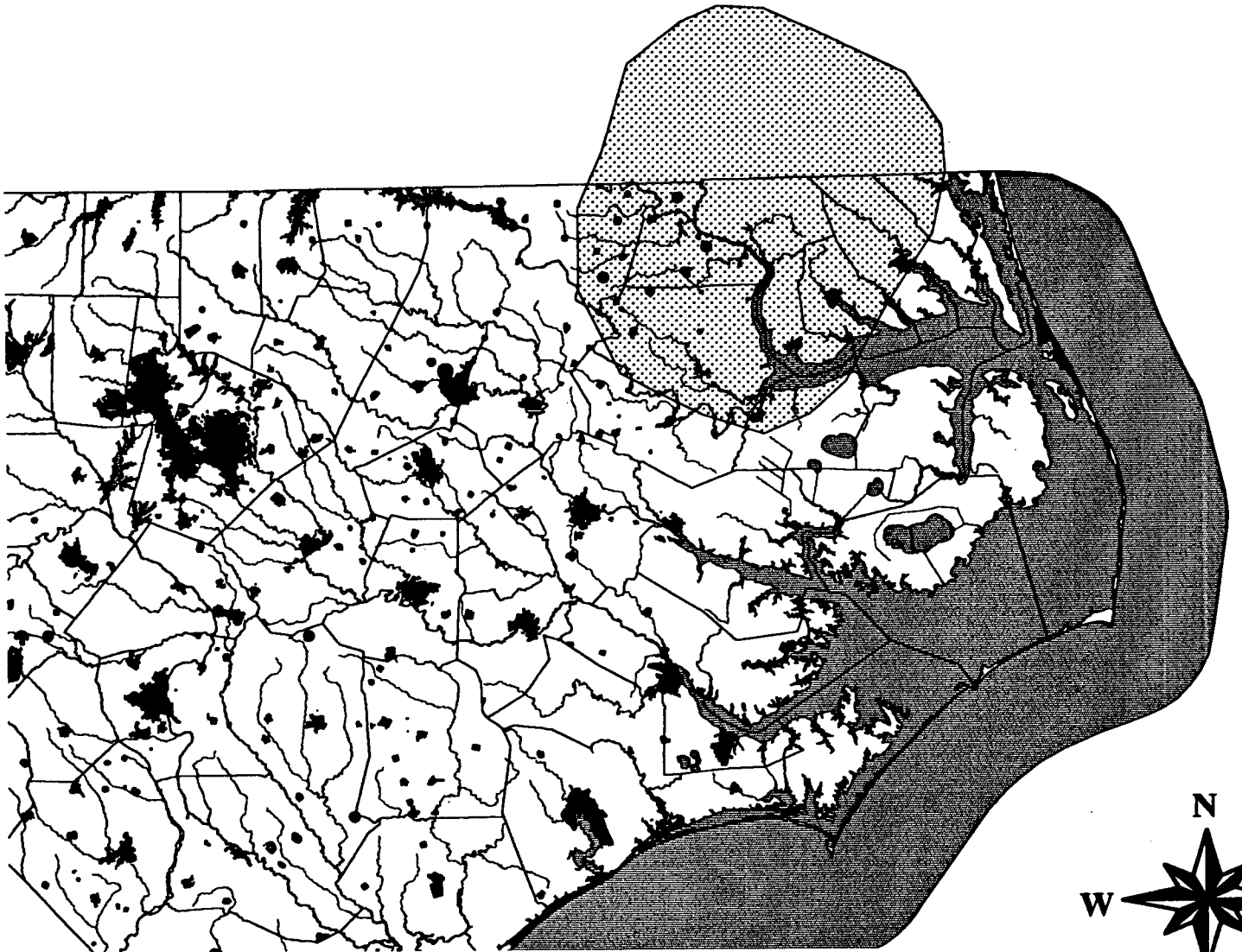
Virginia

Ground water levels in northeastern North Carolina have been influenced by major pumping centers near Franklin, Chesapeake and Suffolk, Virginia for many years. In the past five years, water level declines in the Upper and Lower Cape Fear aquifers in Bertie, Camden, Chowan, Currituck, Gates, Hertford, Northampton, Pasquotank, and Perquimans Counties have begun to slow. This suggests that these aquifers are equilibrating to the pumping stresses. The Division's ground water research in northeastern North Carolina is attracting the attention of our Virginia counterparts eager to understand their aquifer system better. There are the beginnings of a good working relationship. This is a recovery from little to no dialog between us as a result of the Lake Gaston pipeline litigation.

South Carolina

Work on our mutual monitoring well networks seems to have drawn together the Division and our counterparts in South Carolina. Just recently, we have come to a new understanding concerning the monitoring and maintenance of a set of wells near Calabash, North Carolina. The Division hopes this leads to a productive sharing of valuable monitoring data and hydrogeologic framework information as we turn our attention towards declining ground water levels in the Southern Coastal Plain. Ground water levels in the Upper Cape Fear aquifer are declining at rapid rates in Bladen, Robeson and Columbus counties. As we begin our study of this issue, South Carolina's help will be necessary for good regional ground water management.

Influence on North Carolina Ground Water Levels from Franklin, Virginia Withdrawals



R-266

Questions From Expansion Review - DEH

1. Aren't some areas doing their own recreational lake water quality monitoring? No local health departments that we are aware of have a routine monitoring program for beaches on rivers, lakes, quarries or other natural bathing areas. The particular county, Iredell, that Rep. Mitchell reported as having a program told me that they have no program when I called and asked them. After NER raised this issue, I sent an email to all local health departments asking if they had a program. To date, no county reports having one. Some counties will initiate sampling at a beach if an illness is reported to be associated with it. This type of sampling is a part of an outbreak investigation and is quite different from routine monitoring, which seeks to predict and correct problems before people are harmed.

2. What does our recreational water quality monitoring staff do during the winter / What will the new staff do? They analyze data from samples collected during the summer, conduct sanitary surveys in areas where problems were identified to determine the cause of the contamination and initiate corrective actions, they collected samples at a reduced frequency and they assist in the shellfish sanitation program which gets behind due to assistance the shellfish staff provides to the recreational water quality program during peak swimming months. We propose that the new positions needed to expand the program statewide will participate in these same activities. The assistance they will render to the shellfish program will include visiting fish markets where raw shellfish is sold to assure that the operators are familiar with the risks associated with consumption of raw shellfish (vibrio vulnificus) and that our required warning signs are posted (the local health departments do not inspect fish markets) and training local health department employees related to the shellfish and recreational water quality programs.

to conduct the audit. The audit shall be performed in accordance with G.S. 159-34. The same method of distribution of funds described above shall apply when one or more counties of a district health department withdraw from a district.

(d) Upon dissolution or withdrawal, all rules adopted by a district board of health shall continue in effect until amended or repealed by the new board or boards of health. (1971, c. 858; 1975, c. 396, s. 2; c. 403; 1983, c. 891, s. 2.)

§ 130A-39. Powers and duties of a local board of health.

(a) A local board of health shall have the responsibility to protect and promote the public health. The board shall have the authority to adopt rules necessary for that purpose.

(b) A local board of health may adopt a more stringent rule in an area regulated by the Commission for Health Services or the Environmental Management Commission where, in the opinion of the local board of health, a more stringent rule is required to protect the public health; otherwise, the rules of the Commission for Health Services or the rules of the Environmental Management Commission shall prevail over local board of health rules. However, a local board of health may not adopt a rule concerning the grading, operating, and permitting of food and lodging facilities as listed in Part 6 of Article 8 of this Chapter and as defined in G.S. 130A-247(1), and a local board of health may adopt rules concerning wastewater collection, treatment and disposal systems which are not designed to discharge effluent to the land surface or surface waters only in accordance with G.S. 130A-335(c).

(c) The rules of a local board of health shall apply to all municipalities within the local board's jurisdiction.

(d) Not less than 10 days before the adoption, amendment or repeal of any local board of health rule, the proposed rule shall be made available at the office of each county clerk within the board's jurisdiction, and a notice shall be published in a newspaper having general circulation within the area of the board's jurisdiction. The notice shall contain a statement of the substance of the proposed rule or a description of the subjects and issues involved, the proposed effective date of the rule and a statement that copies of the proposed rule are available at the local health department. A local board of health rule shall become effective upon adoption unless a later effective date is specified in the rule.

(e) Copies of all rules shall be filed with the secretary of the local board of health.

(f) A local board of health may, in its rules, adopt by reference any code, standard, rule or regulation which has been adopted by any agency of this State, another state, any agency of the United States or by a generally recognized association. Copies of any material adopted by reference shall be filed with the rules.

(g) A local board of health may impose a fee for services to be rendered by a local health department, except where the imposition of a fee is prohibited by statute or where an employee of the local health department is performing the services as an agent of the State. Notwithstanding any other provisions of law, a local board of health may impose cost-related fees for services performed pursuant to Article 11 of this Chapter, "Wastewater Systems," for services

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performed pursuant to Part 10, Article 8 of this Chapter, "Public Swimming Pools", and for services performed pursuant to Part 11, Article 8 of this Chapter, "Tattooing". Fees shall be based upon a plan recommended by the local health director and approved by the local board of health and the appropriate county board or boards of commissioners. The fees collected under the authority of this subsection are to be deposited to the account of the local health department so that they may be expended for public health purposes in accordance with the provisions of the Local Government Budget and Fiscal Control Act. (1901, c. 245, s. 3; Rev., s. 4444; 1911, c. 62, s. 9; C.S., s. 7065; 1957, c. 1357, s. 1; 1959, c. 1024, s. 1; 1963, c. 1087; 1973, c. 476, s. 128; c. 508; 1977, c. 857, s. 2; 1981, c. 130, s. 2; c. 281; c. 949, s. 4; 1983, c. 891, s. 2; 1985, c. 175, s. 1; 1989, c. 577, s. 2; 1991 (Reg. Sess., 1992), c. 944, s. 10; 1993 (Reg. Sess., 1994), c. 670, s. 2; 1995, c. 507, s. 26.8(c).)

Effect of Amendments. — The 1995 amendment, effective January 1, 1996, in the last sentence of subsection (b) added "operating" following "grading", and added "and as defined in G.S. 130A-247(1)".

CASE NOTES

Rule Making Powers. — A board of health acts within its rule making powers when it enacts a regulation which (1) is related to the promotion or protection of health, (2) is reasonable in light of the health risk addressed, (3) is not violative of any law or constitutional provision, (4) is not discriminatory, and (5) does not make distinctions based upon policy concerns traditionally reserved for legislative bodies. City of Roanoke Rapids v. Peedin, 124 N.C. App. 578, 478 S.E.2d 528 (1996).

Limited Powers. — County boards of health and other administrative agencies, being creatures of statute, have only such powers as are conferred upon them by statute, either expressly or by necessary implication. Champion v. Vance County Bd. of Health, 221 N.C. 96, 19 S.E.2d 239 (1942), decided under former statutory provisions.

Powers Exceeded. — Enactment of county smoking rules exceeded the general limitations imposed upon rule making powers of boards of health. City of Roanoke Rapids v. Peedin, 124 N.C. App. 578, 478 S.E.2d 528 (1996).

Findings of Board Not Final. — The finding of the county board of health that the maintenance of a cemetery upon the watershed is a nuisance to the public health has not the same force as the positive declarations of statute, and it may be shown in answer to a notice to show cause why an injunction should not be continued to the final hearing that the particular cemetery, as maintained, was not a nuisance entitling the plaintiff to injunctive relief. Board of Health v. Lewis, 196 N.C. 641, 146 S.E. 592 (1929), decided under former statutory provisions.

Applied in Gray v. Laws, 51 F.3d 426 (4th Cir. 1995).

Stated in Houck & Sons v. Transylvania County, 852 F. Supp. 442 (W.D.N.C. 1993), aff'd, 36 F.3d 1092 (4th Cir. 1994).

OPINIONS OF ATTORNEY GENERAL

For opinion that a local board of health may not regulate the production, processing and distribution of "Grade A" fluid milk and milk products, see opinion of Attorney General to Stacy Covil, Head, Sanitation Branch, Division of Health Services, 50 N.C.A.G. 42 (1980), rendered under former § 130-17.

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April 16, 1999

MEMORANDUM

To: Mona Moon

From: Coleen Sullins Greg Thorpe for

Subject: Response to Questions at NER Meeting

Dear Ms. Moon,

In response to the questions raised by Representative Carpenter in the NER Budget meeting on the grant provided for the Cullasaja River project, please find attached a description of the process used to approve the proposal and a description of the project. If you have any questions, please contact Greg Thorpe at 919/733/5083 ext: 557.

Attached also find 25 copies of the maps requested. If you have any questions on these maps, please call Jimmie Overton at 919/733/9960.

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Response to Concerns Regarding Cullasaja River Project (Funded Through Federal Clean Water Act Section 319 Incremental Funding):

This project was one of 19 applications for our first year of Section 319 "incremental funding" . Incremental funding was appropriated by the US EPA under the federal Clean Water Action Plan (CWAP). These "incremental" funds were provided by EPA to the States as additional 319 moneys for this fiscal year, and EPA required unusually short administrative turnaround times for funding projects with these moneys. Since EPA wanted an incremental workplan from the state in a short period, the Division of Water Quality and the Natural Resource Conservation Service (NRCS) of USDA reviewed and selected the projects as thoroughly and expeditiously as possible, in order not to jeopardize the distribution of these funds to appropriate projects. Both NRCS and DWQ played a major role in crafting the state's Unified Watershed Assessment (UWA) required under the CWAP. Since these funds were being distributed by EPA as part of an effort to fund projects under the CWAP, NRCS and DWQ both played a major role in the review and selection of the projects being proposed for funding.

Justification for bioengineering costs per foot for the Cullasaja River Project:

Stream restoration for this project is estimated at $210,000, which translates into a cost of $75 per foot of stream restored. This includes labor for sloping the bank, purchasing and planting vegetation, bioengineering subcontractor's fee, permit fees, and bioengineering supplies, such as coconut fiber blankets. The estimate does not cover the total cost of the project; landowners will be paying 25% of the costs of installation. The bioengineering subcontractor for this project has done work for NC DOT and NC Wetlands Restoration Program in the Little Tennessee area recently, and total costs for those projects have been between $110 and $115 per foot. The contractor estimates plant materials alone to be approximately $20 per foot. Conversations with a Macon County NRCS employee familiar with stream restoration confirm this information.

Stream restoration tends to be much more expensive than mere streambank stabilization. Restoration involves putting natural sinuosity and meander back into the streambed in order to return the stream to a state that will reduce erosion and endure storm events. Work of this type on a stream involves comprehensive analysis of the area by someone who has extensive expertise in stream dynamics. This is labor intensive and may call for more hard engineering, such as installing rock gabions (rip-rap baskets) to stabilize the toe of a slope before biological engineering techniques can be applied. Streambank 'stabilization', in contrast to 'restoration', is a simple repair of a small area of degraded bank, whereas stream restoration may entail a very large area.

An overview of the Cullasaja River Project is attached, for your information.

Cullasaja River Project Overview:

The Cullasaja River Watershed (HU# 06010202020, high priority Category 1) is located in southern Macon County and is part of the Little Tennessee River Basin. Although point sources of pollution exist, many of the problems are due to NPS pollution, principally sediments and nutrient. The four-laning of all the major highways entering the county, has accelerated the pace of flood plain development and loss of riparian buffers. Macon is now the fastest growing of the mountain counties, with a 15% increase in population between 1990 and 1996.

The upper Cullasaja River above Mirror Lake at Highlands (from its source to SR 1545, a distance of approximately 4.8 miles), has a use rating of NS or not supporting its classified uses. Impairment is due to non-point source pollution. Areas of high population growth accompanied by accelerated urbanization surround this portion of the river. According to the Basinwide Water Quality Management Plan the non-point sources of pollution in the upper watershed are likely stormwater runoff, construction sites, numerous golf courses and roads. The construction process and poor access road design are thought to be significant causes of erosion. As roads are graded, the spoil is placed in roadside ditches and carried to streams through runoff. Many private drives have 19% slopes, even though 12% is considered to be the maximum permissible slope in sound engineering design. The steep slopes and thin soils found in this area make this region particularly vulnerable to land disturbances.

Further downstream from SR 1545 (approximately æ miles below the Sequoyah Dam in Highlands), the river has a ST or support threatened status. This status is likely as a result of development activities, fertilizers, and pesticide application from surrounding golf courses and urban runoff from residential areas. The project will restore degraded features of the river throughout the watershed and protect it from further digression.

The funds will provide for streambank stabilization and riparian restoration over a three-year period (May 1, 1999 through September, 2001) on 2800 feet of the Cullasaja River (Subbasin 04-04-01), which is becoming a highly developed river in the Little Tennessee River Basin. Funding will be setup for a 75/25 percent cost-share program. The cost-share is set-up so that Save Our Rivers, using the 319 grant, will pay 75% of the project and the landowner pays 25% of the total costs. Successfully managing non-point source (NPS) pollution requires not only knowledge of science and technology, but also an understanding of the local resources and economy. Although there are some general management guidelines, there is no one single technique for controlling NPS pollution. The most efficient and effective solutions will be site-specific. Formulating solutions often requires cooperation between different parties; each group contributing to the solution.

Streambank stabilization and riparian restoration along the river will be administered by Save Our Rivers in collaboration with the USDA Natural Resources Conservation Service, the North Carolina Wildlife Resources Commission, Trout Unlimited and other key partners. Activities will include:

1. Restoration project areas will be stabilized using bioengineering methods. The banks will be sloped to necessary ratios to contend with storm flows. Coconut fiber blankets will be placed on the banks for stabilization until the vegetated root system becomes established.

2. Riparian restoration techniques are based on continuous riparian zone exclusion and natural revegtation. Restoration usually occurs in conjunction with streambank stabilization projects. And being a supporter of the Southern Appalachian Native Plant Initiative (SANPI), we will plant only native species in the revegetation of riparian areas.

Attachment F

NER Proposed Budget Actions - 1999 Session

NER Target Allocation: $290,000,000

NER Net Availability: ($5,570,328)

		1999 - 2000		2000-2001	
		Recurring $	Nonrecurring $	Recurring $	Nonrecurring $
Dept.	**Committee Actions/Proposed Items**				
HFA	Housing Trust Fund	2,000,000		2,000,000	
Ag	DVS Vacant Position - Animal Health Technician I	(41,865)		(41,865)	
Ag	Res. Stat. Vacant Position - Agricultural Research Assistant III	(30,325)		(30,325)	
Ag	Field Automation/Salmonella Sampling of Meat Products	133,035	313,773	133,035	
Ag	Small, Family Farms Marketing/Promo		50,000		
Ag	Goodness Grows in NC	200,000		200,000	
Ag	Southern Dairy Compact Funds		500,000		
Ag	Seafood & Aquaculture Mktg.		300,000		
Ag	Small, Family Farms Loan Program		750,000		
Labor	Comm. Off. Vacant Position - Processing Assistant III	(25,338)		(25,338)	
Labor	OSH Vacant Position - Applications Analyst Programmer I	(54,668)		(54,668)	
DENR	DFR Vacant Position & Salary Reserve	(51,966)		(51,966)	
DENR	DFR - Defer helicopter replacement	(2,100,000)			
DENR	DPR Vacant Position - Office Asst. III	(22,948)		(22,948)	
DENR	DWQ Vacant Positions	(78,495)		(78,495)	
DENR	Museum Vacant Position & Salary Reserve	(44,810)		(44,810)	
DENR	DEH Vacant Position - Environmental Technician III (0.50 FTE)	(16,225)		(16,225)	
DENR	Admin Vacant Positions	(12,970)		(12,970)	
DENR	DMF Vacant Position - Research Vessel Crew Member	(25,555)		(25,555)	
DENR	Environmental Education Grants		200,000		
DENR	WRC - Beaver Control Program	500,000		500,000	
DENR	Food Sanitation Training		100,000		
DENR	Expand Natural Heritage Program		50,000		
Com	CET Vacant Position - Deputy Director	(68,669)		(68,669)	
Com	B & I Vacant Position - Program Assistant IV	(27,646)		(27,646)	
Com	Industrial Recruitment Comp. Fund	3,000,000		3,000,000	
Com	Rural Tourism Grants Program		300,000		
Com	Tourism - Advertising & Marketing	2,000,000		2,000,000	
Com	B&I - Marketing and Trade missions	250,000	250,000	250,000	

NER Proposed Budget Actions - 1999 Session

NER Target Allocation: $290,000,000 **NER Net Availability: ($5,570,328)**

		1999 - 2000		2000-2001	
		Recurring $	Nonrecurring $	Recurring $	Nonrecurring $
Dept.	**Committee Actions/Proposed Items**				
St. Aid	Land Loss Prevention Project	350,000		350,000	
St. Aid	Coalition of Farm & Rural Families	250,000		250,000	
St. Aid	Institute of Minority Econ Development	1,000,000		1,000,000	
St. Aid	NC Minority Support Center	375,000		375,000	
St. Aid	TDA	2,000,000	1,500,000	2,000,000	
St. Aid	NC Association of CDCs	200,000		200,000	
St. Aid	Yadkin-Pee Dee Lakes Project		100,000		
Biotech	-				
REDC	Supplemental Funding Program		3,000,000		
REDC	Admin to implement Bond Bill	200,000		200,000	
SIPS	-				
	SUBTOTAL of Δ's	9,856,555	7,413,773	11,956,555	0

NER Target	290,000,000
Con't/Base Budget	278,300,000
Committee Actions (R & NR)	17,270,328
NER Revised Total	295,570,328
Availability	**(5,570,328)**

VISITOR REGISTRATION SHEET

NER
Name of Committee

4.22.99
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Dianne Reading	Forestry - ENR
Linda Sewell	DEH, DENR
Joe McCleas	TDA
Katie Early	NC REAL Enterprises
Wilda Blenny	NC Dept of Ag & CS
Maurice Weaver	NC Dept of CS
Becky Brown	Labor
Dana Cope	"
Buck Lattimore	NC Industrial Commission
David Horton	State Planning
J W Reel	OSBM
Shelle Hevie	"
Johnny Grim	"
Bill Lowe	NC Justice Center

VISITOR REGISTRATION SHEET

NEA
Name of Committee

4-22-97
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Lyle Aycock	Commerce
Anita McNeil	DENR
Jane Smith	DENR
R Rogers	DENR
Michael Williamson	DENR
Sherrill Harris	DENR
Kathryn Sawyer	Commerce
Beckie Street	PPAB

Minutes

House Appropriations Subcommittee on

Natural and Economic Resources

May 11, 1999 – 8:30 a.m.

The House Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, May 11, 1999 at 8:30 a.m. in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Stan Fox, Chair; Bill Owens, Chair; Edith Warren, Vice Chair; Rex Baker, Jim Carpenter, Arlie Culp, Frank Mitchell, Carolyn Russell, Joe Tolson, and Nurham Warwick.

Representative Stan Fox, House Chair, called the meeting to order. He stated the subcommittee would hear bills assigned to it, and he asked those explaining bills to be as brief as possible. No votes will be taken today, and we have not set a $ figure. A priority sheet has been provided each member for priority ratings.

The Chair called upon Representative Jane Mosley to explain HB 432 POE HEALTH CENTER FUNDS. She introduced Pam Kohl, Executive Director, Julie McQueen, Director of Education, Board Member and Past President Arlene Pike, and Karen Sigmon who is the Health Educator for the Poe Health Center. She introduced the bill because it addresses important health issues. Fifty-seven counties have participated in preventive education at the center. Two-thirds of all preventable deaths in NC are related to nutrition, tobacco and physical activity. NC ranks 49th in US for adults getting adequate physical activity. Prime time health for women is very important for low-income women. Health education screening and free mammograms are a part of the bill. Skin cancer and health fair screening, and Reach for Health target at risk youth. Innovative education prevents drug abuse, teen pregnancy and violence and health education through health fairs, churches, health departments, schools and community centers benefit large numbers of people. Representative Mitchell asked where do other funds come from in the total budget, and Representative Mosley stated kids pay $2.50 each - which would cost them $12. Ms. Pam Kohl stated total budget is $625,000 per year. Some funding comes from admission fees (about 50,000 program participants yearly) and rest of money comes from fundraisers and grants. Center is private non-profit.

Representative Joe Tolson explained HB 311-INFO TECH IMPROVEMENTS FUNDS. Bill is requested to help the Agriculture Department update their information technology process. The department is trying to get all their computers and software alike so they can communicate within the department more effectively.

Representative Dewey Hill explained the following bills:

HB 335-MEAT AND POULTRY INSPECTION FUNDS. The bill appropriates funds for the Meat and Poultry Automated Field Operations for inspections and salmonella tests.

HB 336-CENTER FOR ENVIRONMENTAL FARMING FUNDS/AB. The bill would provide funds for the Center for Environmental Farming Systems at the Cherry Farm Unit near Goldsboro.

HB 338-GYPSY MOTH CONTROL FUNDS/AB.

HB 341-STRUCTURAL PEST CONTROL FUNDS.

HB 342-LP GAS INSPECTION FUNDS/AB. Representative Baker asked what is inspected and Mr. Maurice Weaver, Deputy Commissioner, Department of Agriculture and Consumer Services, stated safety inspections are for LP gas installations.

HB 343-PESTICIDE DISPOSAL SUPPORT FUNDS/AB. Representative Culp asked if the one time money in bill is non-recurring money and Mr. Weaver stated it is continuing money. Representative Carpenter asked if the Agriculture Department did not sponsor this what would the counties do, and Mr. Weaver said some larger counties would have the program but the more rural counties would not. Representative Carpenter asked if there is an alternative, and Mr. Weaver said private enterprise would not be economical.

HB 344-AGRICULTURE RESEARCH STATION FUNDS/AB. Representative Baker asked what would the funds be used for, and Mr. Weaver stated the Research Station at Oxford has been joint with USDA and NCDA for a number of years. USDA has decided not to put any more research into tobacco, and this is principally a tobacco research station. The facilities owned by USDA will be leased to us on a long-term basis. In past USDA paid all utilities and maintained the facilities, but under the lease arrangement we will have to put up the operating support. This will give us offices, research area, laboratory space, greenhouse and shop space. Representative Baker asked if this is not approved what would happen, and Mr. Weaver said we would not walk away, and funds will have to be pulled from other research efforts in that program.

HB 496-GOODNESS GROWS IN NC FUNDS. This is Representative Hill's favorite program.

HB 497-SEAFOOD/AQUACULTURE MARKETING FUNDS.

Representative Hill thanked the subcommittee for hearing his bills. Representative Baker asked about HB 340-AGRICULTURE INFO TECHNOLOGY FUNDS/AB. Representative Hill stated this was an identical bill to HB 311 explained earlier by Representative Tolson.

HB 1006-FUNDS FOR SPECIALTY CROPS.

Representative Hill thanked the subcommittee for hearing his bills.

Chair Stan Fox explained HB 1333-BEAVER CONTROL FUNDS. We are asking for same amount as in the past. The Federal Government has put in $25,000 prior to this year, and they will put in $50,000 starting this year. Representative Russell asked if the control methods we are currently using are not good enough to keep up with problem. Mr. Weaver stated Tom Ellis is the beaver expert, and we can ask him to respond to this question.

Representative Frank Mitchell explained the following bills:

HB 742-SOUTHERN DAIRY COMPACT CMSN.FUNDS. We have been waiting on Congress to take action and the last report was Congressmen Burr and Price introduced the bill last week. If Congress does pass the bill NC has an opportunity to join the Southern Dairy Compact and with this bill's funds NC will be the lead state. We will get these funds back and the figure you are looking at - $1.8 million has been reduced to $500,000. Funds will go to setting up office in NC.

HB 1185-EQUINE ANEMIA TESTS/FUNDS. The Department of Agriculture highly recommends this bill. NC is getting a reputation as a dumping ground for horses, and these funds will go for the equine anemia tests.

Subcommittee members were asked to turn in priority rating sheets to staff. The meeting adjourned at 9:00 am to reconvene on May 12, 1999 at 8:30 a.m. to continue hearing the bills.

Respectfully submitted,

Stan Fox
Representative Stan Fox, Chair

Mary Capps
Mary Capps, Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, May 11, 1999
Rep. Stan Fox, Presiding

1. **Chairman's Comments**

2. **Members' Bills**

H 26	ELDERLY HOUSING FUNDS
H 40	TURNBULL STATE FOREST FUNDS
H 90	LAND MAPPING FUNDS
H 177	NC TECHNOLOGICAL DEV. AUTH. FUNDS
H 189	TOURISM 2000 FUNDS
H 203	COLBURN MUSEUM FUNDS
H 279	ESC AUTOMATION FUNDS
H 305	AGRIC. FINANCE LOAN FUNDS
H 311	INFO TECH IMPROVEMENTS FUNDS
H 330	N.C. WORKFORCE DEVELOPMENT
H 335	MEAT AND POULTRY INSPECTION FUNDS
H 336	CENTER FOR ENV FARMING FUNDS
H 338	GYPSY MOTH CONTROL FUNDS
H 340	AGRICULTURE INFO TECHNOLOGY FUNDS
H 341	STRUCTURAL PEST CONTROL FUNDS
H 342	LP GAS INSPECTION FUNDS
H 343	PESTICIDE DISPOSAL SUPPORT FUNDS
H 344	AGRICULTURE RESEARCH STATION FUNDS
H 347	GRASSROOTS SCIENCE MUSEUM FUNDS
H 370	FUNDS TO STOP STRAIGHT PIPING
H 432	POE HEALTH CENTER FUNDS
H 496	GOODNESS GROWS IN NC FUNDS
H 497	SEAFOOD / AQUACULTURE MARKETING FUNDS
H 546	RURAL ECONOMIC DEV. CTR. FUNDS
H 742	SOUTHERN DAIRY COMPACT CMSN FUNDS

3. **Committee Discussion**

4. **Adjourn**

APPROPRIATIONS / Subcommittee on Natural and Economic Resources

Representative _____
(Name Optional)

Bill #	TITLE OF BILL	SPONSOR(S)	PRIORITY RATING		
			1	2	3
H 26	ELDERLY HOUSING FUNDS	Clary			
H 40	TURNBULL STATE FOREST FUNDS	Nye			
H 90	LAND MAPPING FUNDS	Owens			
H 177	NC TECHNOLOGICAL DEV. AUTH. FUNDS-2	Fox and Hunter			
H 189	TOURISM 2000 FUNDS	Cansler, Walend and Sherrill			
H 203	COLBURN MUSEUM FUNDS	Nesbitt			
H 279	ESC AUTOMATION FUNDS	Redwine			
H 305	AGRIC. FINANCE LOAN FUNDS	Nesbitt			
H 311	INFO TECH IMPROVEMENTS FUNDS	Tolson			
H 330	N.C. WORKFORCE DEVELOPMENT	Owens			
H 335	MEAT AND POULTRY INSPECTION FUNDS	Hill			
H 336	CENTER FOR ENV FARMING FUNDS	Hill			
H 338	GYPSY MOTH CONTROL FUNDS	Hill			
H 340	AGRICULTURE INFO TECHNOLOGY FUNDS	Hill			
H 341	STRUCTURAL PEST CONTROL FUNDS	Hill			
H 342	LP GAS INSPECTION FUNDS	Hill			
H 343	PESTICIDE DISPOSAL SUPPORT FUNDS	Hill			
H 344	AGRICULTURE RESEARCH STATION FUNDS	Hill			
H 347	GRASSROOTS SCIENCE MUSEUM FUNDS	Easterling			

Bill #	TITLE OF BILL	SPONSOR(S)	PRIORITY RATING		
			1	2	3
H 370	FUNDS TO STOP STRAIGHT PIPING	Cansler, Walend and Sherrill			
H 432	POE HEALTH CENTER FUNDS	Mosley			
H 496	GOODNESS GROWS IN NC FUNDS	Hill			
H 497	SEAFOOD / AQUACULTURE MARKETING FUNDS	Hill			
H 546	RURAL ECONOMIC DEV. CTR. FUNDS	Owens, Hunter, and Fox			
H 742	SOUTHERN DAIRY COMPACT CMSN. FUNDS	Mitchell			
H 926	HOUSING FINANCE AGENCY / FUNDS	Hardaway, Wright and Redwine			
H1006	SPECIALTY CROPS FUNDS	Hill, Brown, and Mitchell			
H1024	NC HERITAGE CENTER FUNDS	Hunter			
H1037	WNC INDUSTRIAL/BUSINESS FUNDS	Gillespie			
H1038	WNC REVITALIZATION / PLANNING FUNDS	Gillespie			
H1185	EQUINE ANEMIA TEST / FUNDS	Mitchell and Baker			
H1309	TELECOMMUNICATIONS SKILLS FUNDS	Hunter, Fitch, and Blue			
H1313	ECONOMIC DEVELOPMENT FUNDS-2	Hunter, Michaux, Oldham and Womble			
H1315	AGRICULTURAL FAIRS ADV. COMM. FUNDS	McCrary and Hill			
H1332	GLOBAL TRANSPARK INITIATIVES / FUNDS	McAllister, Hunter, Fitch, and Adams			
H1333	BEAVER CONTROL FUNDS	Fox			
H1339	ESC FUNDS	Gibson			
H1341	NC TECHNOLOGICAL DEV. AUTH. FUNDS	Earle			
H1344	LEAD REGIONAL ORG. FUNDS	Hardaway			
H1350	REGIONAL DEVELOPMENT/FUNDS	Brubaker, Fitch, McAllister and Berry			
H1351	TIER ONE DEVELOPMENT FUNDS	Brubaker, Berry, Hunter, and Adams			
H1366	WORLD TRADE CENTER NC FUNDS	Daughtry			

Bill #	TITLE OF BILL	SPONSOR(S)	PRIORITY RATING		
			1	2	3
H1376	TOURISM CREDIT ENHANCEMENT / FUNDS	Adams, Hunter, McAllister and Fitch			
H1381	RESOURCE CONSER./DEV.COUNCILS FUNDS	Culpepper			
H1383	CAPE FEAR RIVER BASIN RESEARCH FUNDS	Hurley			
H1401	HOME START FUNDS	Earle, Cansler and Fox			
H1429	MUSEUM OF COASTAL CAROLINA FUNDS	Redwine			
H1432	REGIONAL FILM COMMISSIONS FUNDS	McComas			
H1441	RESTORE REGIONAL COMM'N FUNDING	Nesbitt			
H1444	LOW INCOME HOUSING COALITION FUNDS	Luebke			

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 432*

Short Title: Poe Health Center Funds. (Public)

Sponsors: Representative Mosley.

Referred to: Appropriations.

March 15, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES FOR THE ALICE AYCOCK POE CENTER FOR HEALTH EDUCATION THROUGH THE GRASSROOTS SCIENCE PROGRAM.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of two hundred fifty thousand dollars ($250,000) for the 1999-2000 fiscal year and the sum of two hundred fifty thousand dollars ($250,000) for the 2000-2001 fiscal year to be allocated to the Grassroots Science Program for the Alice Aycock Poe Center for Health Education in the City of Raleigh. The Poe Center uses innovative teaching methods and technology to educate North Carolinians about health education. Funding through the Grassroots Science Program will enable the Poe Center to keep admission fees to a minimum and allow for greater numbers of individuals to have access to its programs.

Section 2. This act becomes effective July 1, 1999.

March 15, 1999

H 432. POE HEALTH CENTER FUNDS. *TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES FOR THE ALICE AYCOCK POE CENTER FOR HEALTH EDUCATION THROUGH THE GRASSROOTS SCIENCE PROGRAM.*

Appropriates $250,000 for 1999-2000 and $250,000 for 2000-2001 from General Fund to Dep't of Environment & Natural Resources as title indicates. Effective July 1, 1999.

Intro. by Mosley.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 311

Short Title: Info Tech Improvements Funds. (Public)

Sponsors: Representatives Tolson; Wainwright and McLawhorn.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR INFORMATION TECHNOLOGY IMPROVEMENTS.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated to the Department of Agriculture and Consumer Services from the General Fund the sum of ninety-nine thousand six hundred dollars ($99,600) for the 1999-2000 fiscal year and twenty-nine thousand six hundred dollars ($29,600) for the 2000-2001 fiscal year for improvements in information technology.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 311. INFO TECH IMPROVEMENTS FUNDS. *TO APPROPRIATE FUNDS FOR INFORMATION TECHNOLOGY IMPROVEMENTS.* Appropriates $99,600 for 1999-2000 and $29,600 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. (Substantially identical to H 340 introduced 3/4/99.) Effective July 1, 1999.

Intro. by Tolson.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 335

Short Title: Meat and Poultry Inspection Funds/AB. (Public)

Sponsors: Representatives Hill; Barefoot, Brown, Buchanan, Church, Cox, Culp, Davis, Hurley, Kiser, McCrary, McLawhorn, Mitchell, Owens, Russell, Teague, Tolson, Warren, G. Wilson, and Yongue.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR MEAT AND POULTRY TO AUTOMATE FIELD OPERATIONS FOR MEAT AND POULTRY INSPECTIONS AND FOR SALMONELLA TESTING.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of one million one hundred four thousand seven hundred twenty dollars ($1,104,720) for the 1999-2000 fiscal year and the sum of two hundred sixty-six thousand seventy dollars ($266,070) for the 2000-2001 fiscal year to automate field operations for meat and poultry inspections and to test for salmonella bacteria.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 335. MEAT AND POULTRY INSPECTION FUNDS. *TO APPROPRIATE FUNDS FOR MEAT AND POULTRY TO AUTOMATE FIELD OPERATIONS FOR MEAT AND POULTRY INSPECTIONS AND FOR SALMONELLA TESTING.* Appropriates $1,104,720 for 1999-2000 and $266,070 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 336

Short Title: Center for Environmental Farming Funds/AB. (Public)

Sponsors: Representatives Hill; Barefoot, Brown, Buchanan, Church, Cox, Culp, Davis, Hurley, Kiser, McCrary, McLawhorn, Mitchell, Owens, Russell, Teague, Tolson, Warren, G. Wilson, and Yongue.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES FOR THE CENTER FOR ENVIRONMENTAL FARMING SYSTEMS AT THE CHERRY FARM UNIT.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of one million nine hundred seventy-two thousand eight hundred sixty-two dollars ($1,972,862) for the 1999-2000 fiscal year and the sum of two million one hundred sixty-five thousand nine hundred sixty-two dollars ($2,165,962) for the 2000-2001 fiscal year to establish and support positions and for operating costs for the Center for Environmental Farming Systems at the Cherry Farm Unit near Goldsboro.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 336. CENTER FOR ENV. FARMING FUNDS. *TO APPROPRIATE FUNDS TO THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES FOR THE CENTER FOR ENVIRONMENTAL FARMING SYSTEMS AT THE CHERRY FARM UNIT.* Appropriates $1,972,862 for 1999-2000 and $2,165,962 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 338

Short Title: Gypsy Moth Control Funds/AB. (Public)

Sponsors: Representatives Hill; Barefoot, Brown, Buchanan, Church, Cox, Culp, Davis, Hurley, Kiser, McCrary, McLawhorn, Mitchell, Owens, Teague, Tolson, Warren, G. Wilson, and Yongue.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE GYPSY MOTH CONTROL PROGRAM IN THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of seven hundred thirty-nine thousand five hundred ninety-three dollars ($739,593) for the 1999-2000 fiscal year and the sum of seven hundred twenty-six thousand four hundred twenty-four dollars ($726,424) for the 2000-2001 fiscal year to establish and support positions and for the operating costs of the Department's program to control the gypsy moth.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 338. GYPSY MOTH CONTROL FUNDS. *TO APPROPRIATE FUNDS FOR THE GYPSY MOTH CONTROL PROGRAM IN THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES.* Appropriates $739,593 for 1999-2000 and $726,424 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 341

Short Title: Structural Pest Control Funds/AB. (Public)

Sponsors: Representatives Hill; Barefoot, Brown, Buchanan, Church, Cox, Culp, Davis, Hurley, Kiser, McCrary, McLawhorn, Mitchell, Owens, Russell, Teague, Tolson, Warren, G. Wilson, and Yongue.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR STRUCTURAL PEST PROGRAM IMPROVEMENTS.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of three hundred ninety thousand three hundred fifty dollars ($390,350) for the 1999-2000 fiscal year and the sum of three hundred thousand nine hundred fifty dollars ($300,950) for the 2000-2001 fiscal year for personnel and operating support to improve the Structural Pest Program in the Department.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 341. STRUCTURAL PEST CONTROL FUNDS. *TO APPROPRIATE FUNDS FOR STRUCTURAL PEST PROGRAM IMPROVEMENTS.* Appropriates $390,350 for 1999-2000 and $300,950 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 342

Short Title: LP Gas Inspection Funds/AB. (Public)

Sponsors: Representatives Hill; Barefoot, Brown, Buchanan, Church, Cox, Culp, Davis, Hurley, Kiser, McCrary, McLawhorn, Mitchell, Owens, Teague, Tolson, G. Wilson, and Yongue.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR LP GAS INSPECTION.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of three hundred thirty-two thousand nine hundred ninety-eight dollars ($332,998) for the 1999-2000 fiscal year and the sum of two hundred seventy-nine thousand eight hundred thirty-eight dollars ($279,838) for the 2000-2001 fiscal year to establish and support positions and for the operating costs of the Department's program to inspect liquefied petroleum gas installations.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 342. LP GAS INSPECTION FUNDS. *TO APPROPRIATE FUNDS FOR LP GAS INSPECTION.* Appropriates $332,998 for 1999-2000 and $279,838 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 343

Short Title: Pesticide Disposal Support Funds/AB. (Public)

Sponsors: Representatives Hill; Barefoot, Brown, Buchanan, Church, Cox, Culp, Davis, Hurley, Kiser, McCrary, McLawhorn, Mitchell, Owens, Teague, Tolson, Warren, G. Wilson, and Yongue.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR PESTICIDE DISPOSAL ASSISTANCE FOR THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of two hundred nine thousand two hundred fifty-three dollars ($209,253) for the 1999-2000 fiscal year and the sum of one hundred eighty-nine thousand fifty-three dollars ($189,053) for the 2000-2001 fiscal year to establish and support positions and for the operating costs of the Department's program for the disposal of canceled, obsolete, or unwanted pesticides.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 343. PESTICIDE DISPOSAL SUPPORT FUNDS. *TO APPROPRIATE FUNDS FOR PESTICIDE DISPOSAL ASSISTANCE FOR THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES.* Appropriates $209,253 for 1999-2000 and $189,053 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 344

Short Title: Agriculture Research Station Funds/AB. (Public)

Sponsors: Representatives Hill; Barefoot, Buchanan, Church, Cox, Davis, Hurley, Kiser, McCrary, McLawhorn, Mitchell, Owens, Teague, Tolson, Warren, and Yongue.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR STAFF AND FOR THE COSTS OF OPERATING THE RESEARCH STATION OF THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES LOCATED IN OXFORD.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of two hundred twenty-nine thousand two hundred four dollars ($229,204) for the 1999-2000 fiscal year and the sum of two hundred twelve thousand two hundred four dollars ($212,204) for the 2000-2001 fiscal year to establish and support positions to maintain, and for the costs to operate, the Department's research station located in the Moss Building in Oxford, which building was formerly occupied by the United States Department of Agriculture.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 344. AGRICULTURE RESEARCH STATION FUNDS. *TO APPROPRIATE FUNDS FOR STAFF AND FOR THE COSTS OF OPERATING THE RESEARCH STATION OF THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES LOCATED IN OXFORD.*

Appropriates $229,204 for 1999-2000 and $212,204 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 496

Short Title: Goodness Grows in NC Funds. (Public)

Sponsors: Representatives Hill; Barefoot, Bonner, Brown, Church, Cole, Cox, Davis, Eddins, Kiser, Smith, Teague, Warren, Warwick, G. Wilson, and Yongue.

Referred to: Appropriations.

March 18, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE GOODNESS GROWS IN NORTH CAROLINA PROGRAM.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of two hundred thousand dollars ($200,000) for the 1999-2000 fiscal year and the sum of two hundred thousand dollars ($200,000) for the 2000-2001 fiscal year for expansion of the Goodness Grows in North Carolina Program, which promotes the sale of North Carolina agricultural products.

Section 2. This act becomes effective July 1, 1999.

March 18, 1999

H 496. GOODNESS GROWS IN NC FUNDS. *TO APPROPRIATE FUNDS FOR THE GOODNESS GROWS IN NORTH CAROLINA PROGRAM.* Appropriates $200,000 for 1999-2000 and $200,000 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services to promote the sale of North Carolina agricultural products. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 497

Short Title: Seafood/Aquaculture Marketing Funds. (Public)

Sponsors: Representatives Hill; Bonner, Brown, Church, Cole, Cox, Davis, Eddins, Kiser, Smith, Teague, Warren, Warwick, G. Wilson, and Yongue.

Referred to: Appropriations.

March 18, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR ASSISTANCE FOR SEAFOOD AND AQUACULTURE MARKETING.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of three hundred thousand dollars ($300,000) for the 1999-2000 fiscal year and the sum of three hundred thousand dollars ($300,000) for the 2000-2001 fiscal year for marketing assistance for seafood and aquaculture products.

Section 2. This act becomes effective July 1, 1999.

March 18, 1999

H 497. SEAFOOD/AQUACULTURE MARKETING FUNDS. *TO APPROPRIATE FUNDS FOR ASSISTANCE FOR SEAFOOD AND AQUACULTURE MARKETING.* Appropriates $300,000 for 1999-2000 and $300,000 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 340

Short Title: Agriculture Information Technology Funds/AB. (Public)

Sponsors: Representatives Hill; Barefoot, Brown, Buchanan, Church, Cox, Culp, Davis, Hurley, Kiser, McCrary, McLawhorn, Mitchell, Owens, Teague, Tolson, Warren, G. Wilson, and Yongue.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR INFORMATION TECHNOLOGY IMPROVEMENTS IN THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of ninety-nine thousand six hundred dollars ($99,600) for the 1999-2000 fiscal year and the sum of twenty-nine thousand six hundred dollars ($29,600) for the 2000-2001 fiscal year for improvements in information technology.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 340. AGRICULTURE INFO TECHNOLOGY FUNDS. *TO APPROPRIATE FUNDS FOR INFORMATION TECHNOLOGY IMPROVEMENTS IN THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES.* Appropriates $99,600 for 1999-2000 and $29,600 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Hill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1006

Short Title: Funds for Specialty Crops. (Public)

Sponsors: Representatives Hill, Brown, Mitchell; and Yongue.

Referred to: Appropriations.

April 13, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE SPECIALTY CROPS PROGRAM.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of nine hundred ninety-seven thousand four hundred thirty-eight dollars ($997,438) for the 1999-2000 fiscal year and the sum of eight hundred sixty-eight thousand eighty-three dollars ($868,083) for the 2000-2001 fiscal year for further development of the specialty crops program at the Cunningham Research Farm at Kinston as a joint program with North Carolina State University.

Section 2. This act becomes effective July 1, 1999.

April 13, 1999

H 1006. SPECIALTY CROPS FUNDS. *TO APPROPRIATE FUNDS FOR THE SPECIALTY CROPS PROGRAM.* Appropriates $997,438 for 1999-2000 and $868,083 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services for specialty crops program at Cunningham Research Farm in Kinston as joint program with North Carolina State University. Effective July 1, 1999.

Intro. by Hill, Brown, and Mitchell.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1333

Short Title: Beaver Control Funds. (Public)

Sponsors: Representatives Fox; Owens, Tolson, and Warwick.

Referred to: Appropriations.

April 26, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO CONTINUE THE STATEWIDE BEAVER DAMAGE CONTROL PROGRAM.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Wildlife Resources Commission the sum of five hundred thousand dollars ($500,000) for the 1999-2000 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2000-2001 fiscal year to continue the beaver damage control program established in G.S. 113-291.10, provided the sum of fifty thousand dollars ($50,000) for the 1999-2000 fiscal year and the sum of fifty thousand dollars ($50,000) for the 2000-2001 fiscal year in federal funds are available to provide the federal share.

Section 2. G.S. 113-291.10(a) reads as rewritten:

"(a) There is established the Beaver Damage Control Advisory Board. The Board shall consist of nine members, as follows:

(1) The Executive Director of the North Carolina Wildlife Resources Commission, or his designee, who shall serve as chair;

(2) The Commissioner of Agriculture and Consumer Services, or a designee;

(3) The Director of the Division of Forest Resources of the Department of Environment and Natural Resources, or a designee;

(4) The Director of the Soil and Water Conservation Division of the Department of Environment and Natural Resources, or a designee;

(5) The Director of the North Carolina Cooperative Extension Service, or a designee;

(6) The Secretary of Transportation, or a designee;
(7) The State Director of the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant Health Inspection Service, U.S. Department of Agriculture, or a designee;
(8) The President of the North Carolina Farm Bureau Federation, Inc., or a designee, representing private landowners; and
(9) A representative of the North Carolina Forestry Association."

Section 3. G.S. 113-291.10(c) reads as rewritten:

"(c) The Wildlife Resources Commission shall implement the program, and may enter a cooperative agreement with the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant Health Inspection Service, United States Department of Agriculture, to accomplish the program."

Section 4. This act becomes effective July 1, 1999.

April 26, 1999

H 1333. BEAVER CONTROL FUNDS. *TO APPROPRIATE FUNDS TO CONTINUE THE STATEWIDE BEAVER DAMAGE CONTROL PROGRAM.* Appropriates $500,000 for 1999-2000 and $500,000 for 2000-2001 from General Fund to Wildlife Resources Comm'n to continue beaver damage control program under GS 113-291.10, provided $50,000 is available in each year in federal funds to provide the federal share. Effective July 1, 1999.

Intro. by Fox.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 742

Short Title: Southern Dairy Compact Cmsn. Funds. (Public)

Sponsors: Representatives Mitchell; Baker, Bonner, Brown, Cole, Cox, Culp, Davis, Gardner, Kiser, McCrary, McLawhorn, Preston, Warren, G. Wilson, and Yongue.

Referred to: Appropriations.

March 30, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO A NONREVERTING RESERVE FOR THE START-UP COSTS OF THE SOUTHERN DAIRY COMPACT COMMISSION AND THE INITIAL COSTS OF ADMINISTERING AND ENFORCING THE SOUTHERN DAIRY COMPACT AND TO PROVIDE FOR THE REPAYMENT OF THOSE FUNDS, AS RECOMMENDED BY THE ENVIRONMENTAL REVIEW COMMISSION.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to a nonreverting reserve within the Department of Agriculture and Consumer Services the sum of one million eight hundred thousand dollars ($1,800,000) for the 1999-2000 fiscal year for the start-up costs of the Southern Dairy Compact Commission, to be established pursuant to Section 4 of the Southern Dairy Compact, as set forth in G.S. 106-810, and the initial costs of administration and enforcement of the Southern Dairy Compact.

Section 2.(a) The Director of the Budget shall make no disbursements from the reserve established in Section 1 of this act to the Southern Dairy Compact Commission unless Congress ratifies legislation authorizing the operation of the Southern Dairy Compact, and the State of North Carolina and the Southern Dairy Compact Commission enter into a contract, approved by the Attorney General and the Commissioner of Agriculture, that contains all of the following provisions:

(1) That the administrative headquarters of the Southern Dairy Compact Commission shall be located within this State.

(2) That all funds disbursed from the reserve to the Southern Dairy Compact Commission shall be repaid to the State, plus interest at an amount to be agreed upon by the parties, from revenue pledged by the Commission, assessments collected by the Commission, or the reserve of the Commission, in accordance with a repayment schedule to be agreed upon by the parties.

(3) That the Southern Dairy Compact Commission shall issue notes to the State of North Carolina in the amount of the funds disbursed from the reserve under this act.

(4) That, prior to each disbursement, the Southern Dairy Compact Commission shall itemize the needs of the Commission to be served by the requested disbursement and an itemized list showing how the most recent disbursement was spent.

Section 2.(b) The contract under this section shall not contain any provision that prevents another participating state, as defined in Section 2 of the Southern Dairy Compact as set forth in G.S. 106-810, from providing some or all of the start-up costs of the Southern Dairy Compact Commission or its initial costs of administration and enforcement of the Southern Dairy Compact.

Section 2.(c) All sums repaid to the State pursuant to the contract under this section shall be credited to the General Fund.

Section 2.(d) Any funds not disbursed from the reserve under this act by the end of the term of years provided in the contract under this section shall revert at the end of that fiscal year.

Section 2.(e) Upon the failure of Congress to ratify legislation authorizing the operation of the Southern Dairy Compact by June 30, 2001, all funds in the reserve shall revert to the General Fund.

Section 3. This act becomes effective July 1, 1999.

March 30, 1999

H 742. SOUTHERN DAIRY COMPACT CMSN. FUNDS. *TO APPROPRIATE FUNDS TO A NONREVERTING RESERVE FOR THE START-UP COSTS OF THE SOUTHERN DAIRY COMPACT COMMISSION AND THE INITIAL COSTS OF ADMINISTERING AND ENFORCING THE SOUTHERN DAIRY COMPACT AND TO PROVIDE FOR THE REPAYMENT OF THOSE FUNDS, AS RECOMMENDED* . Appropriates $1.8 million for 1999-2000 from General Fund to nonreverting reserve in Dep't of Agriculture & Consumer Services for purposes indicated in title. Director of Budget may not disburse funds from reserve unless Congress ratifies legislation authorizing Southern Dairy Compact; funds to revert to General Fund if Congress fails to ratify legislation by June 30, 2001. Also, before disbursement, State and Comm'n must enter into contract, approved by Att'y General and Comm'r of Agriculture, with following provisions: Administrative headquarters of Comm'n will be located in North Carolina; funds disbursed from reserve to Comm'n will be repaid to State, with interest to be agreed on by parties ; comm'n will issue notes to State in amount of funds disbursed; and comm'n will itemize, in advance of each disbursement, its needs to be served by that disbursement, plus accounting of how previous disbursement was spent. Effective July 1, 1999.

Intro. by Mitchell.

Ref. to Appropriations APPROP

April 15, 1999

H 1185. EQUINE ANEMIA TESTS/FUNDS. *TO APPROPRIATE FUNDS TO PROVIDE FOR THE MANDATORY TESTING FOR EQUINE INFECTIOUS ANEMIA AND TO APPROPRIATE FUNDS TO ENFORCE THE MANDATORY TESTING.* Appropriates $150,000 for 1999-2000 and $150,000 for 2000-2001 from General Fund to Dep't of Agriculture & Consumer Services as title indicates. Effective July 1, 1999.

Intro. by Mitchell and Baker.

Ref. to Appropriations APPROP

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources May 11, 1999

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dianne Beasley	Forestry - DENR
KAREN SIGMON	Poe Center for Health Education
Julie R. McQueen	Poe Center for Health Education
Arlene M Pikel	Poe Center for Health Education
PAM Kohl	" " " "
WAYNE DAVES	DEPT. OF COMMERCE
Phil Wilson	" " "
Dottie Ciecionka	" " "
Johnny Gray	OSBM
Shelli Alteri	OSBM
JANE Smith	DENR
Richard Rogers	DENR
Bernard Allen	SOS
[illegible]	NC [illegible]
S Markham	[illegible]
Kim Hibbard	NC [illegible]
Doug Lassiter	NC Septic Tank Assoc
Frank Bordeaux	NCAFA
Becky Strut	PPAB
Bill Dorve	NCJCDC
[illegible]	Poe Center
Linda Gunn	REDC
Mike Watson	N.C. Rec + PARK Soc.

Minutes

House Appropriations Subcommittee on

Natural and Economic Resources

May 11, 1999 –3:00 p.m.

The House Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, May 11, 1999 at 3:00 p.m. in Room 423 of the Legislative Office Building. Eleven House Members were present as follows: Representatives Stan Fox, Chair; Bill Owens, Chair; Edith Warren, Vice Chair; Rex Baker, Jim Carpenter, Arlie Culp, Howard Hunter Frank Mitchell, Carolyn Russell, Joe Tolson and Nurham Warwick.

Representative Edith Warren, Vice Chair, called the meeting to order. She then turned meeting over to Representative Bill Owens, Chair, who called upon Representative Lanier Cansler to explain the following bills:

HB 189-TOURISM 2000 FUNDS. Tourism is important to NC's economy. We are not putting in as much money in tourism promotion as our surrounding states, and as a result we are losing our share of the tourism business.

HB 370-FUNDS TO STOP STRAIGHT PIPING. Funds in this bill would eliminate straight piping in western NC. We have a lot of mountain homes that run pipes directly in creeks. A preliminary review in Madison County found over 500 houses still straight piping into creeks. A number of organizations in western NC make up the Mountain Legislative Conference, and these two bills represent two of its priorities.

Representative Howard Hunter explained the following bill:

HB 177-NC TECHNOLOGICAL DEV. AUTH. FUNDS

Chair Bill Owens explained the following bills:

HB 546-RURAL ECONOMIC DE. CTR. FUNDS. Last year the Rural Economic Development Center received $200,000 additional money. Billy Ray Hall is satisfied with the money to administer the fund. We have already put this in the preliminary budget.

Chair Bill Owens turned the meeting over to Chair Stan Fox. He called upon Chair Owens to explain the following two bills:

HB 330-N. C. WORKFORCE DEVELOPMENT/AB. This is already being done right now through Executive Budget Act. Basically it puts what has been done into law. The bill went before Ways and Means and passed unanimously. Because there are some fees involved the Federal Government mandates some changes and on the local level the administrative amount that can be charged can go up to 10 percent where it was five percent. We need to actually pass this bill, and Representative Baker moved for a favorable report and it passed.

HB 90-LAND MAPPING FUNDS. The bill does not appropriate any money for this year, but it does next year. There are a lot of counties in the state that have not been mapped. Representative Culp asked which department would handle the bill, and Chair Owens asked that the bill be amended under Section 1, line 17, to rewrite line to read "Department of the Secretary of State, Land Records Division" and then re-refer bill to APPROPRIATIONS/General Government. (Representative Hunter made the motion to amend the bill, and it passed.)

Representative Mitch Gillespie explained the following bills:

HB 1037-WNC INDUSTRIAL/BUSINESS FUNDS. It will help western part of state recruit industries.

HB-1038-WNC REVITALIZATION/PLANNING FUNDS.

Representative Martin Nesbitt explained the following bills:

HB 305-AGRIC. FINANCE LOAN FUNDS. Funds in this bill would expand the Reserve for Farm Loans for farmers who cannot get loans any place else.

HB 203-COLBURN MUSEUM FUNDS. In regard to Buncombe County having two programs in the Grassroots Science Museum some cities have one huge museum. In the western part of the state we do not have a history or science museum. We have little entities and some big museums are ten times larger than the small ones we have there. The Grassroots Science organization has accepted the Colburn Museum if we will fund it. It is a great mineral museum that serves the western part of the state.

Representative Baker called attention to HB 26-HOUSING FUNDS FOR ELDERLY introduced by Representative Clary who was not present to explain her bill. This is identical to her bill last year and could subcommittee grade it. Chair Fox stated if that is satisfactory with her, we will go ahead with HB 26 and give it a grade.

The meeting adjourned at 3:35 PM to reconvene on May 12, 1999 at 8:30 a.m. to continue hearing the bills.

Respectfully submitted

Representative Stan Fox, Chair

Mary Capps, Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 189

Short Title: Tourism 2000 Funds. (Public)

Sponsors: Representatives Cansler, Walend, and Sherrill (Primary Sponsors).

Referred to: Appropriations.

March 1, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO INCREASE THE ANNUAL FUNDING FOR THE TOURISM 2000 GROWTH INITIATIVE.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Commerce the sum of four million two hundred twenty-five thousand dollars ($4,225,000) for the 1999-2000 fiscal year and the sum of four million two hundred twenty-five thousand dollars ($4,225,000) for the 2000-2001 fiscal year to be used to increase the annual funding for the Tourism 2000 Growth Initiative.

Section 2. This act becomes effective July 1, 1999.

March 1, 1999

H 189. TOURISM 2000 FUNDS. *TO APPROPRIATE FUNDS TO INCREASE THE ANNUAL FUNDING FOR THE TOURISM 2000 GROWTH INITIATIVE.* Appropriates $4,225,000 for 1999-2000 and $4,255,000 for 2000-2001 from General Fund to Dep't of Commerce as title indicates. Effective July 1, 1999.

Intro. by Cansler, Walend, and Sherrill (primary sponsors).

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 370

Short Title: Funds to Stop Straight Piping. (Public)

Sponsors: Representatives Cansler, Walend, Sherrill (Primary Sponsors); and Thompson.

Referred to: Appropriations.

March 9, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO ELIMINATE STRAIGHT PIPING.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of two million one hundred thousand dollars ($2,100,000) for the 1999-2000 fiscal year and the sum of two million one hundred thousand dollars ($2,100,000) for the 2000-2001 fiscal year to do the following:

(1) To provide grants to counties within the Year of the Mountains study area to fund programs to eliminate the practice of straight piping throughout Western North Carolina.

(2) To establish county revolving loan programs to provide low interest loans for site repair.

(3) To fund additional staff positions in the Asheville office of the Department of Environment and Natural Resources.

(4) To extend for an additional two years the amnesty program to eliminate straight piping.

Section 2. This act becomes effective July 1, 1999.

March 9, 1999

H 370. FUNDS TO STOP STRAIGHT PIPING. *TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO ELIMINATE STRAIGHT PIPING.* Appropriates $2.1 million for 1999-2000 and $2.1 million for 2000-2001 from General Fund to Dep't of Environment & Natural Resources to: (1) provide grants to counties within Year of Mountains study area to fund programs to eliminate practice of straight piping throughout western NC; (2) establish county revolving loan programs to provide loans for site repair; (3) fund additional staff positions in Asheville office of cited Dep't; and (4) extend for additional two years the amnesty program to eliminate straight piping. Effective July 1, 1999.

Intro. by Cansler, Walend, and Sherrill.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 177

Short Title: NC Technological Dev. Auth. Funds. (Public)

Sponsors: Representatives Fox, Hunter (Primary Sponsors); Carpenter, Goodwin, Hackney, McAllister, McCrary, Michaux, Mitchell, Oldham, Wainwright, Warwick, and Womble.

Referred to: Appropriations.

March 1, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the North Carolina Technological Development Authority, Inc., the sum of six million dollars ($6,000,000) for the 1999-2000 fiscal year and the sum of seven million dollars ($7,000,000) for the 2000-2001 fiscal year for entrepreneurial support and infrastructure including creating new business incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.

Section 2. This act becomes effective July 1, 1999.

March 1, 1999

H 177. NC TECHNOLOGICAL DEV. AUTH. FUNDS-2. *TO APPROPRIATE FUNDS TO THE NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.* Appropriates $6 million for 1999-2000 and $7 million for 2000-2001 from General Fund to North Carolina Technological Development Authority, Inc., for entrepreneurial support and infrastructure. Effective July 1, 1999.

Intro. by Fox and Hunter.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

HOUSE BILL 546*

Short Title: Rural Economic Dev. Ctr. Funds. (Public)

Sponsors: Representatives Owens, Hunter, Fox; Wainwright, Smith, and Buchanan.

Referred to: Appropriations.

March 23, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER FOR THE ADMINISTRATION OF WATER AND WASTEWATER PROGRAMS UNDER THE 1998 CRITICAL NEEDS BOND ACT.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Rural Economic Development Center, Inc., the sum of two hundred twenty-one thousand nine hundred twenty-four dollars ($221,924) for the 1999-2000 fiscal year and the sum of two hundred twenty-eight thousand two hundred fifty-eight dollars ($228,258) for fiscal year 2000-2001 to implement the Rural Center's responsibility under the Critical Needs Bond Act. The funds shall be used for the administration and staffing of the following programs:

(1) The Capacity Building Grants Program which supports the proper planning for critical needs projects including preparation of Capital Improvement Plans, Master Water and Sewer Plans, Environmental Assessments, and preliminary engineering reports as required to support applications for grant funds.

(2) The Supplemental Grants Program which provides funds for needed projects.

(3) The Unsewered Communities Program which assists unsewered communities with the installation of sewer collection and treatment systems.

Section 2. This act becomes effective July 1, 1999.

March 23, 1999

H 546. RURAL ECONOMIC DEV. CTR. FUNDS (=S 367). *TO APPROPRIATE FUNDS TO THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER FOR THE ADMINISTRATION OF WATER AND WASTEWATER PROGRAMS UNDER THE 1998 CRITICAL NEEDS BOND ACT.* Identical to S 367, introduced 3/15/99.

Intro. by Owens, Hunter, and Fox.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 330

Short Title: N. C. Workforce Development/AB. (Public)

Sponsors: Representatives Owens; and Wainwright.

Referred to: Ways and Means.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO CREATE THE NORTH CAROLINA COMMISSION ON WORKFORCE DEVELOPMENT; TO CONFORM THE GENERAL STATUTES TO THE FEDERAL WORKFORCE INVESTMENT ACT; AND TO MAKE OTHER STATUTORY CHANGES TO ENHANCE WORKFORCE TRAINING AND DEVELOPMENT.

The General Assembly of North Carolina enacts:

Section 1. Part 3A of Article 10 of Chapter 143B of the General Statutes is repealed.

Section 2. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 3B. Workforce Development.

"§ 143B-438.10. Commission on Workforce Development.

(a) Creation and Duties. -- There is created within the Department of Commerce the North Carolina Commission on Workforce Development. The Commission shall have the following powers and duties:

(1) To develop strategies to produce a skilled, competitive workforce that meets the needs of the State's changing economy.

(2) To advise the Governor, the General Assembly, State and local agencies, and the business sector regarding policies and programs to enhance the State's workforce.

(3) To coordinate and develop strategies for cooperation between the academic, governmental, and business sectors.

(4) To establish, develop, and provide ongoing oversight of the 'One-Stop Delivery System' for employment and training services in the State.

(5) To develop a unified State plan for workforce training and development.

(6) To review the plans and programs of agencies, boards, and organizations operating federally funded or State-funded workforce development programs for effectiveness, duplication, fiscal accountability, and coordination.

(7) To develop and continuously improve performance measures to assess the effectiveness of workforce training and employment in the State.

(8) To submit to the Governor and to the General Assembly by April 1, 2000, and biennially thereafter, a comprehensive Workforce Development Plan that shall include at least the following:

a. Goals and objectives for the biennium.

b. An assessment of current workforce programs and policies.

c. An assessment of the delivery of employment and training services to special populations, such as youth and dislocated workers.

d. Recommendations for policy, program, or funding changes.

(9) To serve as the State's Workforce Investment Board for purposes of the federal Workforce Investment Act of 1998.

(b) Membership; Terms. -- The Commission on Workforce Development shall consist of 40 members appointed as follows:

(1) By virtue of their offices, the following department and agency heads or their respective designees shall serve on the Commission: the Secretary of the Department of Health and Human Services, the Chair of the Employment Security Commission, the Superintendent of Public Instruction, the President of the Community College System, the Commissioner of the Department of Labor, and the Secretary of the Department of Commerce.

(2) The Governor shall appoint 32 members as follows:

a. Six members representing public, postsecondary, and vocational education.

b. Two members representing community-based organizations.

c. Six members representing labor.

d. Eighteen members representing business and industry.

(3) The President Pro Tempore of the Senate shall appoint one Senator to serve, and the Speaker of the House of Representatives shall appoint one House member to serve.

(4) The terms of the members appointed by the Governor shall be for four years, and the terms for legislative members shall be for two years, concurrent with the General Assembly sessions.

(c) Appointment of Chair; Meetings. -- The Governor shall appoint the Chair of the Commission from among the business and industry members, and that person shall serve at the pleasure of the Governor. The Commission shall meet at least quarterly upon the call of the Chair.

(d) Staff; Funding. -- The clerical and professional staff to the Commission shall be provided by the Department of Commerce. Funding for the Commission shall derive from State and federal resources as allowable and from the partner agencies to the Commission. Members of the Commission shall receive necessary travel and subsistence in accordance with State law.

"**§ 143B-438.11. Local Workforce Development Boards.**

(a) Duties. -- Local Workforce Development Boards shall have the following powers and duties:

(1) To develop policy and act as the governing body for local workforce development.

(2) To provide planning, oversight, and evaluation of local workforce development programs, including the local One-Stop Delivery System.

(3) To provide advice regarding workforce policy and programs to local elected officials, employers, education and employment training agencies, and citizens.

(4) To develop a local plan in coordination with the appropriate community partners to address the workforce development needs of the service area.

(5) To develop linkages with economic development efforts and activities in the service area and promote cooperation and coordination among public organizations, education agencies, and private businesses.

(6) To review local agency plans and grant applications for workforce development programs for coordination and achievement of local goals and needs.

(7) To serve as the Workforce Investment Board for the designated substate area for the purpose of the federal Workforce Investment Act of 1998.

(b) Members. -- Members of local Workforce Development Boards shall be appointed by local elected officials in accordance with criteria established by the Governor and with provisions of the federal Workforce Investment Act. The local Workforce Development Boards shall have a majority of business members and shall also include representation of workforce and education providers, labor organizations, community-based organizations, and economic development boards as determined by local elected officials. The Chairs of the local Workforce Development Boards shall be selected from among the business members.

"**§ 143B-438.12. Federal Program Administration.**

(a) Federal Workforce Investment Act. -- In accordance with the federal Workforce Investment Act, the Commission on Workforce Development shall

develop a Five-Year Strategic Plan to be submitted to the U.S. Secretary of Labor. The Strategic Plan shall describe the workforce development activities to be undertaken in the State to implement the federal Workforce Investment Act and how special populations shall be served.

(b) Other Workforce Grant Applications. -- The Commission on Workforce Development may submit grant applications for workforce development initiatives and may manage the initiatives and demonstration projects.

"**§ 143B-438.13. Employment and Training Grant Program.**

(a) Employment and Training Grant Program. -- There is established in the Department of Commerce, Division of Employment and Training, an Employment and Training Grant Program. Grant funds shall be allocated to local Workforce Development Boards for the purposes of enabling recipient agencies to implement local employment and training programs in accordance with existing resources, local needs, local goals, and selected training occupations. The State program of workforce performance standards shall be used to measure grant program outcomes.

(b) Use of Grant Funds. -- Local agencies may use funds received under this section for the purpose of providing services, such as training, education, placement, and supportive services. Local agencies may use grant funds to provide services only to individuals who are (i) 18 years of age or older and meet the federal Workforce Investment Act, title I adult eligibility definitions, or meet the federal Workforce Investment Act, title I dislocated worker eligibility definitions, or (ii) incumbent workers with annual family incomes at or below two hundred percent (200%) of poverty guidelines established by the federal Department of Health and Human Services.

(c) Allocation of Grants. -- The Department of Commerce may reserve and allocate up to ten percent (10%) of the funds available to the Employment and Training Grant Program for State and local administrative costs to implement the Program. The Division of Employment and Training shall allocate employment and training grant funds to local Workforce Development Boards serving federal Workforce Investment Act local workforce investment areas based on the following formula:

(1) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I adult funds as compared to the total of all local areas adult shares under the federal Workforce Investment Act, title I.

(2) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I dislocated worker funds as compared to the total of all local areas dislocated worker shares under the federal Workforce Investment Act, title I.

(3) Local workforce investment area adult and dislocated shares shall be calculated using the current year's allocations to local areas under the federal Workforce Investment Act, title I.

(d) Reports and Coordination. -- The Department of Commerce shall report quarterly to the Governor and to the Speaker of the House of Representatives and the President Pro Tempore of the Senate on the North Carolina Employment and Training Grant Program. The Department shall also provide a copy of these quarterly reports to the North Carolina Commission on Workforce Development.

(e) Nonreverting Funds. -- Funds appropriated to the Department of Commerce for the Employment and Training Grant Program that are not expended at the end of the fiscal year shall not revert to the General Fund, but shall remain available to the Department for the purposes established in this section."

Section 3. The Commission on Workforce Preparedness appointed in accordance with Executive Order #4 of March 10, 1993, shall continue to serve as the State's Commission on Workforce Development until January 1, 2001, or until appointments to the North Carolina Commission on Workforce Preparedness created by this act are made consistent with the provisions of G.S. 143B-438.10, whichever comes first.

Section 4. This act becomes effective July 1, 1999.

March 4, 1999

H 330. N.C. WORKFORCE DEVELOPMENT. *TO CREATE THE NORTH CAROLINA COMMISSION ON WORKFORCE DEVELOPMENT; TO CONFORM THE GENERAL STATUTES TO THE FEDERAL WORKFORCE INVESTMENT ACT; AND TO MAKE OTHER STATUTORY CHANGES TO ENHANCE WORKFORCE TRAINING AND DEVELOPMENT.* Deletes Part 3A ("Employment and Training Act of 1985") of Art. 10 of GS Ch. 143B and adds new Part 3B ("Workforce Development"). Creates new Comm'n on Workforce Development, consisting of following members: 32 appointed by the Governor (six representing public, postsecondary, and vocational education; two representing community-based organizations; six representing labor; and 18 representing business and industry); one Senator appointed by the President Pro Tempore; one member of the House appointed by the Speaker; Sec'y of Health and Human Services (or designee); chair of Employment Security Comm'n (or designee); Sup't of Public Instruction (or designee); President of the Community College System (or designee); Comm'r of Labor (or designee); and Sec'y of Commerce (or designee). Comm'n must develop an overall plan for workforce training and development, report every two years to the General Assembly, and serve as the state's Workforce Investment Board under the federal Workforce Investment Act of 1998. Establishes local workforce development boards (appointed by local elected officials in compliance with the federal act) to develop policy, act as the governing body for local workforce development, and serve as the Workforce Investment Board for the designated substate area under the federal act. Establishes in the Div'n of Employment and Training of the Dep't of Commerce an Employment and Training Grant Program, through which funds will be made available to the local workforce development boards for use by local agencies to provide training, education, placement, and supportive services. Prescribes standards for disposition of those funds. Continues the Comm'n on Workforce Preparedness as the state's Comm'n on Workforce Development until Jan. 1, 2001 or until appointments are made to the new Comm'n on Workforce Development, whichever is first. Effective July 1, 1999.

Intro. by Owens.

Ref. to Ways & Means GS 143B

1999 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:
By Representative(s) **Fox and Owens** for the Permanent Subcommittee on **Natural and Economic** of the Standing Committee on **APPROPRIATIONS.**

☐ Committee Substitute for
H.B. 330 ☒A BILL TO BE ENTITLED AN ACT TO CREATE THE NORTH CAROLINA COMMISSION ON WORKFORCE DEVELOPMENT; TO CONFORM THE GENERAL STATUTES TO THE FEDERAL WORKFORCE INVESTMENT ACT; AND TO MAKE OTHRE STATUTORY CHANGES TO ENHANCE WORKFORCE TRAINING AND DEVELOPMENT.

~~REPORTED TO THE STANDING COMMITTEE ON **APPROPRIATIONS.**~~

RECOMMENDED ACTION:

☐ With a favorable recommendation.

☐ With a favorable recommendation and recommend that the bill be re-referred to the Committee on .

☐ With a favorable recommendation, as amended.

☐ With a favorable recommendation, as amended, and recommend that the bill be re-referred to the Committee on .

☐ With an unfavorable recommendation.

☐ With a favorable recommendation as to proposed committee substitute bill which changes the title, unfavorable as to original bill.

☐ With a favorable recommendation as to proposed House committee substitute bill, which changes the title, unfavorable as to Senate committee substitute bill.

☐ Without prejudice.

☐ Other recommended action: _____.

WITH APPROVAL OF STANDING COMMITTEE CHAIR FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:
Rep. Easterling, Hardaway, and Redwine for the Standing Committee on APPROPRIATIONS.

s/ Thomas Hardaway
Ruth M. Easterling

☒ With a favorable report.
☐ With a favorable report, as amended.
☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #). (and recommendation that the committee substitute bill (#) be referred to the Committee on .)

2/24/99

0030

F

SESSION LAW

57

A BILL TO BE ENTITLED

AN ACT TO CREATE THE NORTH CAROLINA COMMISSION ON WORKFORCE DEVELOPMENT; TO CONFORM THE GENERAL STATUTES TO THE FEDERAL WORKFORCE INVESTMENT ACT; AND TO MAKE OTHER STATUTORY CHANGES TO ENHANCE WORKFORCE TRAINING AND DEVELOPMENT.

Introduced by Representative(s) Owens Wainwright

Principal Clerk's Use Only

PASSED 1st READING
MAR 4 1999
D REFERRED TO COMMITTEE
ON Ways + Means

e Committee on Ways and Means
majority being present, having considered
bill, recommend that it do ✓ pass.
Rep. Nesbitt
For the Committee

nd recommend that the
ill be re-referred to the
Appropriations Committee.

EPORTED FAVORABLY APR 1 4 1999
re-referred to Appropriations

The Committee/Subcommittee on
Approp. refers
the bill to Sub-Approp-
Nat + Ecm. Res.
Reps. Easterling, Hardaway +
For the Committee Redwine

Referred to ~~Committee~~/Subcommittee
on Nat. & Ec. Res.
APR 1 9 '99

The Sub Committee on Natural + Economic Res
a majority being present, having considered
this bill, recommend that it do ✓ pass.
Reps. Fox + Owens
For the Committee

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 90

Short Title: Land Mapping Funds. (Public)

Sponsors: Representatives Owens; Smith, Church, Gillespie, Hill, and Wainwright.

Referred to: Appropriations.

February 16, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE LAND RECORDS MANAGEMENT PROGRAM FOR MATCHING GRANTS TO COMPLETE MAPPING PROJECTS IN EVERY COUNTY.

Whereas, the North Carolina Land Records Management Program was established by the General Assembly in 1977; and

Whereas, the objective of the program is to map the entire State using established standards; and

Whereas, completed maps can be used for appraisals, planning, police protection, waste management, fire and emergency medical services, water and sewer development, economic development, school districting and bus routing, redistricting, and other purposes; and

Whereas, due to a shortage of funds for mapping grants, many counties have been unable to participate in the mapping program; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources, Land Resources Division, the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to be used for matching grants to counties for the completion of base map projects as provided in G.S. 102-15, 102-16, and 102-17.

Section 2. This act becomes effective July 1, 1999.

February 16, 1999

H 90. LAND MAPPING FUNDS. *TO APPROPRIATE FUNDS FOR THE LAND RECORDS MANAGEMENT PROGRAM FOR MATCHING GRANTS TO COMPLETE MAPPING PROJECTS IN EVERY COUNTY.* Appropriates $2 million for 2000-2001 from General Fund to DENR, Land Resources Div'n, to be used for matching grants to counties for completion of base map projects as provided in GS 102-15, 102-16, and 102-17. Effective July 1, 1999.

Intro. by Owens.

Ref. to Appropriations APPROP

1999 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:
By Representative(s) **Fox and Owens** for the Permanent Subcommittee on **Natural and Economic Resources** of the Standing Committee on **APPROPRIATIONS.**

☐ Committee Substitute for
H.B. 90 ☐A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE LAND RECORDS MANAGEMENT PROGRAM FOR MATCHING GRANTS TO COMPLETE MAPPING PROJECTS IN EVERY COUNTY.

REPORTED TO THE STANDING COMMITTEE ON **APPROPRIATIONS**

RECOMMENDED ACTION:

☐ With a favorable recommendation.

☐ With a favorable recommendation and recommend that the bill be re-referred to the Committee on .

☐ With a favorable recommendation, as amended.

☒ With a favorable recommendation, as amended, and recommend that the bill be re-referred to the Committee on **APPROPRIATIONS/General Government.**

☐ With an unfavorable recommendation.

☐ With a favorable recommendation as to proposed committee substitute bill which changes the title, unfavorable as to original bill.

☐ With a favorable recommendation as to proposed House committee substitute bill, which changes the title, unfavorable as to Senate committee substitute bill.

☐ Without prejudice.

☐ Other recommended action: _____.

WITH APPROVAL OF STANDING COMMITTEE CHAIR FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:
Rep. for the Standing Committee on _____.

s/_____

☐ With a favorable report.
☐ With a favorable report, as amended.
☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #). (and recommendation that the committee substitute bill (#) be referred to the Committee on .)

2/24/99

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House) committee substitute bill (No. ___)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. _____)/ resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____,) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

H.B. 0090

SESSION LAW _____

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE LAND RECORDS MANAGEMENT PROGRAM FOR MATCHING GRANTS TO COMPLETE MAPPING PROJECTS IN EVERY COUNTY.

Introduced by Representative(s)	Owens	R Smith	Hill
	Wainwright	Allgin	Church

Principal Clerk's Use Only

PASSED 1st READING
FEB 16 1999
AND REFERRED TO COMMITTEE
ON Appropriations

The Committee/Subcommittee on Appropriations refers the bill to SUB / NER

Reps. Easterling, Hardaway
For the Committee
Redwine

Referred to ~~Committee~~/Subcommittee on App/NER

APR 5 1999

The Committee/Subcommittee on Appropriations/NER refers the bill to Appropriations with a favorable recommendation, as Reps. Fox and Owens
For the Committee
[illegible], and recommended that the bill be re-referred to the Committee on Appropriations/General Government.

GA-33-A

PRINCIPAL CLERK'S OFFICE

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NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. 1

H. B. No. 90 DATE May 11, 1999

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
) Howard Hunter
Sen.)

1 moves to amend the bill on page 1, line 17
2 ( ) WHICH CHANGES THE TITLE
3 by rewriting the line to read "Department of the
4 Secretary of State, Land Records Division, the"
5
6
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SIGNED Howard Hunter

ADOPTED _____ FAILED _____ TABLED _____

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 90

Short Title: Land Mapping Funds. (Public)

Sponsors: Representatives Owens; Smith, Church, Gillespie, Hill, and Wainwright.

Referred to: Appropriations.

February 16, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE LAND RECORDS MANAGEMENT PROGRAM FOR MATCHING GRANTS TO COMPLETE MAPPING PROJECTS IN EVERY COUNTY.

Whereas, the North Carolina Land Records Management Program was established by the General Assembly in 1977; and

Whereas, the objective of the program is to map the entire State using established standards; and

Whereas, completed maps can be used for appraisals, planning, police protection, waste management, fire and emergency medical services, water and sewer development, economic development, school districting and bus routing, redistricting, and other purposes; and

Whereas, due to a shortage of funds for mapping grants, many counties have been unable to participate in the mapping program; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources, Land Resources Division, the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to be used for matching grants to counties for the completion of base map projects as provided in G.S. 102-15, 102-16, and 102-17.

Section 2. This act becomes effective July 1, 1999.

PLEASE PRESS HARD - 5 COPIES

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. 1

H. B. No. 90 DATE May 11, 1999

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
) Howard Hunter
Sen.)

1 moves to amend the bill on page 1, line 17
2 ( ) WHICH CHANGES THE TITLE
3 by rewriting the line to read "Department of the
4 Secretary of State, Land Records Division, the"
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SIGNED Howard Hunter Jr.

ADOPTED _____ FAILED _____ TABLED _____

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1037*

Short Title: WNC Industrial/Business Funds. (Public)

Sponsors: Representatives Gillespie; Brown, Buchanan, Cansler, Church, Clary, Dedmon, Hiatt, Horn, Ramsey, Thompson, Walend, and G. Wilson.

Referred to: Appropriations.

April 14, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR IDENTIFYING AND EVALUATING POTENTIAL INDUSTRIAL AND BUSINESS SITES IN WESTERN NORTH CAROLINA AND TO BEGIN THE DEVELOPMENT ON SELECTED SITES.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Commerce the sum of two hundred fifty thousand dollars ($250,000) for the 1999-2000 fiscal year to underwrite the costs of identifying and conducting evaluations of potential industrial and business sites in Western North Carolina from a land use and engineering standpoint, and to begin the development process on selected sites.

Section 2. This act becomes effective July 1, 1999.

April 14, 1999

H 1037. WNC INDUSTRIAL/BUSINESS FUNDS (=S 893). *TO APPROPRIATE FUNDS FOR IDENTIFYING AND EVALUATING POTENTIAL INDUSTRIAL AND BUSINESS SITES IN WESTERN NORTH CAROLINA AND TO BEGIN THE DEVELOPMENT ON SELECTED SITES.*

Identical to S 893, introduced 4/13/99.

Intro. by Gillespie.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1038*

Short Title: WNC Revitalization/Planning Funds. (Public)

Sponsors: Representatives Gillespie; Brown, Cansler, Church, Clary, Dedmon, Hiatt, Holmes, Horn, Ramsey, Thompson, and G. Wilson.

Referred to: Appropriations.

April 14, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO ENHANCE ECONOMIC DEVELOPMENT IN WESTERN NORTH CAROLINA THROUGH THE SMALL TOWN REVITALIZATION AND COUNTY PLANNING PROGRAM.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Commerce the sum of three hundred fifty thousand dollars ($350,000) for the 1999-2000 fiscal year to enhance economic development in Western North Carolina through the Small Town Revitalization and County Planning Program. The Department shall establish and implement this program to encourage small municipalities and county governments to work locally with small business, industry, tourism, and other community organizations to develop collaborative programs focusing on strategies that will lead to the revitalization of downtown areas and efforts by counties to assess and plan for infrastructure and growth needs into and beyond the year 2000.

Section 2. Not less than fifteen percent (15%) of the total funds for the program shall be used for small towns.

Section 3. The Department shall develop procedures for the administration and distribution of funds allocated to the Small Town Revitalization and County Planning Program under the following guidelines:

(1) Municipalities and counties must make application under procedures established by the Department.

(2) Priority shall be given to small municipalities needing assistance with downtown revitalization efforts.
(3) Priority shall be given to counties either with no organized planning effort or with only fledgling programs.
(4) Priority shall be given to municipalities and counties that demonstrate a strong willingness to involve the business, industry, and tourism community in their proposed plan of work.
(5) Priority shall be given to counties and municipalities that match funds.
(6) Priority shall be given to counties and municipalities that demonstrate high need according to Department of Commerce statistics and data.

Section 4. This act becomes effective July 1, 1999.

April 14, 1999

H 1038. WNC REVITALIZATION/PLANNING FUNDS (=S 891). *TO APPROPRIATE FUNDS TO ENCHANCE ECONOMIC DEVELOPMENT IN WESTERN NORTH CAROLINA THROUGH THE SMALL TOWN REVITALIZATION AND COUNTY PLANNING PROGRAM.* Identical to S 891, introduced 4/13/99.

Intro. by Gillespie.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 305

Short Title: Agric. Finance Loan Funds/AB. (Public)

Sponsors: Representatives Nesbitt; and Wainwright.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE NORTH CAROLINA AGRICULTURAL FINANCE AUTHORITY FOR THE RESERVE FOR FARM LOANS.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the North Carolina Agricultural Finance Authority the sum of three million dollars ($3,000,000) for the 1999-2000 fiscal year for the Reserve for Farm Loans. These funds shall be used to provide agricultural loans, as defined in G.S. 122D-3, pursuant to Chapter 122D of the General Statutes.

Section 2. This act becomes effective July 1, 1999.

March 4, 1999

H 305. AGRIC. FINANCE LOAN FUNDS. *TO APPROPRIATE FUNDS TO THE NORTH CAROLINA AGRICULTURAL FINANCE AUTHORITY FOR THE RESERVE FOR FARM LOANS.* Appropriates $3 million for 1999-2000 from General Fund to NC Agricultural Finance Authority for the Reserve for Farm Loans. Funds to be used for agricultural loans as defined in GS 122D-3. Effective July 1, 1999.

Intro. by Nesbitt.

Ref. to Appropriations APPROP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 203*

Short Title: Colburn Museum Funds. (Public)

Sponsors: Representatives Nesbitt; and Sherrill.

Referred to: Appropriations.

March 2, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO PROVIDE BASE FUNDING FOR THE COLBURN GEM AND MINERAL MUSEUM IN THE CITY OF ASHEVILLE.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of fifty thousand dollars ($50,000) for the 1999-2000 fiscal year and the sum of fifty thousand dollars ($50,000) for the 2000-2001 fiscal year to provide base funding for the Colburn Gem and Mineral Museum through the Museum of Natural Science's Grassroots Science Museum Program. The Colburn Gem and Mineral Museum, located in the City of Asheville, is a member of the Grassroots Science Museum Collaborative and provides earth science educational programs.

Section 2. This act becomes effective July 1, 1999.

March 2, 1999

H 203. COLBURN MUSEUM FUNDS. *TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO PROVIDE BASE FUNDING FOR THE COLBURN GEM AND MINERAL MUSEUM IN THE CITY OF ASHEVILLE.* Appropriates $50,000 for 1999-2000 and $50,000 for 2000-2001 from General Fund to Dep't of Environment & Natural Resources as title indicates. Effective July 1, 1999.

Intro. by Nesbitt.

Ref. to Appropriations APPROP

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources May 11, 1999

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jane Pinsky	for Poe Center
Dan Kohl	Poe Center
Steve Woodson	NC Farm Bureau
ROGERS, Reibal	DENR
Markham	EGHS
[illegible]	DENR
Frank Barlow	NCAFA
[illegible]	NCAFA - BOARD
[illegible]	CCNC
Kathy Sawyer	Commerce
[illegible]	Commerce
[illegible]	
Mark Nesbitt	NC House
Jane Smith	DENR
John Bowdish	Zeb Alley P.A.

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

May 12, 1999

The House Appropriations / Subcommittee on Natural and Economic Resources met on Wednesday, May 12, 1999 in Room 423 of the Legislative Office Building at 8:30 A.M. The following House Members were present: Representative Owens, Chairman, Representatives Fox, Warren, Baker, Carpenter, Culp, Hunter, Mitchell, Russell, Tolson and Warwick. Mona Moon, Jennifer Hoffmann, and Jennifer Herrera, Fiscal Staff members were in attendance. . A Visitor Registration list is attached and made part of these minutes.

The Chairman called the meeting to order. Representative Owens explained the following bills would be presented and explained by the bill sponsor(s). Each committee member was given a ranking sheet and was asked to rank each bill in priority order.

HB	1024	Hunter	NC Heritage Ctr. Funds
HB	1309	Hunter	Telecommunications Skills Funds
HB	1313	Hunter	Economic Development Funds
HB	1332	Hunter	Global TransPark Initiatives/Funds
HB	1315	McCrary	Agricultural Fairs Advisory Committee Funds
HB	26	Clary	Housing Funds for Elderly
HB	1432	McComas	Regional Film Commissions Funds
HB	347	Easterling	Grassroots Science Museum Funds
HB	1383	Hurley	Cape Fear River Basin Research Funds
HB	1444	Luebke	Low-Income Housing Coalition Funds
HB	1401	Earle	Home Start Funds
HB	1339	Gibson	ESC Funds
HB	1350	Brubaker	Regional Development / Funds
HB	1351	Brubaker	Tier One Development Funds
HB	1366	Daughtry	World Trade Center NC Funds
HB	1376	Adams	Tourism Credit Enhancement / Funs
HB	1381	Culpepper	Resource Conser./Dev. Councils Funds
HB	1341	Earle	NC Technological Dev. Auth. Funds
HB	40	Nye	Turnbull State Forest Funds
HB	926	Hardaway	Housing Finance Agency / Funds
HB	1441	Nesbitt	Restore Regional Comm'n Funding
HB	279	Redwine	ESC Automation Funds
HB	1429	Redwine	Museum of Coastal Carolina Funds
HB	1344	Hardaway	Lead Regional Org. Funds

Representative Mitchell moved to amend HB 347 Grassroots Science Museum Funds, introduced by Representative Easterling (*Attachment 1*). The motion passed and HB 347 was reported out of the Committee with a favorable recommendation, as amended.

Representative Tolson moved to amend HB 1383 Cape Fear River Basin Research Funds, introduced by Representative Hurley (*Attachment 2*). The motion passed and HB 1383 was reported out of the Committee with a favorable recommendation, as amended.

Representative Baker moved to amend HB 1376 Tourism Credit Enhancement / Funs, introduced by Representative Adams (*Attachment 3*). The motion passed and HB 1376 was reported out of the Committee with a favorable recommendation, as amended.

There being no further business, the Chair adjourned the meeting.

Respectfully submitted,

W. C. Owens Jr.

Representative W. C. Owens, Jr.
Chairman

Judith M Veorse

Judith M. Veorse
Legislative Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1024

Short Title: NC Heritage Ctr. Funds. (Public)

Sponsors: Representative Hunter.

Referred to: Appropriations.

April 14, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE DEVELOPMENT OF THE NORTH CAROLINA HERITAGE CENTER.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Commerce, Division of Travel and Tourism, the sum of two hundred fifty thousand dollars ($250,000) for the 1999-2000 fiscal year to assist in developing the North Carolina Heritage Center, which will be located in Northampton County.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1309

Short Title: Telecommunications Skills Funds. (Public)

Sponsors: Representatives Hunter, Fitch, Blue; Adams, Brubaker, Esposito, Hensley, and Wright.

Referred to: Appropriations.

April 22, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO PROVIDE CHILDREN IN LOW-WEALTH COUNTIES WITH COMPUTER AND TELECOMMUNICATIONS SKILLS.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Commerce the sum of five million dollars ($5,000,000) for the 1999-2000 fiscal year to be allocated to tier one counties, as defined in G.S. 105-129.3, municipalities, libraries, and nonprofit corporations to develop innovative programs that provide children and their parents exposure to geography, economics, politics, culture, language, and telecommunications. Counties are encouraged to work with local school systems, community colleges, and universities, or form consortia, and to use these resources to stimulate federal and foundation grants for operation. These funds shall be used to ensure that children in low-wealth communities will be provided computer and telecommunications skills and orientation necessary to compete in a global economy.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1313

Short Title: Economic Development Funds. (Public)

Sponsors: Representatives Hunter, Michaux, Oldham, Womble; Fitch, Adams, and Bonner.

Referred to: Appropriations.

April 22, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR VARIOUS ECONOMIC DEVELOPMENT PROJECTS.

The General Assembly of North Carolina enacts:

Section 1.(a) There is appropriated from the General Fund to the Department of Commerce the sum of five million dollars ($5,000,000) for the 1999-2000 fiscal year and the sum of five million dollars ($5,000,000) for the 2000-2001 fiscal year to be used to support the grant and loan fund and operations of the North Carolina Community Development Initiative, Inc. The Initiative shall provide operating and project support loans to mature, high-performing community development corporations that have demonstrated organizational capacity.

Section 1.(b) There is appropriated from the General Fund to the Department of Commerce the sum of five million dollars ($5,000,000) for the 1999-2000 fiscal year to be used by the North Carolina Community Development Initiative, Inc., to support loan loss reserves and for the creation of three regional leverage funds. Of the funds appropriated in this subsection, up to two hundred fifty thousand dollars ($250,000) shall be made available to community development projects in areas that have a major recycling facility as defined in G.S. 105-129.25.

Section 2.(a) There is appropriated from the General Fund to the Department of Commerce the sum of two million dollars ($2,000,000) for the 1999-2000 fiscal year and the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to be used by the North Carolina Minority Support Center to provide loan capital for community development credit unions throughout the State to make both

small business and mortgage loans and grants to build capacity to increase this kind of lending. The program, entitled the Capital Support Loan Fund, invests dollars in community development credit unions throughout the State and enables the institutions to promote economic development lending to low-income citizens.

Section 2.(b) There is appropriated from the General Fund to the Department of Commerce the sum of five hundred seventy-five thousand dollars ($575,000) for the 1999-2000 fiscal year and the sum of five hundred seventy-five thousand dollars ($575,000) for the 2000-2001 fiscal year to be used by the North Carolina Minority Support Center to provide technical assistance and capacity grants to community development credit unions throughout the State. The Center provides technical assistance, capacity grants, and loan fund dollars to the State's community development credit unions.

Section 3. There is appropriated from the General Fund to the Department of Commerce the sum of two million dollars ($2,000,000) for the 1999-2000 fiscal year and the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to support technical assistance, training, and operations of the North Carolina Institute of Minority Economic Development. The Institute shall provide business development assistance to emerging and mature firms retaining and creating jobs for individuals from low-wealth sectors of the population and grants to regional support centers. Of the funds appropriated in this subsection, the sum of five hundred thousand dollars ($500,000) shall be used to build capacity in the northeastern, far southeastern, and western regions of the State and the sum of two hundred fifty thousand dollars ($250,000) shall be made available to enhance business development activity through the community development projects in areas that have a major recycling facility as defined in G.S. 105-129.25.

Section 4.(a) There is appropriated from the General Fund to the Department of Commerce the sum of four hundred fifty thousand dollars ($450,000) for the 1999-2000 fiscal year and the sum of four hundred fifty thousand dollars ($450,000) for the 2000-2001 fiscal year to be used by the North Carolina Association of Community Development Corporations, Inc., to provide training, technical assistance, and support for local community development corporations statewide.

Section 5. There is appropriated from the General Fund to the Department of Commerce the sum of three million six hundred thousand dollars ($3,600,000) for the 1999-2000 fiscal year and the sum of three million six hundred thousand dollars ($3,600,000) for the 2000-2001 fiscal year to be used by the Rural Economic Development Center, Inc., for community development grants to support development projects and activities within the State's minority communities. The Rural Economic Development Center shall establish performance based criteria for determining which community development corporation will receive grants and the grant amount. These funds shall be allocated as follows:

(1) $2,900,000 for previously funded community development corporations.

(2) $500,000 for new and emerging community development corporations.

(3) $200,000 for program administration.

Section 6. There is appropriated from the General Fund to the Department of Commerce the sum of two million five hundred thousand dollars ($2,500,000) for the 1999-2000 fiscal year and the sum of two million five hundred thousand dollars ($2,500,00) for the 2000-2001 fiscal year to be used by the North Carolina Association of Black Lawyers' Land Loss Prevention Project, Inc., to provide free legal representation to low-income, financially distressed small farmers.

Section 7. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1332

Short Title: Global TransPark Initiatives/Funds. (Public)

Sponsors: Representatives McAllister, Hunter, Fitch, and Adams.

Referred to: Appropriations.

April 26, 1999

A BILL TO BE ENTITLED

AN ACT TO PROVIDE INITIATIVES TO ENCOURAGE DEVELOPMENT IN THE GLOBAL TRANSPARK DEVELOPMENT ZONE.

The General Assembly of North Carolina enacts:

Section 1. Of the funds appropriated to the Department of Commerce and allocated to the Global TransPark Development Commission each fiscal year, the Commission shall use at least twenty percent (20%) to fund community-based nonprofit initiatives lead by indigenous leadership in the Global TransPark Development Zone to develop and manage the following projects:

(1) Construction of 20 to 30 single-family, low-income homes in each county of the Zone, including plan development, infrastructure, technical assistance, and architectural design.

(2) Establishment of community-based, vocational job training programs in each county of the Zone directed at employment needs within the Zone.

Section 2. There is appropriated from the General Fund to the Department of Commerce the sum of one million dollars ($1,000,000) for the 1999-2000 fiscal year and the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year for the Global TransPark Development Commission to implement a Global TransPark Minority Development Program. This program shall:

(1) Fund projects directly designed to create liaisons for existing minority-owned businesses to do business with the Global TransPark Authority.

(2) Provide funding to community development corporations to develop a corporation licensed in the Zone as a "Small Business Investment Company" under the provisions of 15 U.S.C.A. § 661, et seq., to guide the development of minority-owned support services and businesses related to the Global TransPark.

Section 3. From funds appropriated to the Department of Commerce for the Global TransPark Development Commission for the 1999-2000 fiscal year, the Commission shall study how employers creating jobs at the Global TransPark could be supported in training and hiring individuals moving from welfare to work within the Global TransPark Development Zone.

Section 4. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1315

Short Title: Agricultural Fairs Advisory Committee Funds. (Public)

Sponsors: Representatives McCrary, Hill; Baker, Barbee, Barefoot, Berry, Bonner, Brown, Buchanan, Carpenter, Church, Cole, Cox, Culp, Dedmon, Dockham, Esposito, Fitch, Gardner, Goodwin, Hackney, Haire, Hiatt, Horn, Howard, Hunter, Kiser, McComas, McCombs, McLawhorn, Melton, Mitchell, Oldham, Russell, Setzer, Sexton, Smith, Starnes, Sutton, Teague, Thompson, Tolson, Warren, G. Wilson, Womble, and Yongue.

Referred to: Appropriations.

April 22, 1999

A BILL TO BE ENTITLED

AN ACT TO CREATE AN AGRICULTURAL FAIRS ADVISORY COMMITTEE IN THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES AND TO APPROPRIATE FUNDS TO BE USED AS GRANTS TO ELIGIBLE LOCAL AGRICULTURAL FAIRS.

The General Assembly of North Carolina enacts:

Section 1. Article 45 of Chapter 106 of the General Statutes is amended by adding a new Part to read:

"Part 5. Agricultural Fairs Advisory Committee.

"**§ 106-520.12. Agricultural Fairs Advisory Committee.**

(a) The Agricultural Fairs Advisory Committee is created within the Department of Agriculture and Consumer Services.

(b) The Advisory Committee shall consist of six members as follows:

(1) The President of the North Carolina Association of Agricultural Fairs.

(2) Four county agricultural fair managers, appointed by the Commissioner of Agriculture.

(3) The Commissioner of Agriculture or a designee, to serve as an ex officio member.

The members of the Advisory Committee appointed under subdivision (2) of this subsection shall serve for a term of four years. In the event of a vacancy, the Commissioner shall appoint a replacement in accordance with subdivision (2) of this subsection.

(c) The Commissioner of Agriculture or a designee shall serve as Chair of the Advisory Committee. A majority of the members is a quorum for the purpose of transacting business.

"**§ 106-520.13. Advisory duties.**

The Advisory Committee shall advise the Commissioner of Agriculture in matters pertaining to the development and improvement of local agricultural fairs.

"**§ 106-520.14. Powers and duties of the Commissioner of Agriculture.**

The Commissioner of Agriculture, with the advice of the Advisory Committee and subject to available funds, may make grants of State funds to local agricultural fairs eligible for grants under G.S. 106-520.15 to be used by the recipient fair to pay awards for competitive exhibits of products of agriculture and home economics and domestic livestock and for vocational and judging skills. The Commissioner may also make grants to help establish new facilities and to improve existing facilities used in conducting events at local agricultural fairs. Grants for facilities shall be made under such conditions as may be imposed by the Commissioner of Agriculture with the advice of the Advisory Committee. Grants shall require matching funds from the local agricultural fair in an amount to be determined by the Commissioner, with the advice of the Advisory Committee. Preference for grants shall be given to fair associations that are most representative of agricultural interests. The Commissioner of Agriculture may also make grants to bona fide agricultural fair associations, without matching funds, to assist in the establishment of new agricultural fairs. The Commissioner may also make grants, not to exceed one thousand dollars ($1,000) to any one fair, to be used to promote agricultural commodities.

"**§ 106-520.15. Eligibility for grants.**

(a) In order to be eligible to receive a grant of State funds under this Part, a recipient shall satisfy all of the following conditions:

(1) Sponsor a fair that is licensed as an agricultural fair by the Commissioner of Agriculture pursuant to G.S. 106-520.3.

(2) Be a nonprofit or governmental organization.

(3) Provide for an annual fair running for at least three consecutive days.

(4) Present through the medium of youth organizations such as 4-H Clubs, Future Farmers of America, Future Homemakers of America, and other similar organizations, an educational program concerning the production, marketing, and consumption of livestock, poultry, field crops, and horticultural crops.

(5) Comply with all applicable rules of the Department of Agriculture and Consumer Services.

(b) Any fair or fair association receiving a grant of State funds shall file with the Department of Agriculture and Consumer Services by February 1 following the year

in which the grant is received satisfactory proof that all State premium awards have been paid in accordance with this Part. As used in this subsection, 'proof' means a certified financial report notarized and submitted by the treasurer of the local fair association."

Section 2. G.S. 106-520 reads as rewritten:

"**§ 106-520. Local aid to agricultural, animal, and poultry exhibits.**

Any ~~city, town, or~~ county or municipality may appropriate ~~not to exceed one hundred dollars ($100.00)~~ funds to aid any ~~agricultural, animal, or poultry~~ agricultural exhibition ~~held within such city, town, or county.~~ or fair."

Section 3. G.S. 106-508, 106-509, and 106-510 are repealed.

Section 4. G.S. 106-516.1 reads as rewritten:

"**§ 106-516.1. Carnivals and similar amusements not to operate without permit.**

Every person, firm, or corporation engaged in the business of a carnival company or a show of ~~like~~ that kind, including menageries, merry-go-rounds, Ferris wheels, riding devices, circus and similar amusements and enterprises operated and conducted for profit, shall, prior to exhibiting in any county annually staging an agricultural fair, apply to the sheriff of the county in which the exhibit is to be held for a permit to exhibit. The sheriff of the county shall issue a permit without ~~charge; provided, however, that no~~ charge. No permit shall be issued if ~~he shall find~~ the sheriff finds the requested exhibition date is less than 30 days prior to a regularly advertised agricultural ~~fair and so in conflict with G.S. 105-37.1(d).~~ fair. Exhibition without a permit from the sheriff of the county in which the exhibition is to be held shall constitute a Class 1 ~~misdemeanor: Provided, that nothing~~ misdemeanor. Nothing contained in this section shall prevent veterans' organizations and posts chartered by Congress or organized and operated on a statewide or nationwide basis from holding fairs or tobacco festivals on any dates which they may select if such fairs or festivals have heretofore been held as annual events."

Section 5. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of one hundred thousand dollars ($100,000) for the 1999-2000 fiscal year to be used for grants under Part 5 of Article 45 of Chapter 106 of the General Statutes, as enacted by Section 1 of this act.

Section 6. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 26*

Short Title: Housing Funds for Elderly. (Public)

Sponsors: Representatives Clary; Adams, Alexander, Allen, Allred, Bowie, Cansler, Cole, Crawford, Culp, Cunningham, Earle, Easterling, Gardner, Gillespie, Hiatt, Hunter, Hurley, Insko, Jarrell, Jeffus, Justus, Kiser, Luebke, McComas, Morris, Mosley, Owens, Preston, Rayfield, Rogers, Russell, Sherrill, Smith, Teague, Wainwright, Walend, Warner, and G. Wilson.

Referred to: Appropriations.

February 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR HOUSING FOR ELDERLY PERSONS.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Housing Finance Agency the sum of two million dollars ($2,000,000) for the 1999-2000 fiscal year and the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year. These funds shall be used to provide affordable housing for elderly persons. Beginning with the 2001-2002 fiscal year, funding for housing for the elderly shall be included in the Housing Finance Agency's continuation budget request.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1432

Short Title: Regional Film Commissions Funds. (Public)

Sponsors: Representatives McComas; McMahan and Easterling (Primary Sponsors).

Referred to: Appropriations.

April 29, 1999

A BILL TO BE ENTITLEBILL D

AN ACT TO APPROPRIATE FUNDS TO SUPPORT THE REGIONAL FILM COMMISSIONS IN WESTERN NORTH CAROLINA AND IN THE CITIES OF CHARLOTTE, WINSTON-SALEM, AND WILMINGTON.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Commerce, Division of Tourism, Film and Sports Development the sum of one hundred thousand dollars ($100,000) for the 1999-2000 fiscal year and the sum of one hundred thousand dollars ($100,000) for the 2000-2001 fiscal year to provide funding to the existing Regional Film Commissions in Western North Carolina and the Cities of Charlotte, Winston-Salem, and Wilmington. The film industry has provided more than five billion dollars ($5,000,000,000) in motion picture, television, and commercial production spending and more than 100,000 jobs for North Carolinians since 1980.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 347

Short Title: Grassroots Science Museum Funds. (Public)

Sponsors: Representatives Easterling; Alexander, Bridgeman, Buchanan, Cansler, Culpepper, Cunningham, Earle, Gulley, Hackney, Hunter, Jarrell, Jeffus, Luebke, McAllister, McMahan, Michaux, Mitchell, Mosley, Nesbitt, Saunders, Sherrill, Thompson, and Wainwright.

Referred to: Appropriations.

March 8, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO FULLY FUND THE GRASSROOTS SCIENCE MUSEUM COLLABORATIVE TO ENHANCE STATE PROGRAMS IN SCIENCE AND ENVIRONMENTAL EDUCATION.

The General Assembly of North Carolina enacts:

Section 1.(a) There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of three million two hundred fifty thousand dollars ($3,250,000) for the 1999-2000 fiscal year and the sum of three million two hundred fifty thousand dollars ($3,250,000) for the 2000-2001 fiscal year for full funding of the Grassroots Science Museum Collaborative to enhance State programs in science and environmental education.

Section 1.(b) The Grassroots Science Museum Collaborative is administered by the North Carolina Museum of Natural Sciences. Participating members of the collaborative are as follows:

(1) Aurora Fossil Museum (Aurora, Beaufort County)
(2) Cape Fear Museum (Wilmington, New Hanover County)
(3) Catawba Science Center (Hickory, Catawba County)
(4) Colburn Gem and Mineral Museum (Asheville, Buncombe County)
(5) Discovery Place (Charlotte, Mecklenburg County)

(6) The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc. (Asheville, Buncombe County)
(7) Imagination Station (Wilson, Wilson County)
(8) Museum of Coastal Carolina (Ocean Isle, Brunswick County)
(9) Natural Science Center of Greensboro (Greensboro, Guilford County)
(10) North Carolina Museum of Life and Science (Durham, Durham County)
(11) Rocky Mount Children's Museum (Rocky Mount, Nash County)
(12) Schiele Museum of Natural History (Gastonia, Gaston County)
(13) SciWorks Science Center and Environmental Park of Forsyth County (Winston-Salem, Forsyth County)
(14) Western North Carolina Nature Center (Asheville, Buncombe County).

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1383*

Short Title: Cape Fear River Basin Research Funds. (Public)

Sponsors: Representatives Hurley; Kinney, McAllister, Morris, Warner, and Yongue.

Referred to: Appropriations.

April 29, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR DATA COLLECTION, RESTORATION EFFORTS, RESEARCH, AND PUBLIC EDUCATION REGARDING THE CAPE FEAR RIVER BASIN.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Cape Fear River Assembly, Inc., the sum of one million one hundred sixty-two thousand dollars ($1,162,000) for the 1999-2000 fiscal year and the sum of one million one hundred sixty-two thousand dollars ($1,162,000) for the 2000-2001 fiscal year to conduct comprehensive investigations throughout the lower, middle, and upper portions of the Cape Fear River Basin to obtain critical information regarding water quality and biological and watershed characteristics not presently available. To this end, the funds appropriated by this section shall be allocated as follows:

(1) $190,000 for the 1999-2000 fiscal year and $190,000 for the 2000-2001 fiscal year shall be used to examine benthic communities basinwide to establish the spatial and temporal characteristics of these communities and the river conditions affecting these communities.

(2) $200,000 for the 1999-2000 fiscal year and $200,000 for the 2000-2001 fiscal year shall be used for continuous monitoring to establish relationships between river flow (tides in the lower basin) and pollutant loading throughout the Cape Fear River Basin.

(3) $180,000 for the 1999-2000 fiscal year and $180,000 for the 2000-2001 fiscal year shall be used to examine the pattern and extent of metal traces in the Cape Fear River Basin and to study the transport and effects of these metals within the waterways of the Cape Fear River.

(4) $48,000 for the 1999-2000 fiscal year and $48,000 for the 2000-2001 fiscal year shall be used to investigate the potential environmental and health effects of pollution carried into the Atlantic by the fast-moving Cape Fear River as it is washed back into nearby beach areas.

(5) $225,000 for the 1999-2000 fiscal year and $225,000 for the 2000-2001 fiscal year shall be used to examine the various natural and anthropogenic sources of biochemical oxygen demand (BOD) throughout the Cape Fear River Basin.

(6) $244,000 for the 1999-2000 fiscal year and $244,000 for the 2000-2001 fiscal year shall be used to examine the cause and effect relationships between water quality parameter variances and the types and productivity of suspended algae in the Cape Fear River Basin.

(7) $75,000 for the 1999-2000 fiscal year and $75,000 for the 2000-2001 fiscal year shall be used to conduct water quality monitoring beyond the monitoring required of coalitions of dischargers, in order to characterize nonpoint source impacts and natural conditions.

Section 2. There is appropriated from the General Fund to the Cape Fear River Assembly, Inc., the sum of three hundred twenty-five thousand dollars ($325,000) for the 1999-2000 fiscal year and the sum of three hundred twenty-five thousand dollars ($325,000) for the 2000-2001 fiscal year to develop an integrated, comprehensive plan for restoration projects that can be funded in the future through other funding sources. The funds appropriated by this section shall be allocated as follows:

(1) $125,000 for the 1999-2000 fiscal year and $125,000 for the 2000-2001 fiscal year shall be used to develop enhanced land-use information for the Cape Fear River Basin, to map riparian buffer areas as part of restoration or protection efforts, and to enhance data available from State agencies. These data shall be available to various groups and State agencies interested in watershed management activities in the Cape Fear River Basin.

(2) $50,000 for each of the eight subbasins in the Cape Fear River Basin for the 1999-2000 fiscal year, for a total of $200,000, and $50,000 for each of these eight subbasins for the 2000-2001 fiscal year, for a total of $200,000, shall be used to target specific watersheds for restoration efforts using available GIS information

and additional available water quality or biological data, to assess stream habitat and riparian areas, and to classify stream channels.

Section 3. There is appropriated from the General Fund to the Cape Fear River Assembly, Inc., the sum of three hundred seventy-five thousand dollars ($375,000) for the 1999-2000 fiscal year and the sum of three hundred seventy-five thousand dollars ($375,000) for the 2000-2001 fiscal year to develop water quality modeling tools for various portions of the Cape Fear River Basin, to include estuarine modeling for assimilative capacity, mainstem modeling for nutrient and sediment transport and assimilative capacity, water supply reservoir modeling for nutrient and sediment transport and assimilative capacity, and watershed modeling for nutrients and sediment.

Section 4. There is appropriated from the General Fund to the Cape Fear River Assembly, Inc., the sum of one hundred fifty thousand dollars ($150,000) for the 1999-2000 fiscal year and the sum of one hundred fifty thousand dollars ($150,000) for the 2000-2001 fiscal year to be used to inform the public regarding watershed assessment and management efforts in the Cape Fear River Basin and to develop methods through which citizen groups can be involved in various monitoring and education activities. The funds appropriated by this section shall be allocated as follows:

(1) $100,000 for the 1999-2000 fiscal year and $100,000 for the 2000-2001 fiscal year shall be used to develop an information and education program for youth and adult audiences throughout the Cape Fear River Basin, to include quarterly conferences, monthly newsletters, and an interactive web page.

(2) $50,000 for the 1999-2000 fiscal year and $50,000 for the 2000-2001 fiscal year shall be used to provide organizational support for basinwide monitoring and education activities and to support integration and coordination of existing as well as future efforts.

Section 5. The Cape Fear River Assembly, Inc., may enter into contracts for the data collection, restoration efforts, research, or public education regarding the Cape Fear River Basin funded by this act.

Section 6. The Cape Fear River Assembly, Inc., shall report by October 1, 1999, and quarterly thereafter to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations on the use of any funds appropriated under this act.

Section 7. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1444

Short Title: Low-Income Housing Coalition Funds. (Public)

Sponsors: Representatives Luebke; and Easterling (Primary Sponsors).

Referred to: Appropriations.

April 29, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA LOW-INCOME HOUSING COALITION.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Commerce the sum of ninety-five thousand dollars ($95,000) for the 1999-2000 fiscal year to support the programs of the North Carolina Low-Income Housing Coalition.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1401

Short Title: Home Start Funds. (Public)

Sponsors: Representatives Earle, Cansler, Fox (Primary Sponsors); Barefoot, Bonner, Braswell, Bridgeman, Clary, Saunders, Sherrill, Tucker, Walend, Warren, and Yongue.

Referred to: Appropriations.

April 29, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO INCREASE AND SUSTAIN THE CAPACITY OF NONPROFIT HOUSING ORGANIZATIONS TO PROVIDE AFFORDABLE HOMES.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the North Carolina Housing Finance Agency the sum of two million five hundred thousand dollars ($2,500,000) for the 1999-2000 fiscal year. These funds shall be allocated to community-based nonprofit affordable housing organizations. These funds shall be used for direct grants to new and existing community-based organizations to support operations and project activities, and for administrative and other operational purposes that expand the capacity of the organizations to:

(1) Support the development of housing affordable to persons of low income;

(2) Support home ownership through credit counseling and other home buyer education;

(3) Meet the housing needs of underserved communities by focusing attention and efforts on high-poverty rural areas and distressed urban neighborhoods;

(4) Provide more appropriate and less costly private housing options and services for the elderly and for handicapped or disabled

persons or other persons with special needs who otherwise might be dependent upon public assistance; and

(5) Increase stability, help deter crime, and make neighborhoods more attractive for further economic and community development through education and community building activities.

Funds appropriated in this act may not be used by the Housing Finance Agency for administrative purposes.

Section 2. The North Carolina Housing Finance Agency may adopt temporary rules pursuant to G.S. 150B-21.1 to implement this act.

Section 3. The North Carolina Housing Finance Agency shall report every six months, commencing July 1, 1999, to the Joint Legislative Commission on Governmental Operations on the use of the funds appropriated in this act.

Section 4. As used in this act, the term "community-based nonprofit affordable housing organization" means an organization chartered pursuant to section 501(c)(3) of the Internal Revenue Code, that:

(1) Has as a major purpose the development and improvement of affordable housing opportunities for persons of low income;

(2) Serves the community in which it is located;

(3) Is neither controlled by nor under the direction of individuals or entities seeking to derive profit or gain from the organization; and

(4) Maintains accountability to low-income community residents through board membership or other formal processes for input into the organization's housing decision-making process.

As used in this act, the term "low income" refers to persons and families whose incomes do not exceed eighty percent (80%) of the area median family income, with adjustments for family size, according to the latest figures available from the U.S. Department of Housing and Urban Development.

Section 5. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1339

Short Title: ESC Funds. (Public)

Sponsors: Representative Gibson.

Referred to: Appropriations.

April 26, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE EMPLOYMENT SECURITY COMMISSION FOR THE COMMON FOLLOW-UP SYSTEM AND NC WORKS STUDY.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Employment Security Commission the sum of one million five hundred thousand dollars ($1,500,000) for the 1999-2000 fiscal year for continuation of the Common Follow-Up System and the NC Works study.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1350

Short Title: Regional Development/Funds. (Public)

Sponsors: Representatives Brubaker, Fitch, McAllister, and Berry (Primary Sponsors).

Referred to: Appropriations.

April 27, 1999

A BILL TO BE ENTITLED

AN ACT TO ELIMINATE WASTE AND DUPLICATION IN STATE FUNDING OF REGIONAL DEVELOPMENT.

The General Assembly of North Carolina enacts:

Section 1. The Department of Commerce shall contract with an independent consultant to conduct a performance audit to examine the cost benefit of continued funding for regional economic development commissions in light of the fact that the Department of Commerce's State and regional staff perform the same regional development functions as the commissions. The Department of Commerce shall report the results of this audit to the Joint Legislative Commission on Governmental Operations by January 15, 2001. There is appropriated from the General Fund to the Department of Commerce the sum of twenty-five thousand dollars ($25,000) for the 1999-2000 fiscal year and the sum of twenty-five thousand dollars ($25,000) for the 2000-2001 fiscal year to implement the provisions of this section.

Section 2. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part 17, entitled "Regional Development."

Section 3. G.S. 158-8.1, 158-8.2, 158-8.3, and 158-8.4 are recodified as G.S. 143B-472.54, 143B-472.55, 143B-472.56, and 143B-472.57 in Part 17 of Article 10 of Chapter 143B of the General Statutes, as enacted by this act. The Revisor of Statutes shall change references in those sections from "this Article" to "Article 2 of Chapter 158 of the General Statutes."

Section 4. Part 17 of Article 10 of Chapter 143B of the General Statutes is amended by adding the following new sections to read:

"**§ 143B-472.50. Scope.**

(a) This Part applies to the following regional development commissions:

(1) Carolinas Partnership, Inc.

(2) Global TransPark Development Commission.

(3) Northeastern North Carolina Regional Economic Development Commission.

(4) Piedmont Triad Partnership.

(5) Research Triangle Regional Commission.

(6) Southeastern North Carolina Regional Economic Development Commission.

(7) Western North Carolina Regional Economic Development Commission.

(b) Coastal Commissions. -- For the purpose of this Part, a coastal commission is a regional development commission that includes counties that border on the Atlantic Ocean.

"**§ 143B-472.51. Appropriations.**

Notwithstanding any other provision of law, funds appropriated from the General Fund to the Department of Commerce for allocation to a regional development commission for a fiscal year shall revert to the General Fund at the end of that fiscal year if not yet spent or encumbered by the regional development commission.

"**§ 143B-472.52. Expenditures.**

(a) Coastal Commissions. -- Notwithstanding any other provision of law, each coastal commission's annual expenditure of State funds is subject to the following limitations:

(1) No more than fifteen percent (15%) may be spent for costs of administration.

(2) The remainder must be allocated to a nonprofit entity specifically dedicated to new or existing tourism development clients that are committed to doing business in the region.

(b) Other Commissions. -- Notwithstanding any other provision of law, for regional development commissions other than coastal commissions, each commission's annual expenditure of State funds is subject to the following limitations:

(1) No more than fifteen percent (15%) may be spent for costs of administration.

(2) Twenty-five percent (25%) must be used for technical assistance to counties and direct incentives for industrial clients.

(3) Twenty-five percent (25%) must be allocated to a nonprofit entity specifically dedicated to new or existing tourism development clients that are committed to doing business in the region.

(4) Twenty-five percent (25%) must be used to promote the region as a place to invest in industrial or tourism development projects, including participation in shows and recruitment junkets.

(5) Ten percent (10%) must be used to promote the region as a place to live, work, and play.

(c) Reports. -- Each regional development commission that receives State funds shall report annually to the Department of Commerce on its expenditures of the funds and shall provide an annual financial statement audited in accordance with generally accepted accounting principles and in accordance with Government Audit Standards developed by the Comptroller General of the United States. The Department of Commerce shall report annually to the Joint Legislative Commission on Governmental Operations, and more frequently as it requires, on these statements.

"**§ 143B-472.53:** Reserved."

Section 5. G.S. 143B-472.57, as recodified by this act, reads as rewritten:

"**§ 143B-472.57. Removal of certain commission members.**

A commission created under G.S. ~~158-8.1, 158-8.2, or 158-8.3~~ 143B-472.54, 143B-472.55, or 143B-472.56 may, by majority vote, remove a member of the commission if that member does not attend at least eighty percent (80%) of the regularly scheduled meetings of the commission during any full year of service of that member on the board, except that absences excused by the commission due to serious medical or family circumstances shall not be considered. If the commission votes to remove a member under this section, the vacancy will be filled in the same manner as the original appointment."

Section 6. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1351

Short Title: Tier One Development Funds. (Public)

Sponsors: Representatives Brubaker, Berry, Hunter, and Adams (Primary Sponsors).

Referred to: Appropriations.

April 27, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR BEST ECONOMIC ENHANCEMENTS FOR TIER ONE ENTERPRISE AREAS.

The General Assembly of North Carolina enacts:

Section 1. Appropriation. -- There is appropriated from the General Fund to the Department of Commerce the sum of twenty-six million dollars ($26,000,000) for the 1999-2000 fiscal year to be used to implement the Best Economic Enhancements program as provided in this act. These funds shall not revert at the end of the fiscal year but shall remain available to the Department of Commerce until used as provided in this act.

Section 2. Best Economic Enhancements. -- The Department of Commerce shall implement a Best Economic Enhancements program to provide five points of engagement allowing distressed counties to bring or continue bringing economic development efforts to the forefront of their revitalization agendas. A county is eligible for the Best Economic Enhancements program only if it is designated a tier one enterprise area under G.S. 105-129.3 and has adopted an economic development strategic plan. The program includes five components: Small Town Revitalization Investment Funds; Big Brother County Growth Incentive; Tourism Development Infrastructure Funds; Earnest Economic Growth Investment Grant; and County Start-Up Investment Account. An eligible county may participate in no more than three of these five components. The Department of Commerce may adopt rules to implement this act.

Section 3. Small Town Revitalization Investment Funds. -- The Department of Commerce may allocate up to five hundred thousand dollars ($500,000) to an eligible county for improvement of small towns in accordance with this section. The funds may be used only to establish a new use for one or more existing buildings that already have full services of municipal water, sewer, and power within the town or its extraterritorial jurisdiction. The funds may be used to renovate or expand existing buildings and to install commercial equipment for projects that exceed one hundred thousand dollars ($100,000) in construction or renovation costs. The funds may not be used for planning purposes or for greenfield construction projects, but may be used for new construction on the site of a building or other improvement that has been demolished or moved.

The funds may be used only for public purposes that enhance quality of life, including, but not limited to, medical services, senior services, arts and cultural facilities, or recreation and amusement venues. The funds may be used for a project that is private or public-private if the project is endorsed by the local economic development commission or the board of county commissioners after public notice and a public hearing on the question.

The allocation must be matched by non-State funds. The match must be on the basis of one dollar ($1.00) of non-State funds for every one dollar ($1.00) of State funds for public projects and on the basis of two dollars ($2.00) of non-State funds for every one dollar ($1.00) of State funds for private projects.

Section 4. Big Brother County Growth Incentive. -- The Department of Commerce may allocate to an eligible county up to five hundred thousand dollars ($500,000) in the 1999-2000 fiscal year and up to five hundred thousand dollars ($500,000) in the 2000-2001 fiscal year to be used for economic development grants to businesses currently located in enterprise tier four and five areas if they expand their operations into the eligible county. The county shall develop a procedure for making economic development grants only to eligible businesses that apply to the local economic development commission or to the board of county commissioners. Economic development grants to businesses must meet all of the following conditions:

(1) The business must be industrial, commercial, or retail and must provide a new product or service not already being provided in the eligible county into which the business will expand.

(2) The grant may not exceed two hundred fifty thousand dollars ($250,000) per business per year and is available for no more than two years per business.

(3) The business must create at least three new jobs in the eligible county. These jobs must not be jobs moved from another location in the State.

(4) The business must invest at least one hundred fifty thousand dollars ($150,000) in new machinery and equipment in the eligible county, and the amount of the grant may not exceed the amount invested by the business.

(5) A business may use the grant funds to acquire or improve real or tangible personal property.

Section 5. Tourism Development Infrastructure Funds. -- The Department of Commerce, Division of Travel and Tourism, may allocate up to five hundred thousand dollars ($500,000) to an eligible county for tourism development projects that implement the State's heritage tourism and film development goals. The allocation must be matched by private, nongovernment funds on the basis of two dollars ($2.00) of private funds for every one dollar ($1.00) of State funds. To qualify for funding under this section, a tourism development project must be certified by an appropriate local nonprofit organization as being significant to its goals. An appropriate nonprofit organization is any of the following or any nonprofit organization with similar goals: a county economic development commission, the Partnership for the Sounds, Roanoke River Partners, and the Historic Albemarle Tour.

The funds may not be used for development of a traditional hotel or motel but may be used for attractions and infrastructure improvements such as the following:

(1) Renovation of an historic property for use as a bed and breakfast establishment.

(2) A tourist attraction that charges taxable admissions, is open to the public all year, and plans to market to its service area during off-season and shoulder-season periods.

(3) A retail establishment that qualifies for State and federal income tax credits for rehabilitating an historic structure.

(4) Public restrooms, rest areas, information kiosks, and visitor's centers.

(5) Docking facilities, boat fueling and pump-out stations, boardwalks, and lodging platforms.

(6) Camping facilities, including related sewage treatment facilities.

(7) People-transit systems and people-moving trails using alternative vehicles.

Section 6. Earnest Economic Growth Investment Grant. -- The Department of Commerce may allocate up to one hundred fifty thousand dollars ($150,000) to an eligible county to be paid to the county in three annual installments of not more than fifty thousand dollars ($50,000) a year. In addition, if an eligible county raises one hundred thousand dollars ($100,000) in non-State matching funds, the Department of Commerce may allocate to that county an additional one hundred thousand dollars ($100,000) on a one-time basis.

The funds may be used to purchase land for industrial development, to operate an economic development office, and to employ a full-time economic development officer. The funds may be used only for expenditures approved by the board of county commissioners. To be eligible for funds under this section, the board of county commissioners must guarantee to the Department of Commerce that it will

maintain an active economic development office for at least five years after it applies for a grant under this section.

Section 7. County Start-Up Investment Account. -- Upon application by the economic development commission of an eligible county, the Department of Commerce may allocate up to two hundred thousand dollars ($200,000) to the county to endow a local, low-interest revolving loan fund. The county must administer the loan fund to provide loans only to new businesses started in the county. The county must invest the principal in a low-risk financial institution account that pays at least three and one-half percent (3.5%) annual interest. The county must maintain a balance of at least one hundred thousand dollars ($100,000) in the account. The county may contract with a nonprofit organization to administer the loan fund. The loan fund must meet all of the following conditions:

(1) Loans from the fund may not exceed ten thousand dollars ($10,000) per business.
(2) Interest on a loan may not exceed two percent (2%) a year.
(3) The term of a loan may not exceed five years.
(4) Each loan applicant must submit a business plan and a cash flow projection indicating the viability of the proposed business.
(5) Each loan applicant must employ one or more welfare-to-work individuals during the period the loan is outstanding.

Section 8. Reports. -- The Department of Commerce shall require eligible counties that participate in the Best Economic Enhancements program to report to the Department on a quarterly basis. The Department of Commerce shall review annually the progress of each eligible county's implementation and measured results. The Department of Commerce shall report annually to the Joint Legislative Commission on Governmental Operations, and more frequently as it requires, on the expenditures under this act and their impact.

Section 9. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1366

Short Title: World Trade Center NC Funds. (Public)

Sponsors: Representative Daughtry.

Referred to: Appropriations.

April 29, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE WORLD TRADE CENTER NORTH CAROLINA TO SUPPORT INTERNATIONAL TRADE EDUCATION PROGRAMS FOR SMALL AND MEDIUM-SIZED BUSINESSES IN THE STATE.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the World Trade Center North Carolina the sum of three hundred thousand dollars ($300,000) for the 1999-2000 fiscal year and the sum of three hundred thousand dollars ($300,000) for the 2000-2001 fiscal year to support international trade education programs for small and medium-sized businesses in the State.

Section 2. This act becomes effective 1 July 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1376

Short Title: Tourism Credit Enhancement/Funds. (Public)

Sponsors: Representatives Adams, Hunter, McAllister, Fitch; Berry, Blue, Brubaker, Gardner, Hensley, Howard, Morgan, and Womble.

Referred to: Appropriations.

April 29, 1999

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE DEPARTMENT OF COMMERCE AND THE STATE TREASURER TO DEVELOP PROPOSALS FOR CREDIT ENHANCEMENT FOR TOURISM DEVELOPMENT PROJECTS.

The General Assembly of North Carolina enacts:

Section 1. The Department of State Treasurer and the Department of Commerce shall jointly develop legislative proposals for credit enhancement for tourism development projects in rural counties of the State. The credit enhancement may be in the form of State revenue bonds, other State debt, State loan guarantees, or other mechanisms. The proposals shall be designed to provide incentives for tourism development that would be similar or comparable to existing, tax-exempt, industrial revenue bonds available for manufacturing projects. In developing the proposals, the two Departments shall examine credit enhancement mechanisms employed in other states.

Section 2. The two Departments shall jointly report their findings and recommendations to the Joint Legislative Commission on Governmental Operations by May 1, 2000. Each legislative proposal shall be accompanied by draft legislation and by a fiscal estimate of its cost to the General Fund.

Section 3. There is appropriated from the General Fund to the Department of State Treasurer the sum of five thousand dollars ($5,000) for the 1999-2000 fiscal year for the costs of implementing this act.

Section 4. There is appropriated from the General Fund to the Department of Commerce the sum of five thousand dollars ($5,000) for the 1999-2000 fiscal year for the costs of implementing this act.

Section 5. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1381

Short Title: Resource Conser./Dev. Councils Funds. (Public)

Sponsors: Representative Culpepper.

Referred to: Appropriations.

April 29, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES FOR THE STATE'S RESOURCE CONSERVATION AND DEVELOPMENT COUNCILS.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of four hundred fifty thousand dollars ($450,000) for the 1999-2000 fiscal year to provide each of the State's nine Resource Conservation and Development Councils a fifty thousand dollar ($50,000) grant to use as leverage for grants totaling five hundred thousand dollars ($500,000), which will be allocated by each county in the regional council.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1341

Short Title: NC Technological Dev. Auth. Funds. (Public)

Sponsors: Representatives Earle; Alexander, Bonner, Bowie, Cunningham, Dedmon, Easterling, Hurley, Mitchell, Owens, Saunders, Sherrill, Wainwright, Warner, and Yongue.

Referred to: Appropriations.

April 26, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the North Carolina Technological Development Authority, Inc., a nonprofit corporation, the sum of six million dollars ($6,000,000) for the 1999-2000 fiscal year and the sum of one million five hundred thousand dollars ($1,500,000) for the 2000-2001 fiscal year to be used as follows:

(1) To construct a business incubator building to contain office space for use by businesses owned by people with disabilities.

(2) To provide entrepreneurial programs and technical assistance to small businesses owned by people with disabilities.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 40

Short Title: Turnbull State Forest Funds. (Public)

Sponsors: Representative Nye.

Referred to: Appropriations.

February 8, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR A MULTIPURPOSE FORESTRY CENTER AT THE TURNBULL EDUCATIONAL STATE FOREST.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources, Forest Resources Division, the sum of eighty-five thousand dollars ($85,000) for the 1999-2000 fiscal year to construct a multipurpose forestry center at the Turnbull Educational State Forest.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 926

Short Title: Housing Finance Agency/Funds. (Public)

Sponsors: Representatives Hardaway, Wright, Redwine; Wainwright, Hurley, and Morris.

Referred to: Appropriations.

April 6, 1999

A BILL TO BE ENTITLED

AN ACT TO TRANSFER CERTAIN FUNDS APPROPRIATED FOR THE 1998-99 FISCAL YEAR FROM THE DEPARTMENT OF COMMERCE TO THE HOUSING FINANCE AGENCY FOR THE HOUSING TRUST FUND.

The General Assembly of North Carolina enacts:

Section 1. The Department of Commerce shall transfer to the Housing Finance Agency for the Housing Trust Fund the sum of twenty-five million dollars ($25,000,000) from funds appropriated to the Department of Commerce for the 1998-99 fiscal year that are unexpended and unencumbered as of June 30, 1999, and would therefore revert to the General Fund on that date. These funds shall be used for the purposes set out in G.S. 122E-6.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1441

Short Title: Restore Regional Comm'n Funding. (Public)

Sponsors: Representatives Nesbitt; Barefoot, Ramsey, Redwine, Smith, Cansler, and Cox.

Referred to: Appropriations.

April 29, 1999

A BILL TO BE ENTITLED

AN ACT TO RESTORE FULL FUNDING FOR REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS.

The General Assembly of North Carolina enacts:

Section 1.(a) There is appropriated from the General Fund to the Department of Commerce the sum of five million eight hundred fifty thousand dollars ($5,850,000) for the 1999-2000 fiscal year and the sum of five million eight hundred fifty thousand dollars ($5,850,000) for the 2000-2001 fiscal year, to be allocated to the following regional economic development commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 1.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the

resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3.

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws.

(3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 279

Short Title: ESC Automation Funds. (Public)

Sponsors: Representative Redwine.

Referred to: Appropriations.

March 4, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE EMPLOYMENT SECURITY COMMISSION FOR AUTOMATION NEEDS.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Employment Security Commission the sum of four hundred seventy-nine thousand six hundred forty-four dollars ($479,644) for the 1999-2000 fiscal year for automation needs related to the administration of the Employment Security laws.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1429

Short Title: Museum of Coastal Carolina Funds. (Public)

Sponsors: Representatives Redwine; and Barefoot.

Referred to: Appropriations.

April 29, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO ADD A PLANETARIUM AND SPACE SCIENCE EDUCATION WING TO THE MUSEUM OF COASTAL CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of five hundred thousand dollars ($500,000) for the 1999-2000 fiscal year to add a planetarium and space science education wing to the Museum of Coastal Carolina at Ocean Isle Beach.

Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H 1

HOUSE BILL 1344

Short Title: Lead Regional Org. Funds. (Public)

Sponsors: Representatives Hardaway; Clary, Fox, Gillespie, Hunter, Hurley, Melton, Morris, and Sherrill.

Referred to: Appropriations.

April 27, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE NORTH CAROLINA LEAD REGIONAL ORGANIZATIONS.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Commerce the sum of one million eight hundred thousand dollars ($1,800,000) for the 1999-2000 fiscal year and the sum of one million eight hundred thousand dollars ($1,800,000) for the 2000-2001 fiscal year for the Lead Regional Organizations.

Section 2. Each Lead Regional Organization is allocated up to the sum of one hundred thousand dollars ($100,000) for each fiscal year with the actual amount calculated as provided herein. These funds shall be allocated as follows: A share of the maximum one hundred thousand dollars ($100,000) each fiscal year shall be allocated to each county and smaller city based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the Lead Regional Organization for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payments of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

Section 3. A Lead Regional Organization may use funds appropriated by this act only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

Section 4. Funds appropriated by this act shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by member governments.

Section 5. As used in this act, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

Section 6. This act becomes effective July 1, 1999.

VISITOR REGISTRATION SHEET

NEK — May 12, 1999

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Scott Tending	Media Generals
Alene G. Evans	Virginia Newell Realty: P.O. Box 21113, G'Boro, NC 27420
Virginia K. Newell	Virginia Newell Realty 402 Laura wall Winston-Salem, N.C. 27101
Jean Crenshaw	Rural Center
Ed Regan	N.C. Assoc. of Co. Comm
[illegible]	UNC-GA / NCSU Reg Regn
Charles L. Smith	SANE PO Box 24, Mainard, NC 27821
Jacqueline Wagstaff	NECD 227 N Briggs Ave Durham 27703
Robert Dowling	Orange Community Housing Corp
Kathy Sawyer	Commerce
Bill Hurley	House
Jackie Edwards Walton	UJAMMA, Inc. 910 N. Alexander St, Charlotte, NC 28206
Linda Shaw	NC Low Income Housing Coalition
Pamela Davison	World Trade Center NC
Ruth Camp	World Trade Center NC
John Cram	TDA
Joe McCleer	TDA
Roger Earnhardt	CICAC
R. Rogers	DENR
David Clegg	ESC
T.S. Whitaker	ESC
[illegible]	ESC
Becky Brown	Labor
James Andrews	NC State AFL-CIO
Jim Caldwell	Mid Carolina COG
Steve Woodson	NCFB
Paula Lupton	NCFB
Bill [illegible]	NC DCA

VISITOR REGISTRATION SHEET

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tara L. Fikes	NC Low Income Housing Coalition
Helen Moore	NC Low Inc. Housing / CCB
Kevin Pack	CCB / NC Low Inc Housing
Mark Pearce	NC LIHC / Self-Help / Rebuild Durham
Margaret Mathone	NC Housing Finance Agency
Johnny Gray	OSBM
J W Rul	OSBM
[illegible]	OSBM
David Forsythe	Person County Group Homes, Inc
Maurice [illegible]	NCDA & CS
John Berndt	Commerce - DCA
Jim Brown	State Ports
Weldon B Denny	NCDA & CS
Jawanda S. Parker	Choanoke Area Development Assn. Inc - CADA
Mary Brown	Choanoke Area Dev. Assc. Inc. CADA
Joyce Coppedge	Choanoke Area Development - Inc - CADA
Carrie [illegible]	Choanoke Area Dev. Assoc., Inc. CADA
Lisa Martin	Upper Neuse River Basin Assn.
David Herlong	State Planning
Paul Hughes	Isothermal PDC - Rutherfordton, NC
Doy Freeman	Cape Fear River Assembly
Sheila Kingsberry-Burt	NC Justice & Community Develop. Center
Will Culpepper	Linwood Mercer & Associates
Jane Pinsky	Poe Center
Pam Kohl	Poe Center For Health Education
Julie R. McQueen	Poe Center " " "
Michael J. Lewis	Poe Center
BETH LEWIS	" "

Attachment 1

UBLIC BILL

H.B. _____ SESSION LAW _____

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO FULLY FUND THE GRASSROOTS SCIENCE MUSEUM COLLABORATIVE TO ENHANCE STATE PROGRAMS IN SCIENCE AND ENVIRONMENTAL EDUCATION.

Introduced by Representative(s) Easterling

Principal Clerk's Use Only

PASSED 1st READING
MAR 8 1999
AND REFERRED TO COMMITTEE
ON Appropriations

The Committee/Subcommittee on Appro. reports
the bill to Sub/NER
Rep. Easterling, Hardaway & Redwine
For the Committee

Referred to Committee/Subcommittee
NER
APR 5 '99

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 347

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

H347-ALD-7 Page 1 of __

Date_____,1999

Comm. Sub. [ ]
Amends Title [ ]

Representative Easterling

moves to amend the bill on page 1, lines 7-8, by deleting "three million two hundred fifty thousand dollars ($3,250,000)" and substituting "three million five hundred thousand dollars ($3,500,000)"; and

on page 1, line 9, by deleting "three million two hundred fifty thousand dollars ($3,250,000)" and substituting "three million five hundred thousand dollars ($3,500,000)".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

1999 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:
By Representative(s) **Fox and Owens** for the Permanent Subcommittee on **Natural and Economic Resouces** of the Standing Committee on **APPROPRIATIONS.**

☐ Committee Substitute for
H.B. 347 ☒A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS TO FULLY FUND THE GRASSROOTS SCIENCE MUSEUM COLLABORATIVE TO ENHANCE STATE PROGRAMS IN SCIENCE AND ENVIRONMENTAL EDUCATION.

REPORTED TO THE STANDING COMMITTEE ON **APPROPRIATIONS.**

RECOMMENDED ACTION:

☐ With a favorable recommendation.

☐ With a favorable recommendation and recommend that the bill be re-referred to the Committee on .

☒ With a favorable recommendation, as amended.

☐ With a favorable recommendation, as amended, and recommend that the bill be re-referred to the Committee on .

☐ With an unfavorable recommendation.

☐ With a favorable recommendation as to proposed committee substitute bill which changes the title, unfavorable as to original bill.

☐ With a favorable recommendation as to proposed House committee substitute bill, which changes the title, unfavorable as to Senate committee substitute bill.

☐ Without prejudice.

☐ Other recommended action: _____.

WITH APPROVAL OF STANDING COMMITTEE CHAIR FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:

Rep. for the Standing Committee on _____.

s/_____

☐ With a favorable report.
☐ With a favorable report, as amended.
☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #). (and recommendation that the committee substitute bill (#) be referred to the Committee on .)

2/24/99

ID S 821

PUBLIC BILL

Attachment 2

H. 1998

SESSION LAW _____

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR DATA COLLECTION, RESTORATION EFFORTS, RESEARCH, AND PUBLIC EDUCATION REGARDING THE CAPE FEAR RIVER BASIN.

Introduced by Representative(s) Hurley Kinney Warner McAllister Young Morris

Principal Clerk's Use Only

PASSED 1st READING
APR 29 1999
AND REFERRED TO COMMITTEE
ON Appropriations

The Committee, ~~to Committee on~~
Approp
the bill to sub/Nat & Econ. Res.

Hardaway, Easterling, Ordwine
For the Committee

Referred to ~~Committee~~ to Committee
Na E Res

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1383

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

H1383-ALD-1 Page 1 of __

Date_____,1999

Comm. Sub. []
Amends Title []
First Edition

Representative

moves to amend the bill on page 2, line 39, by deleting "$50,000" and substituting "$25,000"; and

on page 2, line 41, by deleting "$50,000" and substituting "$25,000".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

1999 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:
By Representative(s) **Fox and Owens** for the Permanent Subcommittee on **Natural and Economic Resouces** of the Standing Committee on **APPROPRIATIONS.**

☐ Committee Substitute for
H.B. 1383 ☒A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR DATA COLLECTION, RESTORATION EFFORTS, RESEARCH, AND PUBLIC EDUCATION REGARDING THE CAPE FEAR RIVER BASIN.

REPORTED TO THE STANDING COMMITTEE ON **APPROPRIATIONS.**

RECOMMENDED ACTION:

☐ With a favorable recommendation.

☐ With a favorable recommendation and recommend that the bill be re-referred to the Committee on .

☒ With a favorable recommendation, as amended.

☐ With a favorable recommendation, as amended, and recommend that the bill be re-referred to the Committee on .

☐ With an unfavorable recommendation.

☐ With a favorable recommendation as to proposed committee substitute bill which changes the title, unfavorable as to original bill.

☐ With a favorable recommendation as to proposed House committee substitute bill, which changes the title, unfavorable as to Senate committee substitute bill.

☐ Without prejudice.

☐ Other recommended action: _____.

WITH APPROVAL OF STANDING COMMITTEE CHAIR FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:
Rep. for the Standing Committee on _____.

s/_____

☐ With a favorable report.
☐ With a favorable report, as amended.
☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #). (and recommendation that the committee substitute bill (#) be referred to the Committee on .)

2/24/99

Attachment 3

[illegible] _____ SESSION LAW _____

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE DEPARTMENT OF COMMERCE AND THE STATE TREASURER TO DEVELOP PROPOSALS FOR CREDIT ENHANCEMENT FOR TOURISM DEVELOPMENT PROJECTS.

Introduced by Representative(s)	Adams	Hunter	McAllister
Fitch	Thomble	Hensley	[illegible]
Howard	[illegible]	Gardner	[illegible]
Berry			

Principal Clerk's Use Only

PASSED 1st READING
APR 29 1999
AND REFERRED TO COMMITTEE
Appropriations

The Committee/[illegible] on
approp refers
bill to sub / Nat + Econ. Res.

Hardaway, Easterling, Redwine
For the Committee

[illegible]
N + E Res

41595 SHIELDS BUSINESS FORMS, RALEIGH, NC 27605

PLEASE PRESS HARD - 5 COPIES

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 1376 DATE _____

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Baker
)
Sen.)

moves to amend the bill on page 1, line 20

( ) WHICH CHANGES THE TITLE

by deleting "five thousand dollars ($5,000)"
and substituting "ten thousand dollars ($10,000)"

and on Pg 2, line 3
by deleting "five thousand dollars ($5,000)"
and substituting "ten thousand dollars ($10,000)"

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

1999 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:
By Representative(s) **Fox and Owens** for the Permanent Subcommittee on **Natural and Economic Resouces** of the Standing Committee on **APPROPRIATIONS.**

☐ Committee Substitute for
H.B. 1376 ☒A BILL TO BE ENTITLED AN ACT TO DIRECT THE DEPARTMENT OF COMMERCE AND THE STATE TREASURER TO DEVELOP PROPOSALS FOR CREDIT ENHANCEMENT FOR TOURISM DEVELOPMENT PROJECTS.

REPORTED TO THE STANDING COMMITTEE ON **APPROPRIATIONS.**

RECOMMENDED ACTION:

☐ With a favorable recommendation.

☐ With a favorable recommendation and recommend that the bill be re-referred to the Committee on .

☒ With a favorable recommendation, as amended.

☐ With a favorable recommendation, as amended, and recommend that the bill be re-referred to the Committee on .

☐ With an unfavorable recommendation.

☐ With a favorable recommendation as to proposed committee substitute bill which changes the title, unfavorable as to original bill.

☐ With a favorable recommendation as to proposed House committee substitute bill, which changes the title, unfavorable as to Senate committee substitute bill.

☐ Without prejudice.

☐ Other recommended action: _____.

WITH APPROVAL OF STANDING COMMITTEE CHAIR FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:
Rep. for the Standing Committee on _____.

s/_____

☐ With a favorable report.
☐ With a favorable report, as amended.
☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #). (and recommendation that the committee substitute bill (#) be referred to the Committee on .)

2/24/99

MINUTES
HOUSE APPROPRIATIONS SUBCOMMITTEE ON
NATURAL AND ECONOMIC RESOURCES
May 12, 1999

The House Appropriations Subcommittee on Natural and Economic Resources met at the chamber desk of Representative Owens, Chair, immediately upon adjournment of the House session. The following members were present: Representatives Owens and Fox, Chairs; and Representatives Warren, Vice Chair, Baker, Carpenter, Hunter, Tolson and Nurham. Representative Owens stated that the purpose of the meeting was to consider House Bill 1305, WILDLIFE SALARY EQUITY. Representative Carpenter, bill sponsor, was recognized to explain the bill. He told the members that this was an agency bill that would adjust the salaries of 141 wildlife enforcement officers of the Wildlife Resources Commission to eliminate salary inequity with the officers of other law enforcement agencies. The budget appropriation is $900,000. Representative Baker moved that House Bill 1305 be given a favorable recommendation and reported to the Standing Committee on Appropriations. Motion carried unanimously.

There being no further business, the meeting adjourned.

W. C. Owens Jr.
Representative William Owens
Presiding Chair

Anne M. Cole
Anne M. Cole
Acting Committee Assistant

Attachments:
Committee Report
HB 1305

1999 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:
By Representative(s) **Fox and Owens** for the Permanent Subcommittee on **Natural and Economic Resources** of the Standing Committee on **APPROPRIATIONS.**

☐ Committee Substitute for
H.B. 1305 ☐ A BILL TO BE ENTITLED AN ACT TO ADJUST THE SALARIES OF WILDLIFE ENFORCEMENT OFFICERS OF THE WILDLIFE RESOURCES COMMISSION TO ELIMINATE SALARY INEQUITY WITH THE OFFICERS OF OTHER LAW ENFOREMENT AGENCIES.

REPORTED TO THE STANDING COMMITTEE ON **APPROPRIATIONS**

RECOMMENDED ACTION:

☒ With a favorable recommendation.

☐ With a favorable recommendation and recommend that the bill be re-referred to the Committee on .

☐ With a favorable recommendation, as amended.

☐ With a favorable recommendation, as amended, and recommend that the bill be re-referred to the Committee on .

☐ With an unfavorable recommendation.

☐ With a favorable recommendation as to proposed committee substitute bill which changes the title, unfavorable as to original bill.

☐ With a favorable recommendation as to proposed House committee substitute bill, which changes the title, unfavorable as to Senate committee substitute bill.

☐ Without prejudice.

☐ Other recommended action: _____.

WITH APPROVAL OF STANDING COMMITTEE CHAIR FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:
Rep. for the Standing Committee on _____.

s/_____

☐ With a favorable report.
☐ With a favorable report, as amended.
☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #). (and recommendation that the committee substitute bill (#) be referred to the Committee on .)

2/24/99

Minutes

House Appropriations Sub-Committee on

Natural and Economic Resources

May 27, 1999 – 8:00 AM

The House Appropriations Sub-Committee on Natural and Economic Resources met on Thursday, May 27, 1999 at 8:00 AM in Room 423 of the Legislative Office Building. Eleven House Members were present as follows: Representatives Stan Fox, Chair; Bill Owens, Chair; Edith Warren, Vice Chair; Rex Baker, Jim Carpenter, Arlie Culp, Howard Hunter Frank Mitchell, Carolyn Russell, Joe Tolson and Nurham Warwick.

Representative Bill Owens, House Chair, called the meeting to order. He shared information highlights leading up to the budget. All bills were heard in committee and we went back and did a ratings composite and were able to fund about 20 bills, and fund the top 14 bills. Not all 14 bills received the entire money requested, but the bill sponsors were contacted and satisfactory amounts were agreed upon. Other bills were already in budget because of previous year's funding.

The Chair called upon Jennifer Herrera, Fiscal Research Staff, to begin reviewing the budget draft beginning on Page J1 (Housing Finance Agency). Ms. Herrera also reviewed Pages J2-J6 (Agriculture and Consumer Services Department). Each item was reviewed, and the following items incorporate House Bills and/or are otherwise noted: (Representative Russell requested that House Bills and Governor's Budget Recommendations be identified.)

Item 7-Local Agricultural Fairs grant Funds (HB 1315)
Item 10-Pesticide Disposal Assistance Program (HB 343
Item 11-Goodness Grows in NC (HB 496)
Item 12-Seafood and Aquaculture Marketing (HB 497)
Item 14-Gpysy Moth Control Funds (HB 338)
Item 16-Oxford Research Station Funds (HB 344)
Item 17-Specialty Crops Funds (HB 1006)
Item 18-Center for Environmental Farming Systems (HB 336)
Item 20-Southern Dairy Compact Commission Funds (HB 742)
Item 26-Field Automation Salmonella Sampling (HB 335)
Item 27-Equine Infectious Anemia Funds (HB 1185)

The following items are Governor's Budget Recommendations:

Item 15-Eliminate Vacant Position

Item 25-Eliminate Vacant Position
Representative Russell asked who recommended reduction in Item 24-Reduce Pseudorabies Program, and the Chair, Representative Owens, stated it was the Chairs' recommendation because the number of herds having a problem were greatly reduced, and there should be no negative effect from reducing the program.

Jennifer Hoffman, Fiscal Research Division, was called upon to review J7-8 (Labor Department).

The following items are Governor's Budget Recommendations:

Item 28-Eliminate Vacant Position
Item 31-Reduce Operating Support
Item 34-Eliminate Vacant Position

Mona Moon, Jennifer Hoffman and Jennifer Herrera took turns reviewing J9-17 (Environment and Natural Resources Department). The following items were Governor's Budget Recommendations or otherwise noted:

Item 36-Eliminate Vacant Positions & Salary Reserve
Item 39-Eliminate Vacant Position & Reduce Salary Reserve
Item 40-Equipment Reduction
Item 42-Eliminate Vacant Position
Item 44-Reduce Fishery Resource Grant Program (The total transfer is $1 M.)
Item 45-Eliminate Position and Reduce Equipment-Chairs' Recommendation (Chair Representative Owens stated this cut was offered up by agency.)
Item 46-Eliminate Vacant Position & Reduce Salary Reserve
Item 47-Grassroots Science Museums-Representative Mitchell asked if the Colburn Gem and Mineral Museum is in Asheville and it is, and he cautioned committee that there are three science museums in Asheville and he knows of no other city getting more than one museum.
Item 52-Eliminate Vacant Position
Item 55-Agriculture Cost Share County Technical Assistance (This is in top five of Governor's expansion priorities.)
Item 67-Sedimentation and Erosion Control Expansion (Governor's #3 expansion priority)

Representative Culp asked what happened with the Geological Survey in the Land Resource Division that generated so much mail. The Chair, Representative Owens, stated we asked for recommended cuts by the agency and we took one vacant position in the Geological Survey and one low-level radiation position. It was just a rumor on the street the whole division was going to be cut.

Representative Mitchell asked about the budget shortfall and to him the budget

looks like an expansion budget in a lot of areas, and he asked if $400 M for intangible tax refunds is set aside if court rules we must pay this right away? The Chair said we do not know yet.

Item 72-Eliminate Vacant Positions
Item 76-Groundwater Quality Protection (Governor's #2 priority expansion item)
Item 82-Cape Fear River Assembly, Inc. (HB 1383)
Item 83-Chatham LLRW Facility Siting Assistance Funds (HB 645)
Item 85-Resource Conservation and Development Councils (HB 1381)
Item 86-Rivernet Water Quality Monitoring & Research Funds (Senate idea)

Representative Carpenter asked who is the water quality work group, and Ms. Moon said it would be appointed jointly by the Secretary of DENR and the NCSU Chancellor. It will be a 15-member work group. The Chair thought it was a good thing to look at. Representative Tolson asked if this is an attempt to try to tie technology to the water monitoring process, and it is. Ms. Moon said it is an effort to try to join the regulatory side of DENR with the academic side of the University System. Representative Mitchell stated since this is a Senate committee item, will the Senate committee agree with the House budget? He feels it is a bad idea to put in Senate money since they will have the upper hand. The Chair stated both House Chairs agreed with the Senate position. In this budget there are 80 continuation positions, 68 expansion positions for a total of 148 positions as a result of what was done last year. In the expansion budget we have added 11 positions in the four agencies and have held it to the very minimum. Representative Fox, House Chair, also agreed with the plan and stated we think monitoring is the right thing to do. Representative Tolson said we will get instant monitoring, and it is a good idea to give this a chance. Representative Russell asked if the Senate side had agreed with everything in the budget, and the Chair said both sides had worked together.

Item 87-Beaver Control Program (HB 1333) (Representative Fox stated the Federal Government would put in $50,000 this year.)

At 9:00 AM, Representative Stan Fox, House Chair, began presiding. The three Fiscal Research Staff members presented J18-20 (Commerce Department). The following items are Governor's Budget Recommendations or otherwise noted:

Item 89-Eliminate Vacant Position
Item 92-Eliminate Vacant Position
Item 94-Reduce Operating Support
Item 98-NC/Israel Partnership (Representative Russell asked who initiated this item, and Senator Beverly Perdue did.)
Item 99-(HB 1441)
Item 104-Expand Heritage Tourism (House members asked for the four sites – one in east-one in west and two sites to be designated by Secretary of Commerce.)

Also presented by staff J21-22 (State Aid to Non-State Entities)

Item 108-Coalition of Farm and Rural Families- Representative Mitchell questioned expanded funding and stated State Auditor gave a blistering report of the Coalition. Representative Redwine said he was not familiar with Auditor's report, but it was our feeling all these items needed additional support and Representative Hardaway could address this issue. Representative Russell asked why the World Trade Center was taken out, and the Chair said the Chairs decided to take it out. Representative Russell asked about Item 100-Growth Management Legislative Study and HB 1468-Representative Hackney's bill. Ms. Moon stated the Governor plans, regardless of whether this bill passes, to continue to look at lagoons and this initiative will go on whether HB 1468 passes or not.

Item 112-Technological Development Authority (HB 177)
Item 113-Yadkin/Pee Dee Lakes Project (HB 901)

Ms. Herrera presented J23-24 (Rural Economic Development Center) and J25 (State Information Processing Services).

The Chairs commended the staff for the hard work put in on the budget.

The NER Special Provisions Draft May 27, 1999 was handed out to the committee. Representative Baker asked at what point would adjustments be considered, and the Chair said at the conclusion of the staff presentation. Ms. Herrera began on page 1 of the Draft and reviewed each provision, and the following provisions were discussed and are House Bills or were otherwise noted:

Page 9-Southern Dairy Compact Commission Funds (HB 742)
Page 13-Increase Grape Growers Funds (Representative Russell asked who requested provision, and Senator Martin requested it.)
Page 18-Statewide Beaver Damage Control Program Funds (Representative Warwick asked if all 100 counties are eligible to participate and they are, but some may not be participating. He requested a map showing county participation.)
Page 25-NER Interim Study of DENR Organization (Representative Baker asked who requested this provision and the Chairs requested it.)

Ms. Moon continued the presentation beginning on Page 26.

Page 35-NC Water Quality Workgroup Initiative/Rivernet Monitoring System Pilot Program/Research Funds. (Representative Carpenter questioned who would serve on the Workgroup, and he asked Mr. Bill Holman, Assistant DENR Secretary, if this is attempt on part of DENR to be able to control some of the citizen groups. Mr. Holman stated there is a stream watch program, and what is collected is used by university scientists and DENR to determine long-range trends. The Chair, Representative Owens, stated there is a lot of expertise at NCSU who feel the citizen groups can help with our situation.)

Page 54-Marketing of Global Transpark (Representative Baker asked if Commerce Department is supporting this provision, and Ms. Moon said she understands Department is in support of allowing Authority to do it own marketing.)

Ms. Hoffman continued the presentation beginning on Page 55.

Page 55-Petroleum Overcharge Attorneys' Fees (Representative Russell asked what is defined as "reasonable", and it is not defined in statutes.)

Page 60-Authorization to Expend Reed Act Funds (HB 297) (Representative Russell said we do not know what the Reed Act Fund is, and Ms. Hoffman stated it is a federal program and the source of the federal funds comes from three unemployment insurance trust funds accounts - the Federal Administration Account, the Federal Extended Unemployment Compensation Account and the Federal Unemployment Account. The reason you may not have heard about this is the last time the Federal Government transferred money to the states was back in 1958. Once the funds reach a certain level, the funds are released to the states. A special provision allows the money to be spent for automation purposes.

At 10:00 AM Representative Bill Owens, House Chair, began presiding.

Page 61-Worker Training Trust Fund Appropriations (Representative Mitchell asked if there are differences from last year, and he asked about the Hosiery Center. It is going to the Commerce Department to get its funding, but the Chair said he did not think it is in Commerce's budget. Representative Mitchell said in his area the hosiery industry is big, and at appropriate time he wants to make a motion to allocate funding for Hosiery Center in same amount as last year.)

Page 70-Credit Enhancement for Tourism Development Projects (follows HB 1376)
Page 71-Heritage Tourism Funds (Representative Russell asked in what counties are the four Heritage Tourism locations. They are as listed:)

1. Newbold-White House	Perquimans
2. Hope Plantation	Bertie
3. Historic Murfreesboro	Hertford
4. Smoky Mountain Host	Macon

Representative Baker questioned the reversions and wants an agency person to check on whether language in the bill is appropriate for what we want to do. Mr. J. W. Reel, State Budget Office, was recognized and he stated in consultation with Commerce Department, we think money actually did revert to Commerce last year. The Chair, Representative Owens, stated none of these locations are in his District, but there is not one Grassroots Science Museum in the northeastern part of the state.

Ms. Herrera continued the presentation beginning on Page 80.

Page 95-Cost Benefit Analysis of Constructing State Facilities Instead of Leasing Property for State Operations (This provision should be moved to General Government Section.)

At the conclusion of the presentation, the Chair, Representative Owens stated the committee last year spent $336,300,000. This year the committee will spend $314,100,000 so we are spending $22,200,000 less this year than last year. He again commended the staff for their good job and he opened up discussion and debate.

Representative Mitchell was recognized to offer an amendment to fund the World Trade Center for $300,000, and he would like to transfer funds from the two items listed below to do this:

on Page J21 (Item 108) reduce $400,000 to $250,000

on Page J 21 (Item 110) reduce $1,000,000 to $850,000

Representative Russell was recognized and she spoke in support of the World Trade Center. For ten years it has been doing good work. It is bipartisan, the Governor was the first Chairman, and it should be funded. Representative Mitchell said the Center received $200,000 last year, and they had to dip into reserves to keep operating. Representative Warwick suggested asking Representative Warren if she has a particular interest in this item since Pitt County is the tobacco producing capital of the world and one of the major focuses of the state should be the marketing of the tobacco commodity internationally. The Chair asked what kind of reserves does the World Trade Center have, and he recognized Ruth Camp with the World Trade Center. She stated this past year the Center has cut into its reserves. The Chair suggested that Ms. Camp address this issue in the discussion continuation meeting thirty minutes after Session today. Representative Warwick asked her to address the Center's focus on tobacco marketing in the afternoon meeting. Ms. Camp stated the Center's focus is diverse working with service and manufacturing companies. We are receptive to what NC businesses need. We are working with developing initiatives with technology, environmental, and biotechnology companies, with the Kenan Institute, the NC Commerce Department and agriculture as well. The Chair asked Representative Mitchell why the $100,000 increase from last year's funding, and he said we had to make cuts last year and we cut the Center. Since their reserves are depleted he wants to get them back to the original funding. The Chair asked Ms. Camp to bring a financial statement to the afternoon meeting. Representative Baker asked if in order to fund a program in the framework of this budget do we have to cut something in this budget and the Chair answered "yes". The House Appropriations Chair, Representative David Redwine, was recognized, and he stated the rules are the same as those we have used for the last four years.

The Chair stated committee members have come to the NER Chairs during the year and concerns that were mentioned have been addressed. We have tried to be fair.

The committee will meet 30 minutes after the Session adjourns this afternoon. The meeting adjourned at 10:40 AM.

The House Appropriations Sub-Committee on Natural and Economic Resources continued its meeting at 1:00 PM in Room 423 of the Legislative Office Building with all eleven House Members present. Representative Stan Fox, House Chair, presided. He recognized Representative Mitchell who offered an amendment to fund the World Trade Center with $300,000 in non-recurring funds and take $150,000 from Item 108 (Coalition of Farm and Rural Families) and $150,000 from the non-recurring funds of Item 86 (Rivernet Water Quality Monitoring & Research Funds). The Chair called upon Ms. Ruth Camp, World Trade Center, to share financial numbers, and right now the World Trade Center has $100,751.51 on April 30, 1999 to last until September 30, 1999. Representative Owens asked if there are any reserves or savings, and he offered a substitute amendment for Representative Mitchell's amendment motion to fund the World trade Center at $200,000 in recurring funds with $150,000 coming from Item 108 and $50,000 from Item 86. This would fund Center at same level as last year. Representative Russell asked what kinds of services were not delivered with slimmer budget and what kinds of services is the Center providing to the Global Transpark. Ms. Camp stated three staff positions were cut. Ms. Pamela Davison, Export 1999 Administrator with the World Trade Center, was recognized and she stated Triangle J Council of Government pays her salary, but she is loaned to the Center to handle the Export 1999 Project. Representative Baker asked what is being done to help the tobacco industry, and Ms. Davison said the Center has been closely tied to the tobacco industry from the beginning. The Center is trying to encourage progression through electronic commerce and marketing on the Internet as well as working with international marketing sales contracts and negotiations. Representative Baker asked to speak against the motion as he thinks Center needs $300,000 with the tobacco needs and expanding of the foreign markets. Representative Owens stated the reason he made a substitute motion to go back to same funding level as last year is because we will have a hard time with this in conference to hold at last year's level. Representative Carpenter feels it would be better to go into conference asking for $300,000 instead of asking for $200,000. Representative Tolson endorsed the motion to keep funding at last year's level. Representative Russell expressed regret at last year's cut to the Center's budget, but with the effort we are putting into the Global Transpark we need all the help we can get. Representative Mitchell stated he opposed the substitute amendment, and Representative Hunter asked to have the motion clarified. The Chair clarified the motion and substitute motion. Representative Owens was recognized and he stated we went to Representative Hardaway, Chair, House Appropriations Committee, and told him what we were considering doing because of the bad audit report and he has no problem with this. Representative Hunter said he agreed with Representative Mitchell to fund the $300,000 if at all possible. Representative Owens said we cut $22,000,000 out of our budget. We tried to consolidate, and we have an International Division in the Commerce Department that deals with international trade. We are trying to consolidate everywhere, and we are not saying the World Trade Center is not doing a good job. Representative Russell asked what the Center does in comparison to the International Division. Ms. Davison said the Center recently established a telecommunication network among all the trade events, and

when there is an international delegation coming in, we alert all the different groups that need to be involved. Commerce provides input to the Governor's Office, and we get the educational programs and other kinds of groups together to respond quickly without duplications. North Carolina has a high ranking as a team working together on world trade. The Chair asked Representative Owens whether money is recurring or non-recurring. Representative Owens has no problem with the $200,000 money being recurring. A vote was taken and the Chair could not determine the vote. He asked for a raise of hands and the substitute amendment passed with eight votes for and five votes against. Representative Mitchell was recognized, and he stated the Republicans would leave because they do not stand a chance. (At 1:33 PM Representatives Baker, Carpenter and Mitchell left the meeting. Representative Carpenter returned in a short time.)

The Chair recognized Representative Tolson who made a motion the committee accepts the budget. Representative Hackney offered an amendment to Special Provisions beginning on page 35 entitled Water Quality Workgroup Initiative/Rivernet Monitoring System Pilot Program/Research Funds. He would like to amend the bill on page 37, lines 30-36. With regard to the Water Quality Workgroup, we already have a Scientific Advisory Council and a Water Resources Research Institute at NCSU. There is a lot of research going on at NCSU, ECU, UNC-CH and UNC-W and his amendment would include these institutions in the research money. A vote was taken and the amendment passed.

The Chair recognized Representative Warwick who shared concern regarding four items – J14 (Item 67), J15 (Item 76), J16 (Item 77) and J17 (Item 86). He asked staff to give him a definition of sedimentation on J14 and computer analyses of animal waste facilities on J15, protect buffers on wetlands on J16 and water quality data in an area of the state with impaired waters on J17. He shared a concern that has been around for some time. Seven or eight members of this committee are also members of the House Environment and Natural Resources Committee. This committee has talked a lot with Senator Charlie Albertson, Chair, of the Senate Agriculture, Environment and Natural Resources Committee, and with Representative Dewey Hill, Chair, of the House Agriculture Committee. Our concern simply is that the wording focuses on the animal waste lagoons and the Rivernet project seems to target an area that is a source of animal waste or agricultural waste, and we feel like if we are going to look at a problem we need to look at it statewide and look at municipalities, industrial waste and other types of agricultural waste. He would like to see language included in four bills to address these concerns. We have $5 million dollars in recurring costs for lagoons and once they are identified will we need these recurring monies. Representative Russell would support change in language to address Representative Warwick's concerns. She remembers the damage from Hurricane Fran. Representative Hunter feels to add other wording would dilute what can be done in the way of solving the animal waste problem that currently exists. We can move on at a later time with the other problems. Representative Hackney stated we do not have a specific amendment before us, and Governor did not get all he asked for in this area. Sedimentation is the number one pollutant in our state, and we do not have enough people working on this. Municipals treat their waste three times before it goes anywhere if it escapes at all. Hog lagoons are not treated at all. Representative

Tolson mentioned that Item 86 (Rivernet) is a pilot project, and we hope this would give us data to show its effectiveness.

Ms. Jennifer Herrera asked to review Items 76 and 77. When the Department and the Governor initially sent over his budget message to the General Assembly, the expansion request in Item 76 was to fund activities in first paragraph only, and in Item 77 a similar thing happened. Since his budget was out there for consideration the Governor's Office and the Department wanted to realign the purpose for which the funds would be used for a short period of time and focus on the Governor's initiative of phasing out hog lagoons. The Chair called upon Mr. Bill Holman, Assistant Secretary, DENR, and he stated Governor in cooperation with DENR wants to identify where problems are so we can come to him and to General Assembly and let you know. This is a large job. We have about 2,400 swine operations in our state, 4,000 lagoons and 650 inactive lagoons. Representative Hackney said it is not fair to say we are singling out the lagoon problem. We have scrap tire, underground tank, air and municipal wastewater programs. Just because a new problem in our state is discovered and we try to address it, we are not singling it out. We are already working on the other problems. Taking out the word "animal" does not change the program. We have a sedimentation problem. Representative Russell asked which items are Governor's priority and Representative Owens said the Governor had a long list of priorities and four of the top five priorities ended up in our committee. Representative Warwick would prefer to look at better language drafted by staff, and he would like to have more time to look at the budget. There are bills in House and Senate Environment Committees dealing with these issues.

Representative Owens offered an amendment on page J7 dealing with Items 30 and 31 in Labor Department's budget. We have been told by the Labor Department that there is matching money for equipment, and we would like to take Item 30 and reduce it and increase Item 31 to $12,434. It is the same amount of money, and it allows them to get grant money. A vote was taken and the motion carried.

The Chair asked Representative Warwick if he would like to send forth an amendment and he did not have an amendment.

Representative Tolson moved for adoption of the budget as amended. Representative Hunter again expressed concern with Item 86 (Rivernet) and the Chair, Representative Fox, stated the idea is to replace people with technology in the future. We want to find technology and use it in waters and streams to monitor the situation and report back as opposed to having people there constantly. Representative Owens agreed and stated when we met with the Senate we agreed that money given back to the committee would be shared with the Senate and Senator Martin used his half of the money to fund this. We had your bills in our committee to fund. Representative Tolson said we can monitor the water on a minute by minute basis. A vote on the budget as amended was taken and it passed (with the exception of one vote).

There are three amendments to the budget as follows:

1. Representative Owens – Labor Department –J7 Items 30 and 31
   Eliminated Item 30 and increased Item 31

2. Representative Hackney – Rivernet - J17 Item 86
   Expands workgroups

3. Representative Owens – World Trade Center Funding
   Reduce Item 108 - Coalition of Farm and Rural Families - $150,000 recurring
   Reduce Item 86 – Rivernet - $50,000 recurring

Representative Owens shared appreciation to the committee for its work and he is sorry we did not get budget until yesterday. We did fund the top 14 bills which was a committee process, we tried to take into consideration member's concerns, we are sorry some members got upset today, but we compromised and tried to do the best we could.

The meeting adjourned at 2:10 PM.

Respectfully submitted,

Representative Stan Fox, Chair

Mary Capps, Committee Assistant

Representative Bill Owens, Chair

Housing Finance Agency

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	**$2,300,000**		**$2,300,000**	
Legislative Changes				
Housing Trust Fund				
1 **Housing Trust Fund** Provides funds to support the Housing Trust Fund. Of this amount, $500,000 is earmarked annually for affordable housing for the elderly.	$2,000,000 $6,000,000	R NR	$2,000,000	R
Total Legislative Changes	**$2,000,000** **$6,000,000**	R NR	**$2,000,000**	R
Total Position Changes				
Revised Budget	**$10,300,000**		**$4,300,000**	

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Agriculture and Consumer Services

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$53,633,433		$53,590,208	

Legislative Changes

Administrative Services

2 Eliminate Vacant Position

Eliminate vacant Accounting Clerk IV position.

($28,792)	R	($28,792) R
-1.00		-1.00

3 Information Technology Improvements

Provides funds to purchase office automation software and to cover costs associated with the IRMC policy requiring agencies to connect and store e-mail messages in a central message store, maintained by State Information Processing Services.

$29,600	R	$29,600 R
$55,000	NR	

Agricultural Statistics

4 Eliminate Vacant Position/Reduce Operating Support

Eliminate vacant Processing Assistant IV position and reduce various operating line items.

($53,854)	R	($53,854) R
-1.00		-1.00

Processing Assistant IV	($26,854)
Operating support	($27,000)

Agronomic Services

5 Eliminate Vacant Position/Reduce Operating Support

Eliminate vacant Chemistry Tech III position and reduce various operating line items.

($75,705)	R	($75,705) R
-1.00		-1.00

Chemistry Tech III	($40,955)
Operating Support	($34,750)

Commissioner's Office

6 Small, Family Farms - Marketing and Promotion

Funds to provide marketing and promotional assistance to small, family farms.

$50,000	NR

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
7 Local Agricultural Fairs Grant Funds Funds for local agricultural fairs.	$50,000	NR		
Department Wide				
8 Reduce Operating Support Reduce operating support associated with vacant positions recommended for elimination by the Governor.	($6,000)	R	($6,000)	R
Food and Drug Protection				
9 Reduce Operating Support Reduce various operating support line items.	($55,000)	R	($72,500)	R
10 Pesticide Disposal Assistance Program Provides funds to support one position and operating costs associated with the department's program for the disposal of banned, obsolete, or unwanted pesticides.	$90,000 $10,000 1.00	R NR	$90,000 1.00	R
Markets				
11 Goodness Grows in North Carolina Funds to expand the Goodness Grows in North Carolina advertising program.	$200,000	R	$200,000	R
12 Seafood and Aquaculture Marketing Funds to market the state's seafood and aquaculture industries through marketing promotions, trade shows, advertising, and promotional literature.	$300,000	R	$300,000	R
13 Local Farmers' Markets Funds Funds to provide grants for local farmers' markets.	$150,000	NR		

	FY 99-2000		FY 2000-01	
Plant Industry				
14 **Gypsy Moth Control Funds** Funds to support the department's program to control the gypsy moth.	$110,320	NR		
Research Stations and State Farms				
15 **Eliminate Vacant Position** Eliminate vacant Agricultural Research Assistant III position.	($30,325) -1.00	R	($30,325) -1.00	R
16 **Oxford Research Station Funds** Provides operating support for activities at the Oxford Research Station due to the federal government withdrawing support from this site.	$196,346 $17,000 2.00	R NR	$196,346 2.00	R
17 **Specialty Crops Funds** Funds to support further development of the specialty crops program at the Cunningham Research Farm (Kinston) as a joint program with North Carolina State University.	$200,000	NR		
18 **Center for Environmental Farming Systems** Provides equipment funds for the Center for Environmental Farming Systems at Cherry Farm.	$100,000	NR		
Reserves and Special Funds				
19 **Reduce N.C. Warehouse Act Fund** Reduce department's general fund appropriation for the 1999-2000 fiscal year and replace the funds with a one-time transfer from the N.C. Warehouse Act Fund, thereby reducing the fund's cash balance.	($200,000)	NR		
20 **Southern Dairy Compact Commission Funds** Funds to support the start-up costs of the Southern Dairy Compact Commission and the initial costs of administration and enforcement of the Southern Dairy Compact.	$500,000	NR		

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
21 Christmas Tree Research Funds Funds to be transferred to the UNC Board of Governors to support research in christmas tree genetics at North Carolina State University.	$100,000	R	$100,000	R
Rural Rehabilitation Corporation				
22 Small, Family-Owned Farms Loan Program Continues the small, family-owned farms loan program to provide loan funds to farms having difficulty in obtaining affordable conventional loans from other sources.	$650,000	NR		
Structural Pest Control				
23 Eliminate Vacant Positions Eliminate vacant positions in the Structural Pest Division: Pesticide Specialist II ($40,814) Structural Pest Asst. Director ($57,903) Structural Pest Inspector ($34,830)	($133,547) -3.00	R	($133,547) -3.00	R
Veterinary Services				
24 Reduce Pseudorabies Program Reduce support for the pseudorabies program as disease nears eradication.	($50,000)	R	($50,000)	R
25 Eliminate Vacant Position Eliminate vacant Animal Health Technician I position.	($41,865) -1.00	R	($41,865) -1.00	R
26 Field Automation/Salmonella Sampling Funds to provide equipment and training to support field automation and electronic data transmission in the Field Automation Information Management (FAIM) program. Also provides funds to facilitate the sampling and laboratory analysis of ground meats and carcasses for salmonella.	$133,035 $313,773	R NR	$133,035	R

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
27 **Equine Infectious Anemia Funds** Provides operating support to enforce a mandatory testing program of equines for equine infectious anemia prior to sale or prior to exhibition or assembly at public stables or other public places.	$100,000 1.00	R	$100,000 1.00	R
Total Legislative Changes	**$673,893** **$2,006,093**	R NR	**$656,393**	R
Total Position Changes	-4.00		-4.00	
Revised Budget	**$56,313,419**		**$54,246,601**	

Labor

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$16,457,031		$16,457,031	
Legislative Changes				
Administrative Programs				
28 **Eliminate Vacant Position**	($25,338)	R	($25,338)	R
Eliminate vacant Processing Assistant III position located in the Commissioner's Office.	-1.00		-1.00	
Boiler Safety Bureau				
29 **Expand Inspection Staff with Receipt Support**				

Adds four boiler inspectors to conduct safety inspections. Funds will be provided with increased receipts generated by inspections conducted with these additional positions.

	FY 1999-2000	FY 2000-2001
Requirements	$235,000	$235,000
Receipts	($235,000)	($235,000)
Appropriation	0	0

Consultative Services				
30 **Reduce Funds for Equipment**	($6,434)	R	($6,434)	R
Eliminate continuation budget increase for equipment.				
Department Wide				
31 **Reduce Operating Support**	($6,000)	R	($6,000)	R
Reduce operating support associated with vacant positions recommended for elimination by the Governor.				

	FY 99-2000		FY 2000-01	
Elevator and Amusement Device Bureau				
32 **Expand Inspection Staff with Receipt Support** Adds two elevator inspectors to conduct safety inspections in the Raleigh and Charlotte areas. Funds will be provided with increased receipts generated by inspections conducted with these additional positions.				
	FY 1999-2000	FY 2000-2001		
Requirements	$115,852	$115,852		
Receipts	($115,852)	($115,852)		
Appropriation	0	0		
33 **Reduce Funds for Travel** Eliminate continuation budget increase for in-state travel.	($17,340)	R	($17,340)	R
Occupational Safety and Health				
34 **Eliminate Vacant Position** Eliminate vacant Applications Analyst Programmer I position.	($54,668) -1.00	R	($54,668) -1.00	R
Research and Information Technology				
35 **Information Technology Funds** Funds to support the costs of implementing the IRMC policy requiring agencies to connect and store e-mail messages in a central message store maintained by State Processing Information Services. Funds also support the implementation of an Enterprises Document Management System.	$22,000 $100,000	R NR	$22,000	R
Total Legislative Changes	**($87,780)** **$100,000**	R NR	**($87,780)**	R
Total Position Changes	-2.00		-2.00	
Revised Budget	**$16,469,251**		**$16,369,251**	

Environment and Natural Resources

GENERAL FUND

Recommended Budget	FY 99-2000 $152,272,341		FY 2000-01 $153,992,565	
Legislative Changes				
(1.00) Administration				
36 **Eliminate Vacant Positions & Salary Reserve**	($66,715)	R	($66,715)	R
Eliminate vacant administrative positions and salary reserve:	-3.10		-3.10	
Salary Reserve ($13,838)				
Controller's Office				
Internal Auditing Manager I (0.10 FTE) ($8,021)				
Accounting Clerk IV (2.00 FTEs) ($39,907)				
Information Technology Services				
Data Base Administrator (1.00 FTE) ($4,949)				
(1.00) Regional Offices				
37 **Shift Position to Receipt Support**	($69,644)	R	($69,644)	R
Shift funding for Computing Consultant IV position to receipt support.	-1.00		-1.00	
(2.00) Aquariums				
38 **Reduce Operating Support**	($88,009)	R	($88,009)	R
Reduce operating support line items at the aquariums.				
(2.00) Forest Resources				
39 **Eliminate Vacant Position & Reduce Salary Reserve**	($51,966)	R	($51,966)	R
Eliminate vacant Pilot III position and reduce salary reserve.	-1.00		-1.00	
Pilot III ($51,188)				
Salary Reserve ($778)				

	FY 99-2000		FY 2000-01	
40 Equipment Reduction Delay replacement of fire-fighting helicopters by one year.	($2,100,000)	NR		
41 Division Wide Reductions Reduce various operating/equipment line items throughout the division.	($400,000) ($180,000)	R NR	($400,000)	R
(2.00) Marine Fisheries				
42 Eliminate Vacant Position Eliminate vacant Research Vessel Crew Member position.	($25,555) -1.00	R	($25,555) -1.00	R
43 Increase Budgeted Receipts Increase the budgeted amount of license receipts to reflect increased revenue from the sale of commercial and recreational commercial gear fishing licenses as a result of the Fisheries Reform Act of 1997.	($150,000)	R	($150,000)	R
44 Reduce Fishery Resource Grant Program Reduce transfer to NCSU for the Fishery Resource Grant program.	($100,000)	R	($100,000)	R
(2.00) Museum of Natural Sciences				
45 Eliminate Position and Reduce Equipment Eliminate Scientific Illustrator position at the Museum of Natural Sciences and reduce equipment line items. Scientific Illustrator ($43,316) Equipment ($15,000)	($58,316) -1.00	R	($58,316) -1.00	R
46 Eliminate Vacant Position & Reduce Salary Reserve Eliminate vacant Program Assistant IV position and reduce salary reserve. Program Assistant IV ($36,416) Salary Reserve ($ 8,394)	($44,810) -1.00	R	($44,810) -1.00	R

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
47 Grassroots Science Museums Additional funds to expand the Grassroots Science program and to add three new museums to the program: Aurora Fossil Museum Colburn Gem and Mineral Museum Granville County Museum - Harris Gallery	$2,785,000 $250,000	R NR	$2,785,000	R
(2.00) N.C. Zoological Park				
48 Reduce Equipment Reduce equipment line item in the N.C. Zoological Park.	($92,487)	R	($92,487)	R
49 Eliminate Vacant Position Eliminate vacant Groundsworker position at the N.C. Zoological Park.	($8,614) -0.50	R	($8,614) -0.50	R
(2.00) Office of Environmental Education				
50 Reduce Operating Support Reduce various operating support line items in the Office of Environmental Education.	($6,291)	R	($6,291)	R
51 Environmental Education Grant Funds Funds to provide grants to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers.	$200,000	NR		
(2.00) Parks and Recreation				
52 Eliminate Vacant Position Eliminate vacant Office Assistant III position.	($22,948) -1.00	R	($22,948) -1.00	R
53 Delay Operating Reserve Increase Delay increase in division's continuation budget operating reserve for capital projects.	($876,598)	R	$65,969 $365,500	R NR

	FY 99-2000		FY 2000-01	
54 Expand Natural Heritage Program Funds to inventory natural areas in counties that have not been surveyed under the Natural Heritage program.	$50,000	NR		
(2.00) Soil and Water Conservation				
55 Agriculture Cost Share County Technical Assistance Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design and installation of agricultural best management practices (BMPs) to improve water quality.	$100,000	R	$100,000	R
56 NC Conservation Reserve Enhancement Program (CREP) Funds to administer the CREP program, a state-federal partnership to enroll 100,000 acres of agricultural cropland adjacent to rivers, streams, estuarine waters and wetlands in long-term conservation easements. The focus of the program will be development of riparian buffers in the Chowan, Neuse and Tar-Pamlico River Basins and the Lake Jordan watershed.	$353,044 $153,000 4.00	R NR	$353,044 4.00	R
(3.00) Air Quality				
57 Shift Position to Receipt Support Shift funding for an Environmental Chemist I position to fuel tax receipts.	($38,992) -1.00	R	($38,992) -1.00	R
58 Increase Budgeted Receipts Increase the budgeted amount of program receipts and reduce the division's general fund appropriation by an equal amount.	($100,000)	R	($100,000)	R
(3.00) Coastal Management				
59 Reduce Grants Reduce land-use planning grants to local governments for one year.	($100,000)	NR		

	FY 99-2000		FY 2000-01	
(3.00) Environmental Health				
60 Eliminate Vacant Positions Eliminate vacant environmental health positions: Environmental Technician III (0.50 FTE) ($16,225) Environmental Health Reg'l Specialist (1.00 FTE) ($38,992)	($55,217) -1.50	R	($55,217) -1.50	R
61 Eliminate Position and Operating Support Eliminate partial position and reduce operating support in the Public Water Supply program: Operating Funds ($887) Water/Wastewater Treatment Plant Consultant ($28,914)	($29,801) -0.50	R	($29,801) -0.50	R
62 Reduce Equipment Reduce equipment replacement funds in the Shellfish Sanitation program.	($25,725)	R	($25,725)	R
63 Food Sanitation Program Funds to provide training and continuing education to local environmental health specialists to improve the consistency of implementation and enforcement of food sanitation rules.	$100,000	NR		
(3.00) Land Resources				
64 Elminate Vacant LLRW Position Eliminate vacant Geologist II position assigned to the low level radioactive waste project.	($42,907) -1.00	R	($42,907) -1.00	R
65 Shift Position to Receipt Support Shift funding for an Environmental Engineer I position in the sedimentation program to receipt support.	($52,929) -1.00	R	($52,929) -1.00	R
66 Reduce Operating Support Reduce various operating support line items in the division.	($65,696)	R	($65,696)	R

	FY 99-2000		FY 2000-01	
67 Sedimentation and Erosion Control Expansion Funds for additional field staff to perform erosion and sediment control inspections at commercial and residential devleopment sites to determine compliance with required management practices to minimize the impact of land disturbing activities on water quality. Funds will also be used to provide technical training and incentives to local governments to start and improve sediment control programs.	$756,399 $307,773 10.00	R NR	$756,399 10.00	R
(3.00) Pollution Prevention/Environmental Assist.				
68 Eliminate Pollution Prevention Challenge Grants Eliminate funding for pollution prevention challenge grants for business and industry.	($70,000)	R	($70,000)	R
(3.00) Radiation Protection				
69 Reduce LLRW Positions Eliminate two positions assigned to the low level radioactive waste project (LLRW): Environmental Radiation Specialist ($42,907) Data Entry Specialist ($24,109)	($67,016) -2.00	R	($67,016) -2.00	R
70 Reduce Rental/Lease Costs Reduce continuation budget inflationary increase for office/lab space rental to reflect actual lease agreement.	($17,275)	R	($51,825)	R
(3.00) Waste Management				
71 Reduce Superfund Matching Funds/Cash Balance Eliminate recurring appropriation to match federal funds to cleanup contaminated hazardous waste sites on the National Priority List (NPL) of Superfund sites. Also reduce the department's general fund appropriation for the 1999-2000 fiscal year by $200,000 and replace the funds with a one-time transfer from the Superfund Cost Share Fund, thereby reducing the fund's cash balance.	($800,000) ($200,000)	R NR	($800,000)	R

	FY 99-2000		FY 2000-01	
(3.00) Water Quality				
72 Eliminate Vacant Positions Eliminate vacant water quality positions: Community Planner II ($40,814) Environmental Specialist II ($37,681) Environmental Engineer I ($42,254)	($120,749) -3.00	R	($120,749) -3.00	R
73 Reduce Equipment Reduce continuation budget increase for equipment replacement.	($300,000)	NR		
74 Increase Budgeted Receipts Increase budgeted receipts for the animal waste compliance program and reduce the general fund appropriation by an equal amount.	($150,000)	R	($150,000)	R
75 Eliminate Pesticide Study Positions Eliminate two positions assigned to work with the Department of Agriculture and Consumer Services on a study of pesticide contamination in groundwater and the development of statewide pesticide management plans. Hydrogeologist II ($44,111) Hydrogeological Technician I ($35,448) Operating Funds ($20,441)	($100,000) -2.00	R	($100,000) -2.00	R
76 Groundwater Quality Protection Funds to characterize and evaluate aquifers in the piedmont and mountain areas of the state to help define areas of highly vulnerable groundwater and to begin development of a long-term groundwater protection plan. Initially, these positions will be assigned to an initiative to identify abandoned animal waste management lagoons and determine the risk posed by individual lagoons, both active and inactive, to public health and the environment. The risk assessment will include mapping and computer analyses of animal waste facilities, structural integrity of the systems, soil type and proximity to surface and groundwater resources.	$537,111 $22,000 8.00	R NR	$700,020 8.00	R

	FY 99-2000		FY 2000-01	
77 Protect Buffers and Wetlands Funds to administer the state's riparian buffer protection requirements, compensatory mitigation program and restoration fund. Funds also to improve compliance with 401 Water Quality Certifications issued by the state. Initially, these positions will be assigned to an initiative to identify abandoned animal waste management lagoons and determine the risk posed by individual lagoons, both active and inactive, to public health and the environment. The risk assessment will include mapping and computer analyses of animal waste facilities, structural integrity of the systems, soil type and proximity to surface and groundwater resources.	$339,467 $46,000 6.00	R NR	$339,467 6.00	R
(3.00) Water Resources				
78 Reduce Operating Support Reduce operating support line items in the division.	($52,888)	R	($52,888)	R
(4.00) Department Wide				
79 Reduce Operating Support Reduce operating support associated with vacant positions recommended for elimination by the Governor.	($21,900)	R	($21,900)	R
80 Surplus Property - Increase Receipts Increase the amount of budgeted receipts from the sale of surplus property for the 1999-2000 fiscal year and reduce the department's general fund appropriation by an equal amount.	($50,000)	NR		
(5.00) Reserves and Special Funds				
81 Eliminate Cash Balance - Beach Erosion Loan Fund Reduce department's general fund appropriation for the 1999-2000 fiscal year and replace the funds with a one-time transfer from the Beach Erosion Loan Fund. This reduction eliminates the cash balance in the loan fund.	($250,000)	NR		
82 Cape Fear River Assembly, Inc. Funds for programs to monitor and improve water quality of the Cape Fear River.	$1,000,000	NR		

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
83 Chatham LLRW Facility Siting Assistance Funds Grant-in-aid to Chatham County for expenses incurred as part of their participation in the licensing and siting of a low level radioactive waste facility.	$100,000	NR		
84 Partnership for the Sounds Funds to continue development of ecotourism projects and programs.	$25,000	NR		
85 Resource Conservation and Development Councils Funds to provide each of the state's nine Resource Conservation and Development Councils a $25,000 grant to use as leverage for other grants to be allocated by each county in the regional council.	$225,000	NR		
86 Rivernet Water Quality Monitoring & Research Funds Funds to implement a Rivernet pilot project using a technology-based water quality monitoring system to monitor, collect and disseminate water quality data in an area of the state with impaired waters. Also provides research funds for collaborative water quality studies between DENR and NCSU as recommended by the NC Water Quality Workgroup.	$700,000 $500,000	R NR	$700,000	R
(6.00) Wildlife Resources Commission				
87 Beaver Control Program Provides support for the Beaver Control Program statewide.	$500,000	R	$500,000	R
Total Legislative Changes	**$2,197,973** **($201,227)**	R NR	**$3,268,899** **$365,500**	R NR
Total Position Changes	6.40		6.40	
Revised Budget	**$154,269,087**		**$157,626,964**	

Commerce

GENERAL FUND

Recommended Budget	FY 99-2000 $40,062,400		FY 2000-01 $40,082,482	
Legislative Changes				
Administrative Services				
88 **Increase Administrative Charges** Increase administrative charges for accounting and personnel services provided by the department to receipt supported regulatory commissions and agencies.	($120,000)	R	($120,000)	R
Business and Industry				
89 **Eliminate Vacant Position** Eliminate vacant Program Assistant IV position.	($27,646) -1.00	R	($27,646) -1.00	R
90 **Marketing and Trade Missions** Funds to support the division's participation in marketing missions and at industry trade shows, and for general advertising purchases to promote economic development in the state.	$250,000 $250,000	R NR	$250,000	R
91 **Industrial Recruitment Competitive Fund** Continues support for the Industrial Recruitment Competitive Fund.	$2,500,000	NR		
Center for Entrepreneurship and Technology				
92 **Eliminate Vacant Position** Eliminate vacant Deputy Director position for the former NC ACTS program.	($68,669) -1.00	R	($68,669) -1.00	R

	FY 99-2000		FY 2000-01	
Community Assistance				
93 **Councils of Government/Lead Regional Organizations** Provides additional funds for councils of government/lead regional organizations. This appropriation raises the total funding level to $990,000 and allocates up to $55,000 to each organization.	$125,730	R	$125,730	R
Department Wide				
94 **Reduce Operating Support** Reduce operating support associated with vacant positions recommended by the Governor.	($6,000)	R	($6,000)	R
Energy Division				
95 **Eliminate General Fund Appropriation** Eliminate general fund appropriation and shift funding for three positions and operating support to receipts.	($192,367) -3.00	R	($192,367) -3.00	R
Energy Division Director ($73,279) Administrative Secretary II ($37,955) Energy Division Section Chief ($73,912) Operating Support ($ 7,221)				
Executive Aircraft Operations				
96 **Reduce Aircraft Lease** Reduce appropriation for aircraft lease/purchase to reflect actual lease costs.	($200,000)	R	($200,000)	R
International Trade				
97 **Reduce Salary Funds for Contract Personnel** Eliminate continuation budget salary increase for contract personnel.			($23,165)	R
98 **NC/Israel Partnership** Funds to foster economic development with Israel.	$100,000	NR		

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
Reserves and Transfers				
99 **Regional Economic Development Commissions** Increase support for the state's seven regional economic development commissions from $4.275 million to $6.075 million.	$1,800,000	R	$1,800,000	R
100 **Growth Management Legislative Study** Provides funds for a Legislative Research Commission study of local growth planning and management policies and incentives, including the provisions of House Bill 1468, 1999 General Assembly.	$200,000	NR		
Tourism, Film and Sports Development				
101 **Reduce Operating Support** Reduce postage and telephone line items.	($75,000)	R	($75,000)	R
102 **Advertising and Marketing Funds** Funds to expand advertising and marketing campaigns designed to promote North Carolina as a travel and tourism destination.	$2,000,000	R	$2,000,000	R
103 **Rural Tourism Development Grant Funds** Funds for the Rural Tourism Development Grant Program to encourage the development of new tourism projects and activities in the rural areas of the state.	$300,000	NR		
104 **Expand Heritage Tourism** Funds for staff and operating support at four new heritage tourism sites. One site will be located in eastern NC, one in western NC and the remaining two sites will be designated by the Secretary of Commerce.	$200,000 4.00	R	$200,000 4.00	R
Total Legislative Changes	**$3,686,048** **$3,350,000**	R NR	**$3,662,883**	R
Total Position Changes	-1.00		-1.00	
Revised Budget	**$47,098,448**		**$43,745,365**	

State Aid to Non-State Entities

GENERAL FUND

Recommended Budget	FY 99-2000 $2,000,000		FY 2000-01 $2,000,000	
Legislative Changes				
Grants-in-Aid				
105 **Land Loss Prevention Project** Funds to provide free legal representation to low-income, financially distressed farmers.	$450,000	R	$450,000	R
106 **N.C. Association of CDCs** Provides funds to the N.C. Association of Community Development Corporations to provide training and technical assistance to community development corporations statewide.	$400,000	R	$400,000	R
107 **N.C. Minority Support Center** Funds to provide technical assistance to community-based credit unions. Nonrecurring funds are to be used as a match for U.S. Department of Treasury funds for Community Development Financial Institutions.	$600,000 $1,000,000	R NR	$600,000	R
108 **Coalition of Farm and Rural Families** Funds to foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers.	$400,000	R	$400,000	R
109 **Institute of Minority Economic Development** Funds to foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives.	$1,500,000	R	$1,500,000	R
110 **N.C. Community Development Initiative** Additional funds for the North Carolina Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations.	$1,000,000	NR		

	FY 99-2000		FY 2000-01	
11 4-H Clubs/Eastern North Carolina Livestock Arena				
Provides funds for the construction of a facility to replace the Eastern North Carolina Livestock Arena. This facility will be available for horse- and swine-breeding stock auctions, cattle sales, and functions associated with the Future Farmers of America and 4-H Clubs.	$100,000	NR		
12 Technological Development Authority				
Grant-in-aid to the NC Technological Development Authority for entrepreneurial support and infrastructure including creating new business incubators, enhancing existing incubators, developing capital formation initiatives and supporting research commercialization programs.	$3,500,000	NR		
13 Yadkin/Pee Dee Lakes Project				
Grant-in-aid to support the Yadkin/Pee Dee Lakes Project's efforts to promote tourism and economic development.	$100,000	NR		
Total Legislative Changes	**$3,350,000**	R	**$3,350,000**	R
	$5,700,000	NR		
Total Position Changes				
Revised Budget	**$11,050,000**		**$5,350,000**	

Rural Economic Development Center

GENERAL FUND

Recommended Budget	FY 99-2000 $3,907,338		FY 2000-01 $3,907,338	
Legislative Changes				
Administration				
I14 **Center Administration** Provides funds for administration of the Clean Water and Natural Gas Critical Needs Bond Act of 1998.	$200,000	R	$200,000	R
Grant Programs				
I15 **Supplemental Funding Program** Provides funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural areas.	$1,500,000	NR		
I16 **Capacity Building Assistance Program** Funds for the Capacity Building Assistance Program to pay all or a portion of the costs for providing technical and financial assistance for water and sewer projects.	$1,500,000	NR		
Opportunities Industrialization Centers				
I17 **Reduce Appropriation for Pitt-Greenville OIC** Reduce appropriation to the Rural Center for the OICs due to the closing of the Pitt-Greenville OIC and reallocate remaining funds to existing OICs in the amount of $10,000 each.	($10,000)	R	($10,000)	R
I18 **Additional Funds for OICs** Provides an additional $40,000 to each of the existing four OICs, bringing their total funding to $100,000 each.	$160,000	R	$160,000	R

	FY 99-2000		FY 2000-01	
Total Legislative Changes	**$350,000**	R	**$350,000**	R
	$3,000,000	NR		
Total Position Changes				
Revised Budget	**$7,257,338**		**$4,257,338**	

State Information Processing Services

GENERAL FUND

	FY 99-2000		FY 2000-01
Recommended Budget	$0		$0
Legislative Changes			
State Information Processing Services			
I19 **Continue N.C. Information Highway**			
Provides nonrecurring funds to continue N.C. Information Highway support at current sites.	$3,596,000	NR	
Total Legislative Changes	**$3,596,000**	**NR**	
Total Position Changes			
Revised Budget	**$3,596,000**		**$0**

NER

Special Provisions

May 27, 1999

DRAFT

CODE NO. 99COMM-H131A

Requested by: Representatives Fox and Owens

NER BLOCK GRANT FUNDS

Section @. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2000, according to the following schedule:

WELFARE TO WORK BLOCK GRANT	$ 23,663,882
COMMUNITY DEVELOPMENT BLOCK GRANT	
01. State Administration	1,000,000
02. Urgent Needs and Contingency	1,306,500
03. Community Empowerment	871,000
04. Economic Development	8,710,000
05. Community Revitalization	20,033,000
06. State Technical Assistance	450,000
07. Housing Development	3,484,000
08. Infrastructure	9,145,500
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2000 Program Year	$ 45,000,000

(b) Decreases in Federal Fund Availability

Decreases in federal fund availability for the Community Development Block Grants -- If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

(c) Increases in Federal Fund Availability for Community Development Block Grant

Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: -- Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

(d) Limitations on Community Development Block Grant Funds -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million three hundred six thousand five

hundred dollars ($1,306,500) may be used for Urgent Needs and Contingency; up to eight hundred seventy-one thousand dollars ($871,000) may be used for Community Empowerment; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than twenty million thirty-three thousand dollars ($20,033,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to three million four hundred eighty-four thousand dollars ($3,484,000) may be used for Housing Development; up to nine million one hundred forty-five thousand dollars ($9,145,000) may be used for infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

(e)Increase capacity for non-profit organizations -- Assistance to increase capacity for non-profit organizations to carry out eligible activities with units of local government is an allowable activity under any program category, in accordance with federal regulations. Community Empowerment category funds not obligated as of December 31, 1999 may be used to fund assistance to increase capacity for projects in any category.

(f) Welfare to Work Block Grant -- The Department of Commerce, the Employment Security Commission, and the Department of Health and Human Services may identify within their respective budgets sources of State funds which may be used as a match for the federal Welfare-to-Work Block Grant.

CODE NO. 99COMM-H132

Requested by: Representatives Fox and Owens

COMMUNITY DEVELOPMENT BLOCK GRANT/CHANGES TO PREVIOUS BLOCK GRANT PLANS

Section @. Notwithstanding any other provision of law, Community Development Block Grant funds allocated pursuant to Section 5.1 of S.L. 1998-212 which represent an increase in the State's federal grant shall be allocated in a manner to ensure that twenty percent (20%) of such funds are allocated to the Economic Development program category. The remaining increase in federal grant funds, and funds not obligated under any Block Grant category at the close of the 1998 program year, may be allocated to the Housing Development program category.

CODE NO. 99COMM-H110

Requested by: Representatives Fox and Owens

HOME PROGRAM MATCHING FUNDS

Section @. (a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the U.S. Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2000, or on June 30, 2001.

CODE NO. 99AGRIC-H002

Requested by: Representatives Fox, Owens

AGRICULTURAL FEES AND CHARGES

Section @. G.S. 106-6.1 is repealed.

CODE NO. 99AGRIC-H003B

Requested by: Representatives Fox, Owens

STATE BUDGET STUDY OF AGRICULTURAL LOANS AND GRANTS PROGRAM

Section @. The Office of State Budget and Management shall study all private and public farm loans and grants programs available throughout the State, including those available through the Department of Agriculture and Consumer Services and under Article 2 of Chapter 137 of the General Statutes and Chapter 122D of the General Statutes, to determine the effectiveness and efficiency of each of these programs, whether any duplication exists among any of these programs, and whether any consolidation of any of these programs is warranted. No later than May 1, 2000, the Office of State Budget and Management shall report its findings and any recommendations to the Fiscal Research Division.

CODE NO. 99AGRIC-H004

Requested by: Representatives Fox, Owens

ASSISTANCE FOR SMALL, FAMILY FARMS

Section @. Of the funds appropriated in this act to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year, the sum of fifty thousand dollars ($50,000) shall be used to provide assistance to farmers who operate small, family farms. By March 1, 2000, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on the use of these funds, including the number and geographic location of the small, family farms assisted through this allocation of funds, the type of assistance provided, and any other information or indicators that demonstrate the overall impact of this allocation of funds.

CODE NO. 99AGRIC-H009

Requested by: Representatives Fox, Owens

GUIDELINES FOR GRANTS FOR LOCAL AGRICULTURAL FAIRS

Section @. The Department of Agriculture and Consumer Services shall adopt guidelines for the disbursement of funds appropriated to the Department for grants for local agricultural fairs.

CODE NO. 99AGRIC-H005A

Requested by: Representatives Fox, Owens

SOUTHERN DAIRY COMPACT COMMISSION FUNDS

Section @.(a) Of the funds appropriated in this act to the Department of Agriculture and Consumer Services, the sum of five hundred thousand dollars ($500,000) for the 1999-2000 fiscal year shall be credited to a nonreverting reserve within the Department of Agriculture and Consumer Services for the start-up costs of the Southern Dairy Compact Commission, to be established pursuant to Section 4 of Article III of the Southern Dairy Compact, as set forth in G.S. 106-810, and the initial costs of administration and enforcement of the Southern Dairy Compact.

Section @.(b) The Director of the Budget shall make no disbursements from the reserve established in subsection (a) of this section to the Southern Dairy Compact Commission unless Congress ratifies legislation authorizing the operation of the Southern Dairy Compact, and the State of North Carolina and the Southern Dairy Compact Commission enter into a contract, approved by the Attorney General and the Commissioner of Agriculture, that contains all of the following provisions:

(1) That the administrative headquarters of the Southern Dairy Compact Commission shall be located within this State.

(2) That all funds disbursed from the reserve to the Southern Dairy Compact Commission shall be repaid to the State, plus interest at an amount to be agreed upon by the parties, from revenue pledged by the Commission, assessments collected by the Commission, or the reserve of the Commission, in accordance with a repayment schedule to be agreed upon by the parties.

(3) That the Southern Dairy Compact Commission shall issue notes to the State of North Carolina in the amount of the funds disbursed from the reserve under this section.

(4) That, prior to each disbursement, the Southern Dairy Compact Commission shall itemize the needs of the Commission to be served by the requested disbursement and an itemized list showing how the most recent disbursement was spent.

Section @.(c) The contract under this section shall not contain any provision that prevents another participating state,

as defined in Section 2 of the Southern Dairy Compact as set forth in G.S. 106-810, from providing some or all of the start-up costs of the Southern Dairy Compact Commission or its initial costs of administration and enforcement of the Southern Dairy Compact.

Section @.(d) All sums repaid to the State pursuant to the contract under this section shall be credited to the General Fund.

Section @.(e) Any funds not disbursed from the reserve under this section by the end of the term of years provided in the contract under this section shall revert at the end of that fiscal year.

Section @.(f) Upon the failure of Congress to ratify legislation authorizing the operation of the Southern Dairy Compact by June 30, 2001, all funds in the reserve shall revert to the General Fund.

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CODE NO. 99AGRIC-H006B

Requested by: Representatives Fox, Owens

LOAN PROGRAM FOR SMALL, FAMILY-OWNED FARMS

Section @. (a) The funds appropriated in this act to the North Carolina Rural Rehabilitation Corporation within the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year shall be used to make loans to those farmers of small, family-owned farms having financial difficulty as shown by their inability to obtain affordable conventional loans from other sources.

(b) The term of the loans under subsection (a) of this section shall not exceed 20 years. These loans shall be provided in accordance with the lending requirements of the North Carolina Rural Rehabilitation Corporation pursuant to Article 2 of Chapter 137 of the General Statutes.

(c) The Department of Agriculture and Consumer Services shall adopt rules to implement this section.

(d) Subsection (b) of Section 13.8 of S.L. 1998-212 is repealed.

CODE NO. 99AGRIC-H008

Requested by: Representatives Fox, Owens

MANDATORY EQUINE INFECTIOUS ANEMIA TESTING FUNDS

Section @.(a) No later than October 1, 1999, the Board of Agriculture shall adopt rules pursuant to its authority under G.S. 106-405.17 to provide for the mandatory testing of equines for equine infectious anemia prior to sale or prior to exhibition or assembly at public stables or other public places.

Section @. (b) Funds appropriated in this act to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year and for the 2000-2001 fiscal year shall be used for the costs of enforcing the mandatory testing program under subsection (a) of this section.

CODE NO. 99AGRIC-H010

Requested by: Representatives Fox, Owens

INCREASE GRAPE GROWERS FUNDS

Section @. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services ninety-four percent (94%) of the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and ninety-five percent (95%) of the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~one hundred fifty thousand dollars ($150,000)~~ one hundred seventy-five thousand dollars ($175,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

CODE NO. 99LAB-H001C

Requested by: Representatives Fox, Owens

DEPARTMENT OF LABOR/BUDGET OVER-REALIZED INDIRECT COST RECEIPTS

Section @. The Department of Labor may budget over-realized indirect cost receipts up to two hundred thousand dollars ($200,000) in the 1999-2000 fiscal year and up to three hundred thousand dollars ($300,000) in the 2000-2001 fiscal year to fund departmental technology needs.

CODE NO. 99LAB-H002A

Requested by: Representatives Earle, Fox, Owens

YOUTH EMPLOYMENT CERTIFICATES

Section @. G.S. 95-25.5(a) reads as rewritten:

"(a) No youth under 18 years of age shall be employed by any employer in any occupation without a youth employment certificate unless specifically exempted. The Commissioner of Labor shall prescribe regulations for youths and employers concerning the issuance, maintenance and revocation of certificates. Certificates will be issued, subject to review by the Department of Labor, by county directors of social services and such of their designees as are approved by the Commissioner; provided, the Commissioner may ~~by regulation require that the Department of Labor issue certificates for occupations with unusual or unique characteristics.~~ also issue certificates, both directly and electronically."

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CODE NO. 99NATRES-H003C

Requested by: Representatives Fox, Owens

SPECIAL RESERVE FUNDS FOR FOREST SEEDLING PROGRAM/BLADEN LAKES STATE FOREST

Section @. G.S. 113-36 reads as rewritten:

"**§ 113-36. Applications of proceeds from sale of products.**

(a) Application of Proceeds Generally. -- Except as provided in ~~subsection (b) of~~ this section, all money received from the sale of wood, timber, minerals, or other products from the State forests shall be paid into the State treasury and to the credit of the Department; and such money shall be expended in carrying out the purposes of this Article and of forestry in general, under the direction of the Secretary.

(b) Tree Cone and Seed Purchase Fund. -- A percentage of the money obtained from the sale of seedlings and remaining unobligated at the end of a fiscal year, shall be placed in a special, continuing and nonreverting Tree Cone and Seed Purchase Fund under the control and direction of the Secretary. The percentage of the sales placed in the fund shall not exceed ten percent (10%). At the beginning of each fiscal year, the Secretary shall select the percentage for the upcoming fiscal year depending upon the anticipated costs of tree cones and seeds which the department must purchase. Money in this fund shall not be allowed to accumulate in excess of the amount needed to purchase a four-year supply of tree cones and seed, and shall be used for no purpose other than the purchase of tree cones and seeds.

(c) Forest Seedling Nursery Program Fund. -- The Forest Seedling Nursery Program Fund is created within the Department of Environment and Natural Resources, Division of Forest Resources, as a special revenue fund. Except as provided in subsection (b) of this section, this Fund shall consist of receipts from the sale of seed and seedlings as authorized in G.S. 113-35 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Forest Seedling Nursery Program.

(d) Bladen Lakes State Forest Fund. -- The Bladen Lakes State Forest Fund is created within the Department of Environment and Natural Resources, Division of Forest Resources, as a special

revenue fund. This Fund shall consist of receipts from the sale of forest products from Bladen Lakes State Forest as authorized in G.S. 113-35 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Bladen Lakes State Forest."

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CODE NO. 99NATRES-H002A

Requested by: Representatives Fox, Owens

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

Section @. (a) Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 1999-2000 fiscal and the sum of five hundred thousand dollars ($500,000) for the 2000-2001 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

Section @. (b) G.S. 113-291.10(a) reads as rewritten:

"(a) There is established the Beaver Damage Control Advisory Board. The Board shall consist of nine members, as follows:

(1) The Executive Director of the North Carolina Wildlife Resources Commission, or his designee, who shall serve as chair;

(2) The Commissioner of Agriculture and Consumer Services, or a designee;

(3) The Director of the Division of Forest Resources of the Department of Environment and Natural Resources, or a designee;

(4) The Director of the Soil and Water Conservation Division of the Department of Environment and Natural Resources, or a designee;

(5) The Director of the North Carolina Cooperative Extension Service, or a designee;

(6) The Secretary of Transportation, or a designee;

(7) The State Director of the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant Health Inspection Service, U.S. Department of Agriculture, or a designee;

(8) The President of the North Carolina Farm Bureau Federation, Inc., or a designee, representing private landowners; and

(9) A representative of the North Carolina Forestry Association."

Section @. (c) G.S. 113-291.10(c) reads as rewritten:

"(c) The Wildlife Resources Commission shall implement the program, and may enter a cooperative agreement with the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant

Health Inspection Service, United States Department of Agriculture, to accomplish the program."

CODE NO. 99NATRES-H001C

Requested by: Representatives Fox, Owens

GRASSROOTS SCIENCE PROGRAM

Section @. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million six hundred seventy thousand dollars ($3,670,000) for fiscal year 1999-2000 and the sum of three million four hundred twenty thousand dollars ($3,420,000) for fiscal year 2000-2001 are allocated as grant-in-aid for each fiscal year as follows:

	1999-2000	2000-2001
Aurora Fossil Museum	$64,066	$64,066
Cape Fear Museum	$203,944	203,944
Catawba Science Center	$179,172	$179,172
Colburn Gem and Mineral Museum, Inc.	$63,942	$63,942
Discovery Place	$776,577	$776,577
Granville County Museum Commission, Inc. - Harris Gallery	$54,420	$54,420
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$210,860	$210,860
Imagination Station	$108,202	$108,202
Iredell County Children's Museum	$56,243	$56,243
Museum of Coastal Carolina	$318,274	$68,274
Natural Science Center of Greensboro	$321,802	$321,802
North Carolina Museum of Life and Science	$465,240	$465,240
Rocky Mount Children's Museum	$98,007	$98,007
Schiele Museum of Natural History	$381,489	$381,489
Sci Works Science Center and Environmental Park of Forsyth County	$247,501	$247,501
Western North Carolina Nature Center	$120,261	$120,261
Total	$3,670,000	$3,420,000

CODE NO. 99ENV-H010B

Requested by: Representative Baker

TOWN FORK CREEK SOIL CONSERVATION PROJECT

Section @. (a) Section 15.11 of S.L. 1997-443 reads as rewritten:

"Section 15.11. (a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, ~~1999.~~ 2001. Those funds are reallocated as follows:

(1) Five hundred four thousand five hundred sixty dollars ($504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) Nine hundred thirty thousand six hundred eighty dollars ($930,680) to the Stokes County Water and Sewer Authority, Inc., for the Madison Connection Project.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County.

(b) The Department of Environment, Health, and Natural Resources and the Stokes County Water and Sewer Authority, Inc., shall report by October 1 and March 1 of each fiscal year to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management regarding the use of the funds reallocated by this section. Each report shall include all of the following:

(1) The estimated cost of each project.

(2) The date that work on each project began or is expected to begin.

(3) The date that work on each project was completed or is expected to be completed.

(4) The actual cost of each project."

Section @. (b) This section becomes effective June 30, 1999.

CODE NO. 99ENV-H011D

Requested by: Representatives Fox, Owens, Baker

MEADOW BRANCH WATER PROJECT AND DEEP CREEK PROJECT/EXTEND REVERSION DATE

Section @. (a) Section 107(b) of Chapter 561 of the 1993 Session Laws as rewritten by Section 26.1 of Chapter 507 of the 1995 Session Laws and Section 15.46 of S.L. 1997-443 reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1993-94 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund:

(1) Corps of Engineers project feasibility studies, or

(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1993-94, or

(3) State-local Water Resources Development Projects.

Funds, except those allocated in subdivisions (a)(14), (15), (16), and (17) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1994-95 fiscal year. The funds allocated in subdivisions (a)(14), and (16) of this section shall not revert until June 30, 1997. The funds allocated in subdivisions (15) and (17) of this section shall not revert until June 30, ~~1999.~~ 2001."

Section @. (b) Subsection (b) of Section 27.12 of Chapter 507 of the 1995 Session laws reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1995-96 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1995-96.

(3) State-local Water Resources Development Projects.
(4) Soil Conservation Projects whose schedules have advanced and require State matching funds in fiscal year 1995-96.

~~Funds~~ Funds, except those allocated in subdivision (a)(12) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1996-97 fiscal year. The funds allocated in subdivision (a)(12) of this section shall not revert until June 30, 2001."

Section @. (c) Subsection (b) of Section 34.7 of S.L. 1997-443 reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1997-98 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.
(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1997-98.
(3) State-local Water Resources Development Projects.

~~Funds~~ Funds, except those allocated in subdivision (a)(18) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1998-99 fiscal year. The funds allocated in subdivision (a)(18) of this section shall not revert until June 30, 2001."

Section @. (d) This section becomes effective June 30, 1999.

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CODE NO. 99ENV-H012

Requested by: Representatives Fox, Owens

NER INTERIM STUDY OF DENR ORGANIZATION

Section @. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives shall study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and shall report any recommendations, including any legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. The Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study.

CODE NO. 99ENV-H004

Requested by: Representatives Fox, Owens

SUPERFUND PROGRAM/INACTIVE HAZARDOUS SITES FUNDS

Section @. (a) The Department of Environment and Natural Resources may use available funds, with the approval of the Office of State Budget and Management, to provide the ten percent (10%) cost share required for Superfund cleanups on the National Priority List sites, to pay the operating and maintenance costs associated with these Superfund cleanups, and for the cleanup of priority inactive hazardous substance or waste disposal sites under Part 3 of Article 9 of Chapter 130A of the General Statutes. These funds may be in addition to those appropriated for this purpose.

(b) The Department of Environment and Natural Resources and the Office of State Budget and Management shall report to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds.

CODE NO. 99ENV-H002A

Requested by: Representatives Fox, Owens

FUNDS FOR VOLUNTARY REMEDIAL ACTIONS

Section @. (a) During the 1999-2001 fiscal biennium, the Secretary of Environment and Natural Resources may contribute from the Inactive Hazardous Sites Cleanup Fund up to ten percent (10%) of the cost each fiscal year, not to exceed fifty thousand dollars ($50,000) per site, of implementing a voluntary remedial action program at up to three high-priority sites that substantially endanger public health or the environment.

Section @. (b) No later than April 1 of each year of the 1999-2001 fiscal biennium, the Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Each report shall contain the location of the sites for which a voluntary remedial action program was implemented under subsection (a) of this section, the rationale for the State contributing to the cost of that remedial action, and the amount of the contribution made from the Inactive Hazardous Sites Cleanup Fund.

CODE NO. 99ENV-H007A

Requested by: Representatives Fox, Owens

DENR POSITION FOR SCRAP TIRE PROGRAM

Section @. Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites to maintain and support a position for the 1999-2000 fiscal year and for the 2000-2001 fiscal year to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites.

CODE NO. 99ENV-H005

Requested by: Representatives Fox, Owens

POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE TO SMALL BUSINESSES WITH NEED

Section @. The Division of Pollution Prevention and Environmental Assistance shall, to the extent feasible, give greatest priority to small businesses that can demonstrate financial need when the Division of Pollution Prevention and Environmental Assistance awards grants or otherwise provides technical or financial assistance.

CODE NO. 99ENV-H014

Requested by: Representatives Fox, Owens

DENR STUDY ONE-STOP PERMIT PROCESS

Section @. The Department of Environment and Natural Resources shall study the feasibility and benefits of implementing a one-stop permit system to improve coordination within the Department with respect to processing environmental permit applications, communication with the regulated community, and regulatory compliance. The Department shall consider the State of New Jersey's ONE STOP program, which uses a project team composed of permitting, compliance, and enforcement staff to review the permit application, as a model. No later than February 15, 2000, the Department shall report to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on their findings and recommendations.

CODE NO. 99ENV-H009

Requested by: Representatives Fox, Owens

REPEAL DUPLICATE REPORTING REQUIREMENT FOR CLEAN WATER MANAGEMENT TRUST

Section @. G.S. 113-145.6(i) is repealed.

CODE NO. 99ENV-H008

Requested by: Representatives Fox, Owens

ENVIRONMENTAL EDUCATION GRANTS

Section @. (a) Of the two hundred thousand dollars ($200,000) appropriated in this act to the Department of Environment and Natural Resources for the 1999-2000 fiscal year for environmental education grants, up to fifty thousand dollars ($50,000) may be used by the Department for the 1999-2000 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

(1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or

(2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

(b) The Department shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2000, and again by July 1, 2000, on the grant program. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

CODE NO. 99ENV-H006A

Requested by: Representatives Fox, Owens

PARTNERSHIP FOR THE SOUNDS

Section @. (a) Subject to subsection (c) of this section, the Partnership for the Sounds, Inc., shall, no later than January 15, 2000, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

(1) Program activities, objectives, and accomplishments for the 1998-99 fiscal year;

(2) Itemized expenditures and fund sources for the 1998-99 fiscal year;

(3) Planned activities, objectives, and accomplishments for the 1999-2000 fiscal year, including actual results through December 31, 1999; and

(4) Estimated itemized expenditures and fund sources for the 1999-2000 fiscal year, including actual expenditures and fund sources through December 31, 1999.

(b) Subject to subsection (c) of this section, the Partnership for the Sounds, Inc., shall, no later than January 15, 2001, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

(1) Program activities, objectives, and accomplishments for the 1999-2000 fiscal year;

(2) Itemized expenditures and fund sources for the 1999-2000 fiscal year;

(3) Planned activities, objectives, and accomplishments for the 2000-2001 fiscal year, including actual results through December 31, 2000; and

(4) Estimated itemized expenditures and fund sources for the 2000-2001 fiscal year, including actual expenditures and fund sources through December 31, 2000.

(c) The Partnership for the Sounds, Inc., shall provide additional reports to the Joint Legislative Commission on Governmental Operations or the Fiscal Research Division upon request.

(d) The Partnership for the Sounds, Inc., shall provide a copy of its annual audited financial statement to the

Fiscal Research Division within 30 days of issuing the financial statement.

CODE NO. 99ENV-S002E

Requested by: Representatives Owens, Fox

North Carolina Water Quality Workgroup Initiative/Rivernet Monitoring System Pilot Program/Research Funds.

Section @. (a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency data bases that can be used to formulate public policy regarding the State's water quality, evaluate those data bases to determine the information gaps in those data bases, and establish the priorities for obtaining the information lacking in those date bases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.

(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.

(3) To maintain a web-based water quality data distribution site.

(4) To organize and evaluate existing scientific and State agency water quality data bases.

(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

Section @. (b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of the Department of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring and Permitting.

(2) Nutrient Management.

(3) Water Pollution Control.

(4) Waste Management.
(5) Groundwater Resources.
(6) Stream Hydrology.
(7) Aquatic Biology.
(8) Environmental Education and Web-based data dissemination.

Section @. (c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

Section @. (d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the workgroup, and set the meeting agenda.

Section @. (e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Co-Chairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

Section @. (f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality event, which then can be comprehensively analyzed.

Section @. (g) For the 1999-2001 biennium, the North Carolina Water Quality Workgroup shall select as a pilot project site an area of impaired waters within one of the State's river basins based on criteria of the State's basinwide water quality management plans and shall implement a Rivernet monitoring system pilot project in those waters.

Section @. (h) Of the funds appropriated by this act to the Department of Environment and Natural Resources the sum of one million two hundred thousand dollars ($1,200,000) for the 1999-2000 fiscal year and the sum of seven hundred thousand dollars ($700,000) for the 2000-2001 fiscal year shall be used to implement this section. Those funds shall be allocated as follows:

(1) $300,000 shall be transferred for the 1999-2000 fiscal year and $300,000 for the 2000-2001 fiscal year to the Board of Governors of The University of North Carolina for North Carolina State University to use for operating costs of the Rivernet monitoring system and pilot project including personnel to maintain the system, archive and disseminate the data.

(2) $500,000 for the 1999-2000 fiscal year only shall be transferred to the Board of Governors of The University of North Carolina to be used by North Carolina State University for the purchase of monitoring equipment, installation of the data transfer network, and for the installation of the computer hardware and software to archive the data and sustain the web-based data system.

(3) $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year shall be held in a reserve fund to be administered by the Scientific Advisory Council on Water Resources and Coastal Fisheries Management. Monies in the fund shall be used only for research projects recommended by the North Carolina Water Quality Workgroup. The Workgroup shall consider only new studies that promote collaborative work between the Department of Environment and Natural Resources and North Carolina State University to collectively close knowledge policy gaps with regard to the State's water quality.

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CODE NO. 99COMM-H136

Requested by: Representatives Fox and Owens

DEPARTMENT OF COMMERCE BUDGET REVISIONS

Section @. The Department of Commerce, in consultation with and upon approval of the Office of State Budget and Management, shall make the necessary revisions to its budget to ensure that positions and related operating funds are budgeted in the appropriate fund codes of the divisions to which the positions are assigned and the operating expenses support. These revisions should result in a departmental budget that accurately reflects the Department's organizational structure and lines of management. The budget revisions shall be submitted to and approved by the Office of State Budget and Management not later than January 1, 2000. The Department of Commerce shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division a progress report no later than October 15, 1999 and a final report no later than January 15, 2000 on all budget revisions made to implement this section.

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CODE NO. 99COMM-H101

Requested by: Representatives Fox and Owens

WANCHESE SEAFOOD INDUSTRIAL PARK FUNDS

Section @. Of the funds appropriated in this act to the Department of Commerce for the Wanchese Seafood Industrial Park, the sum of one hundred twenty-one thousand one hundred twenty dollars ($121,120) for the 1999-2000 fiscal year and the sum of one hundred twenty-one thousand one hundred twenty dollars ($121,120) for the 2000-2001 fiscal year may be expended by the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes, in addition to funds available to the Authority for these purposes.

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CODE NO. 99COMM-H102

Requested by: Representatives Fox and Owens

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

Section @ (a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Monies allocated from the Fund shall be used for the following purposes:

(1) Installation or purchase of equipment;

(2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and

(3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Monies may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of monies from the Fund.

(b) The Department of Commerce shall report on or before October 1, 1999, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

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CODE NO. 99COMM-H104A

Requested by: Representatives Fox and Owens

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section @. (a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined

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according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

*

CODE NO. 99COMM-H103A

Requested by: Representatives Fox and Owens

REGIONAL COMMISSION REPORTS

Section @. (a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 1998-1999 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 1999;

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999.

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-01 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2000;

d. State fiscal year 2000-01 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 1999-2001 biennium shall by the 25th day of the month following the end of a fiscal quarter, report to the Department of Commerce the following information for the most recent completed fiscal quarter:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;

(2) The number of inquiries, leads, and prospects generated;

(3) The amount of investment and number of jobs created by the direct efforts of a commission;

(4) The amount of investment and number of jobs created by the indirect efforts of a commission;

(5) The number and listing of available sites and buildings within the region served by a commission;

(6) A listing of major accomplishments.

CODE NO. 99COMM-H105

Requested by: Representatives Fox and Owens

REPEAL STATUTORY REPORTING REQUIREMENTS FOR REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

Sec. @. (a) G.S. 158-8.1(e) reads as rewritten:

"(e) In addition to the powers and duties granted to economic development commissions in this Article, the Western North Carolina Regional Economic Development Commission shall:

(1) Survey Western North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process.

(2) Develop and evaluate alternatives for Western North Carolina economic development.

(3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan.

(4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties.

~~(5) Report to the General Assembly by March 31 each year on the work of the Commission.~~"

Section @ (b) G.S. 158-8.2(f) reads as rewritten:

"(f) In addition to the powers and duties granted to economic development commissions in this Article, the Northeastern North Carolina Regional Economic Development Commission shall:

(1) Adopt and implement an economic development program, with the assistance of the economic development advisory board, as follows:

a. Survey northeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;

b. Enhance economic development activities that use the area's natural resources;

c. Develop and evaluate alternatives for northeastern North Carolina economic development;

d. Develop a preferred economic development plan for the region and establish strategies for implementing the plan;

e. Conduct feasibility studies to determine the nature and placement of economic developments for maximum economic impact;

f. Identify potential sites for economic development; and

g. Carry out other activities to develop and promote economic development;

(2) Adopt and implement a tourism development program, with the advice and assistance of the tourism advisory board, as follows:

a. Adopt, implement, and update a water-based tourism development strategy;

b. Provide assistance to developers with requirements for tourism development, as deemed necessary by the Commission;

c. Conduct feasibility studies to determine the nature and placement of tourism developments for maximum economic impact;

d. Identify sites for tourism development; and

e. Carry out other activities to develop and promote water-based tourism;

(3) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties; and

~~(4) Report to the General Assembly by March 31 each year on the work of the Commission.~~"

Section @ (c) G.S. 158-8.3(e) reads as rewritten:

"(e) In addition to the powers and duties granted to economic development commissions in this Article, the Southeastern North Carolina Regional Economic Development Commission shall:

(1) Survey southeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;

(2) Develop and evaluate alternatives for southeastern North Carolina economic development;

(3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan;

(4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties; and

~~(5) Report to the General Assembly by March 31 each year on the work of the Commission.~~"

CODE NO. 99COMM-H141

Requested by: Representatives Fox and Owens

MODIFY NORTHEAST REGIONAL ECONOMIC DEVELOPMENT COMMISSION

Section @. (a) G.S. 158-8.2 reads as rewritten:

"§ 158-8.2. Creation of Northeastern North Carolina Regional Economic Development Commission.

(a) There is created the Northeastern North Carolina Regional Economic Development Commission to facilitate economic development ~~and tourism development~~ in Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington Counties, and any other county assigned to the Commission by the Department of Commerce as authorized by law. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce. Funds appropriated for the Commission by the General Assembly shall be disbursed directly to the Commission at the beginning of each fiscal year.

(b) The Commission shall consist of 18 appointed members and ~~two~~ one ex officio ~~members,~~ member, as ~~follows:~~ provided below. Each appointed member shall be an experienced business person who resides for most of the year in one or more of the counties that are members of the Commission.

(1) Six members shall be appointed by the ~~Governor, including one developer of northeastern North Carolina, one banker, one county commissioner from Camden, Currituck, Pasquotank, or Perquimans Counties, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law, and one county commissioner from Beaufort, Bertie, Chowan, or Martin Counties, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law.~~ Governor.

(2) Six members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. ~~120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Dare, Hyde, Tyrrell, or Washington Counties.~~ 120-121.

(3) Six members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. ~~120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Halifax, Hertford, Gates, or Northampton Counties.~~ 120-121.

(4) The Secretary of Commerce, or a designee.

~~(5) The Secretary of Cultural Resources, or a designee.~~

Any person appointed to the Commission ~~in a categorical appointment as~~ who is also a county commissioner may hold ~~such~~ that office in addition to the offices permitted by G.S. 128-1.1. The appointing authorities are encouraged to discuss and coordinate their appointments in an effort to ensure as many counties served by the Commission are represented among the membership of the Commission.

(c) ~~The appointing authority shall designate two of the initial appointees pursuant to subdivision (b)(1), one of the initial appointees pursuant to subdivision (b)(2), two of the initial appointees pursuant to subdivision (b)(3), and two of the initial appointees pursuant to subdivision (b)(4) to serve for terms ending June 30, 1995; the remainder of the initial appointees shall serve for terms ending June 30, 1997. Their successors shall serve for four-year terms ending on June 30 quadrennially thereafter.~~ All members shall serve staggered two-year terms ending on June 30 biennially.

(d) Any appointment to fill a vacancy on the Commission shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be in accordance with G.S. 120-122.

(d1) The initial meeting shall be called by the Secretary of the Department of Commerce. The Commission shall meet no less than quarterly.

(e) The Commission shall ~~appoint an economic development advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing an economic development program. The Commission shall also appoint a tourism advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing a tourism development program. Members of the Commission may serve on these advisory boards.~~ elect annually from among its membership a four-member executive committee consisting of a chair, a vice-chair, a secretary, and a treasurer. Members shall

serve one-year terms on the executive committee. The executive committee shall meet no less than quarterly.

(f) In addition to the powers and duties granted to economic development commissions in this Article, the Northeastern North Carolina Regional Economic Development Commission shall:

(1) Adopt and implement an economic development program, with the assistance of the economic development advisory board, as follows:

a. Survey northeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;

b. Enhance economic development activities that use the area's natural resources;

c. Develop and evaluate alternatives for northeastern North Carolina economic development;

d. Develop a preferred economic development plan for the region and establish strategies for implementing the plan;

e. Conduct feasibility studies to determine the nature and placement of economic developments for maximum economic impact;

f. Identify potential sites for economic development; and

g. Carry out other activities to develop and promote economic ~~development;~~ development.

~~(2) Adopt and implement a tourism development program, with the advice and assistance of the tourism advisory board, as follows:~~

~~a. Adopt, implement, and update a water-based tourism development strategy;~~

~~b. Provide assistance to developers with requirements for tourism development, as deemed necessary by the Commission;~~

~~c. Conduct feasibility studies to determine the nature and placement of tourism developments for maximum economic impact;~~

~~d. Identify sites for tourism development; and~~

~~e. Carry out other activities to develop and promote water-based tourism;~~

(3) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist

the Commission in carrying out its powers and ~~duties; and~~ duties.

(4) Report to the General Assembly by March 31 each year on the work of the Commission.

(g) Within the limits of funds available, the Commission may hire and fix the compensation of any personnel necessary to its operations, contract with consultants for any services as it may require, and contract with the State of North Carolina or the federal government, or any agency or department thereof, for any services as may be provided by those agencies. The Commission shall hire an employee to serve as president and chief executive officer. The Commission may carry out the provisions of any contracts it may enter.

Within the limits of funds available, the Commission may lease, rent, purchase, or otherwise obtain suitable quarters and office space for its staff, and may lease, rent, or purchase necessary furniture, fixtures, and other equipment.

(h) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem of one hundred dollars ($100.00) a day for each day of service when the Commission meets and shall be reimbursed for travel and subsistence as provided in G.S. 138-5. ~~The Commission may adopt policies authorizing additional per diem of one hundred dollars ($100.00) a day for non-State employee members' additional days of service including Commission subcommittee meetings or other Commission activities, plus reimbursement for related travel and subsistence as provided in G.S. 138-5. Members of the advisory boards who are State employees shall receive travel expenses as provided in G.S. 138-6 for participating in meetings and other official activities authorized by the Commission. Other members of the advisory boards shall receive per diem and travel expenses as provided in G.S. 138-5 for participating in meetings and other official activities authorized by the Commission.~~"

Section @.(b) The Northeastern North Carolina Regional Economic Development Commission shall make the transition from the former membership to the new membership provided in this section as follows:

(1) The present executive committee shall serve until a new executive committee is elected.

(2) The Governor and the General Assembly shall make the appointments provided in G.S. 158-8.2(b)(1) through (3) for terms beginning July 1, 1999. Each appointing authority shall designate one-half of

the appointees to serve initial terms of three years and shall designate the remaining appointees to serve two-year terms. Their successors shall serve two-year terms.

(3) On the date the members of the Commission appointed pursuant to this section take office, the terms of all current members of the Commission appointed before the effective date of this act expire.

CODE NO. 99COMM-H143A

Requested by: Representatives Fox and Owens

LEGISLATIVE RESEARCH COMMISSION TO STUDY LOCAL GROWTH PLANNING AND MANAGEMENT POLICIES AND INCENTIVES

Section @. Of the funds appropriated in this act to the Department of Commerce, the sum of two hundred thousand dollars ($200,000) for the the 1999-2000 fiscal year shall be transferred to the General Assembly to be used by the Legislative Research Commission to study local growth planning and management policies and incentives including the provisions of House Bill 1468, 1999 Regular Session, as introduced.

CODE NO. 99COMM-H106A

Requested by: Representatives Fox and Owens

MARKETING OF GLOBAL TRANSPARK

Section @. (a) Section 15.2 of S.L. 1998-212 is repealed.

Section @. (b). Of the funds appropriated in this act to the Department of Commerce, the sum of one hundred seventy-two thousand thirty-six dollars ($172,036) for the 1999-2000 fiscal year and the sum of one hundred seventy-two thousand thirty-six dollars ($172,036) for the 2000-2001 fiscal year shall be transferred to the North Carolina Global Transpark Authority to market the Global Transpark.

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CODE NO. 99COMM-H121

Requested by: Representatives Fox and Owens

PETROLEUM OVERCHARGE ATTORNEYS' FEES

Section @.(a) Unless prohibited by federal law, rule, or regulation or preexisting settlement agreement, no later than October 1, 1989, the North Carolina Attorney General shall direct the withdrawal of all funds received in the cases of United States v. Exxon and Stripper Well that are held in accounts or reserves located out-of-state for payment of attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation authorized by the Attorney General. The Attorney General shall deposit these funds, and all funds to be received from Petroleum Overcharge Funds in the future for attorneys' fees and reasonable expenses, into the Special Reserve for Oil Overcharge Funds.

Section @.(b) All attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation shall be paid by the State Treasurer from Petroleum Overcharge Funds that have been received by this State and deposited into the Special Reserve for Oil Overcharge Funds.

Section @.(c) Notwithstanding any other provision of law, the Attorney General may authorize the payment of attorneys' fees and reasonable expenses from the Special Reserve for Oil Overcharge Funds without further action of the General Assembly, and funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for the 1999-2000 fiscal year and for the 2000-2001 fiscal year for that purpose.

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CODE NO. 99COMM-H120F

Requested by: Representatives Fox and Owens

PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section @. (a) Any funds remaining in the Special Reserve for Oil Overcharge Funds on and after June 30, 1999 may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve Oil Overcharge Funds.

Section @. (b) The Department of Commerce shall do the following:

(1) By January 15, 2000 and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. A description of program activities, objectives, and accomplishments supported with petroleum overcharge funds for the State fiscal year 1998-99;

b. An itemized list of the actual expenditures from each of the petroleum overcharge accounts for each of the activities supported with petroleum overcharge funds for the State fiscal year 1998-99, including any expenditures for administrative costs;

c. A list of the cash balances remaining in each of the petroleum overcharge accounts at the end of the State fiscal year 1998-99 including the amount of funds which are obligated; and

d. A description of planned activities, objectives, and accomplishments including the amount of petroleum overcharge funds budgeted for each activity for State fiscal year 1999-2000.

(2) By January 15, 2001 and more frequently if requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. A description of program activities, objectives, and accomplishments supported with petroleum overcharge funds for the State fiscal year 1999-2000;

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b. An itemized list of the actual expenditures from each of the petroleum overcharge accounts for each of the activities supported with petroleum overcharge funds for the State fiscal year 1999-2000, including any expenditures for administrative costs;

c. A list of the cash balances remaining in each of the petroleum overcharge accounts at the end of the State fiscal year 1999-2000 including the amount of funds which are obligated; and

d. A description of planned activities, objectives, and accomplishments including the amount of petroleum overcharge funds budgeted for each activity for State fiscal year 2000-2001.

CODE NO. 99COMM-H139

Requested by: Representatives Fox and Owens

NER INTERIM STUDY OF ENERGY DIVISION OF DEPARTMENT OF COMMERCE

Section @. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources shall study the current organization and responsibilities of the Division of Energy of the Department of Commerce to determine its effectiveness and efficiency in managing the State's energy programs and administering Petroleum Overcharge funds, and shall report any recommendations, including legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. In conducting the study the committees may obtain assistance from any resources outside the General Assembly that the committees determine are needed to adequately perform the study.

CODE NO. 99COMM-H119

Requested by: Representatives Fox and Owens

SPECIAL EMPLOYMENT SECURITY ADMINISTRATION FUND

Section 72.(a) Notwithstanding G.S. 96-5(c), there is appropriated from the Special Employment Security Administration Fund to the Employment Security Commission of North Carolina, the sum of two million dollars ($2,000,000) for the 1999-2000 fiscal year and the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year for administration of the Employment Services and Unemployment Insurance Programs.

Section 72.(b) Supplemental federal funds or other additional funds received by the Employment Security Commission for similar purposes shall be expended prior to the expenditure of funds appropriated by this section.

CODE NO. 99COMM-H135

Requested by: Representatives Fox and Owens

AUTHORIZATION TO EXPEND REED ACT FUNDS

Section @. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of five hundred twenty-five thousand one hundred twenty-three dollars ($525,123) for the 1999-2000 fiscal year for automation purposes.

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CODE NO. 99COMM-H001A

Requested by: Representatives Fox, Owens

WORKER TRAINING TRUST FUND APPROPRIATIONS

Section @.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 1999-2000 fiscal year for the operation of local offices and the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 2000-2001 fiscal year for the operation of local offices.

Section 71.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1999-2000 and the 2000-2001 fiscal years for the following purposes:

(1) $2,400,000 for the 1999-2000 fiscal year and $2,400,000 for the 2000-2001 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) $2,046,000 for the 1999-2000 fiscal year and $1,746,000 for the 2000-2001 fiscal year to the Department of Community Colleges to continue the Focused Industrial Training Program;

(4) $225,000 for the 1999-2000 fiscal year and $225,000 for the 2000-2001 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the Department of Community Colleges for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) $60,000 for the 1999-2000 fiscal year and $60,000 for the 2000-2001 fiscal year to the Office of State Budget and Management to maintain compliance with Chapter 96 of the General Statutes, which directs the Office of State Budget and Management to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor to expand the Apprenticeship Program. It is intended that the appropriation of funds in this subdivision will result in the Department of Labor serving a benchmark performance level of 10,000 adult and youth apprentices by the year 2000 and maintained or improved thereafter.

CODE NO. 99COMM-H134

Requested by: Representatives Fox and Owens

WORKFORCE DEVELOPMENT COMMISSION

Section @. (a) Part 3A of Article 10 of Chapter 143B of the General Statutes is repealed.

Section @. (b) Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 3B. Workforce Development.

"**§ 143B-438.10. Commission on Workforce Development.**

(a) Creation and Duties. -- There is created within the Department of Commerce the North Carolina Commission on Workforce Development. The Commission shall have the following powers and duties:

(1) To develop strategies to produce a skilled, competitive workforce that meets the needs of the State's changing economy.

(2) To advise the Governor, the General Assembly, State and local agencies, and the business sector regarding policies and programs to enhance the State's workforce.

(3) To coordinate and develop strategies for cooperation between the academic, governmental, and business sectors.

(4) To establish, develop, and provide ongoing oversight of the 'One-Stop Delivery System' for employment and training services in the State.

(5) To develop a unified State plan for workforce training and development.

(6) To review the plans and programs of agencies, boards, and organizations operating federally funded or State-funded workforce development programs for effectiveness, duplication, fiscal accountability, and coordination.

(7) To develop and continuously improve performance measures to assess the effectiveness of workforce training and employment in the State.

(8) To submit to the Governor and to the General Assembly by April 1, 2000, and biennially thereafter, a comprehensive Workforce Development Plan that shall include at least the following:

a. Goals and objectives for the biennium.

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b. An assessment of current workforce programs and policies.

c. An assessment of the delivery of employment and training services to special populations, such as youth and dislocated workers.

d. Recommendations for policy, program, or funding changes.

(9) To serve as the State's Workforce Investment Board for purposes of the federal Workforce Investment Act of 1998.

(b) Membership; Terms. -- The Commission on Workforce Development shall consist of 40 members appointed as follows:

(1) By virtue of their offices, the following department and agency heads or their respective designees shall serve on the Commission: the Secretary of the Department of Health and Human Services; the Chair of the Employment Security Commission, the Superintendent of Public Instruction, the President of the Community College System, the Commissioner of the Department of Labor, and the Secretary of the Department of Commerce.

(2) The Governor shall appoint 32 members as follows:

a. Six members representing public, postsecondary, and vocational education.

b. Two members representing community-based organizations.

c. Six members representing labor.

d. Eighteen members representing business and industry.

(3) The President Pro Tempore of the Senate shall appoint one Senator to serve, and the Speaker of the House of Representatives shall appoint one House member to serve.

(4) The terms of the members appointed by the Governor shall be for four years, and the terms for legislative members shall be for two years, concurrent with the General Assembly sessions.

(c) Appointment of Chair; Meetings. -- The Governor shall appoint the Chair of the Commission from among the business and industry members, and that person shall serve at the pleasure of the Governor. The Commission shall meet at least quarterly upon the call of the Chair.

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(d) Staff; Funding. -- The clerical and professional staff to the Commission shall be provided by the Department of Commerce. Funding for the Commission shall derive from State and federal resources as allowable and from the partner agencies to the Commission. Members of the Commission shall receive necessary travel and subsistence in accordance with State law.

"**§ 143B-438.11. Local Workforce Development Boards.**

(a) Duties. -- Local Workforce Development Boards shall have the following powers and duties:

(1) To develop policy and act as the governing body for local workforce development.

(2) To provide planning, oversight, and evaluation of local workforce development programs, including the local One-Stop Delivery System.

(3) To provide advice regarding workforce policy and programs to local elected officials, employers, education and employment training agencies, and citizens.

(4) To develop a local plan in coordination with the appropriate community partners to address the workforce development needs of the service area.

(5) To develop linkages with economic development efforts and activities in the service area and promote cooperation and coordination among public organizations, education agencies, and private businesses.

(6) To review local agency plans and grant applications for workforce development programs for coordination and achievement of local goals and needs.

(7) To serve as the Workforce Investment Board for the designated substate area for the purpose of the federal Workforce Investment Act of 1998.

(b) Members. -- Members of local Workforce Development Boards shall be appointed by local elected officials in accordance with criteria established by the Governor and with provisions of the federal Workforce Investment Act. The local Workforce Development Boards shall have a majority of business members and shall also include representation of workforce and education providers, labor organizations, community-based organizations, and economic development boards as determined by local elected officials. The Chairs of the local Workforce Development Boards shall be selected from among the business members.

"**§ 143B-438.12. Federal Program Administration.**

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(a) Federal Workforce Investment Act. -- In accordance with the federal Workforce Investment Act, the Commission on Workforce Development shall develop a Five-Year Strategic Plan to be submitted to the U.S. Secretary of Labor. The Strategic Plan shall describe the workforce development activities to be undertaken in the State to implement the federal Workforce Investment Act and how special populations shall be served.

(b) Other Workforce Grant Applications. -- The Commission on Workforce Development may submit grant applications for workforce development initiatives and may manage the initiatives and demonstration projects.

"**§ 143B-438.13. Employment and Training Grant Program.**

(a) Employment and Training Grant Program. -- There is established in the Department of Commerce, Division of Employment and Training, an Employment and Training Grant Program. Grant funds shall be allocated to local Workforce Development Boards for the purposes of enabling recipient agencies to implement local employment and training programs in accordance with existing resources, local needs, local goals, and selected training occupations. The State program of workforce performance standards shall be used to measure grant program outcomes.

(b) Use of Grant Funds. -- Local agencies may use funds received under this section for the purpose of providing services, such as training, education, placement, and supportive services. Local agencies may use grant funds to provide services only to individuals who are (i) 18 years of age or older and meet the federal Workforce Investment Act, title I adult eligibility definitions, or meet the federal Workforce Investment Act, title I dislocated worker eligibility definitions, or (ii) incumbent workers with annual family incomes at or below two hundred percent (200%) of poverty guidelines established by the federal Department of Health and Human Services.

(c) Allocation of Grants. -- The Department of Commerce may reserve and allocate up to ten percent (10%) of the funds available to the Employment and Training Grant Program for State and local administrative costs to implement the Program. The Division of Employment and Training shall allocate employment and training grant funds to local Workforce Development Boards serving federal Workforce Investment Act local workforce investment areas based on the following formula:

(1) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I adult funds as compared to

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the total of all local areas adult shares under the federal Workforce Investment Act, title I.

(2) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I dislocated worker funds as compared to the total of all local areas dislocated worker shares under the federal Workforce Investment Act, title I.

(3) Local workforce investment area adult and dislocated shares shall be calculated using the current year's allocations to local areas under the federal Workforce Investment Act, title I.

(d) Reports and Coordination. -- The Department of Commerce shall report quarterly to the Governor and to the Speaker of the House of Representatives and the President Pro Tempore of the Senate on the North Carolina Employment and Training Grant Program. The Department shall also provide a copy of these quarterly reports to the North Carolina Commission on Workforce Development.

(e) Nonreverting Funds. -- Funds appropriated to the Department of Commerce for the Employment and Training Grant Program that are not expended at the end of the fiscal year shall not revert to the General Fund, but shall remain available to the Department for the purposes established in this section."

Section @. (c) The Commission on Workforce Preparedness appointed in accordance with Executive Order #4 of March 10, 1993, shall continue to serve as the State's Commission on Workforce Development until January 1, 2001, or until appointments to the North Carolina Commission on Workforce Preparedness created by this act are made consistent with the provisions of G.S. 143B-438.10, whichever comes first.

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CODE NO. 99COMM-H123

Requested by: Representatives Fox and Owens

TOURISM PROMOTION FUNDS

Section @. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of $7,500 for each fiscal year, provided these funds are matched on the basis of one non-State dollar for every four State dollars.

(2) Counties 21 through 50 are each eligible to receive a maximum grant of $3,500 for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar for every three State dollars.

(3) Counties 51 through 100 are each eligible to receive a maximum grant of $3,500 for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars for every State dollar.

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CODE NO. 99COMM-129

Requested by: Representatives Fox and Owens

RURAL TOURISM DEVELOPMENT FUNDS

Section 16.13. Of the funds appropriated in this act to the Department of Commerce for the 1999-2000 fiscal year, the sum of three hundred thousand dollars ($300,000) shall be used for the Rural Tourism Development Grant Program. The Department shall establish and implement this Program to provide grants to local governments and nonprofit organizations to encourage the development of new tourism projects and activities in rural areas of the State. The Department shall develop procedures for the administration and distribution of funds allocated to the Rural Tourism Development Program under the following guidelines:

(1) Eligible organizations shall make application under procedures established by the Department;

(2) Eligible organizations shall be nonprofit tourism-related organizations located in the State's rural regions;

(3) Priority shall be given to eligible organizations that have significant involvement of travel and tourism-related businesses;

(4) Priority shall be given to eligible organizations serving economically distressed rural counties;

(5) Priority shall be given to eligible organizations that match funds; and

(6) Funds shall not be used for renting or purchasing land or buildings, or for financing debt.

No recipient or new tourism project shall receive a total of more than fifty thousand dollars ($50,000) of these grant funds for the 1999-2000 fiscal year.

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CODE NO. 99COMM-H142A

Requested by: Representatives Fox and Owens

CREDIT ENHANCEMENT FOR TOURISM DEVELOPMENT PROJECTS

Section @. (a) The Department of State Treasurer and the Department of Commerce shall jointly develop legislative proposals for credit enhancement for tourism development projects in rural counties of the State. The credit enhancement may be in the form of State revenue bonds, other State debt, State loan guarantees, or other mechanisms. The proposals shall be designed to provide incentives for tourism development that would be similar or comparable to existing, tax-exempt, industrial revenue bonds available for manufacturing projects. In developing the proposals, the two Departments shall examine credit enhancement mechanisms employed in other states.

Section @.(b) The two Departments shall jointly report their findings and recommendations to the Joint Legislative Commission on Governmental Operations by May 1, 2000. Each legislative proposal shall be accompanied by draft legislation and by a fiscal estimate of its cost to the General Fund.

CODE NO. 99COMM-H128B

Requested by: Representatives Fox and Owens

HERITAGE TOURISM FUNDS

Section @. Of the funds remaining in the General Fund operating budget of the Department of Commerce as of June 30, 1999, the sum of one hundred thirty-nine thousand two hundred thirty-three dollars ($139,233) shall not revert and shall be reallocated by the Department to the following Heritage Tourism locations:

(1)	Newbold-White House	$40,138.
(2)	Hope Plantation	30,249.
(3)	Historic Murfreesboro	29,624.
(4)	Smoky Mountain Host	39,222.

This section becomes effective June 30, 1999.

CODE NO. 99COMM-H124A

Requested by: Representatives Fox and Owens

CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY REPORT

Section @. The Center for Entrepreneurship and Technology, a Division of the Department of Commerce, shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999; and

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

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CODE NO. 99COMM-H122

Requested by: Representatives Fox and Owens*

NC REAL ENTERPRISES REPORTING

Section @. NC REAL Enterprises shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 99COMM-H125

Requested by: Representatives Fox and Owens

BIOTECHNOLOGY CENTER

Section 16.22. (a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual

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expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

CODE NO. 99COMM-H126A

Requested by: Representatives Fox and Owens

BIOTECHNOLOGY FUNDS FOR MINORITY UNIVERSITIES

Section 16.23. Of the funds appropriated in this act from the General Fund to the North Carolina Biotechnology Center, the sum of one million dollars ($1,000,000) for the 1999-2000 fiscal year and the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year shall be used to continue the special biotechnology program initiative for North Carolina's Public Historically Black Colleges and Universities and the University of North Carolina at Pembroke. This program initiative is a means to get more funds to these institutions of higher education in the short run to help them develop their biotechnology programs and a means to develop a mechanism to improve these institutions' capacity over the long term. The Center's special initiative shall, at a minimum, provide for:

(1) A range of program activities, including grants, designed to enhance the existing strengths and capabilities of the University of North Carolina at Pembroke and North Carolina's Public Historically Black Colleges and Universities;

(2) A Facilities and Infrastructure Review Committee to advise the Center on major program elements and priority projects that would be most helpful to these institutions; and

(3) A Program Advisory Panel with representation from these institutions to advise and make recommendations to the Center's President and Board of Directors on funding proposals under this initiative.

The Center shall report on its biotechnology program grants to universities to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on or before March 1 of each fiscal year, and more frequently as requested by the Commission. These reports shall include the current number of enrollments and the capacity of enrollments in the biotechnology program in each of the universities, the number of faculty in the biotechnology program in each of the universities, whether and to what extent the enrollments, capacity, and number of faculty have changed in the last three academic years in the biotechnology program in each of the universities, how the funds allocated by this section are being

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used in each of the universities, and any other information that indicates whether these grants are accomplishing their purpose.

CODE NO. 99COMM-H112A

Requested by: Representatives Fox and Owens

TECHNOLOGICAL DEVELOPMENT AUTHORITY REPORT

Section @. The Technological Development Authority, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 99COMM-H138B

Requested by: Representatives Fox and Owens

FUNDS FOR TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC. WET LAB AND OFFICE CONSTRUCTION DO NOT REVERT

Section @. Funds in the amount of five hundred thousand dollars ($500,000) appropriated in S.L. 1998-212 for the 1998-99 fiscal year to the Department of Commerce and held in a reserve pursuant to Section 15.9 of S.L. 1998-212 for the North Carolina Technological Development Authority, Inc. shall not revert on June 30, 1999. The use of these funds is not limited to construction of wet lab space and additional office space at the First Flight Venture Center. These funds may be used to cover part of the cost of constructing wet lab space and office space or for entrepreneurial support and infrastructure elsewhere in the State.

This section becomes effective June 30, 1999.

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CODE NO. 99COMM-H108A

Requested by: Representatives Fox and Owens

INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH

Section @. Local governments requesting financial assistance from the Industrial Development Fund shall demonstrate to the satisfaction of the Department of Commerce that it would be an economic hardship for the local government to match State assistance from the Fund with local funds. The Department shall develop guidelines for determining hardship.

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CODE NO. 99COMM-H109B

Requested by: Representatives Fox and Owens

COUNCIL OF GOVERNMENT FUNDS

Section @. (a) Of the funds appropriated in this act to the Department of Commerce, nine hundred ninety thousand two dollars ($990,000) for the 1999-2000 fiscal year and nine hundred ninety thousand dollars ($990,000) for the 2000-2001 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

(f) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

CODE NO. 99COMM-H113

Requested by: Representatives Fox and Owens

N.C. INSTITUTE FOR MINORITY ECONOMIC DEVELOPMENT, INC. REPORT

Section @. The N.C. Institute for Minority Economic Development, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 99COMM-H114

Requested by: Representatives Fox and Owens

THE LAND LOSS PREVENTION PROJECT REPORT

Section @. The Land Loss Prevention Project shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 99COMM-H115

Requested by: Representatives Fox and Owens

NORTH CAROLINA COALITION OF FARM AND RURAL FAMILIES, INC. REPORT

Section @. The North Carolina Coalition of Farm and Rural Families, Inc. shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 99COMM-H116

Requested by: Representatives Fox and Owens

NORTH CAROLINA MINORITY SUPPORT CENTER REPORT

Section @. The North Carolina Minority Support Center shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 99COMM-H117

Requested by: Representatives Fox and Owens

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE, INC. REPORT

Section @. The North Carolina Community Development Initiative, Inc. shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 99COMM-H118

Requested by: Representatives Fox and Owens

NORTH CAROLINA ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS, INC. REPORT

Section @. The North Carolina Association of Community Development Corporations, Inc. shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 99COMM-H133A

Requested by: Representatives Fox and Owens

RURAL ECONOMIC DEVELOPMENT CENTER

Section @. (a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million four hundred seventy thousand dollars ($1,470,000) for the 1999-2000 fiscal year and the sum of one million four hundred seventy thousand dollars ($1,470,000) for the 2000-2001 fiscal year shall be allocated as follows:

	1999-2000 FY	2000-2001 FY
Research and Demonstration Grants	$475,864	$475,864
Technical Assistance and Center Administration of Research and Demonstration Grants	444,136	444,136
Center Administration, Oversight, and Other Programs	350,000	350,000
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998.	200,000	200,000

(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

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(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand dollars ($5,400,000) for the 1999-2000 fiscal year and the sum of two million four hundred thousand dollars ($2,400,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $2,450,000 for the 1999-2000 fiscal year and $950,000 for the 2000-2001 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

a. Necessary economic development projects and activities in economically distressed areas;

b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar

for dollar basis in the amount of the grant awarded; or

c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

(4) $1,500,000 for the 1999-2000 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.

The grant recipients in this subsection shall be selected on the basis of need.

(f) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999.

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial

statement within 30 days of issuance of the statement.

CODE NO. 99COMM-H111E

Requested by: Representatives Fox and Owens

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

Section @. (a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 1999-2000 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 in each fiscal year to Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 in each fiscal year to the Opportunities Industrialization Center of Lenoir, Green, and Jones Counties; and

(4) $100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

(a1) Funds allocated by the Rural Economic Development Center, Inc. to the Pitt-Greenville Opportunities Industrialization Center, Inc. for the 1998-99 fiscal year that are unencumbered and unexpended on June 30, 1999 shall be reallocated in equal amounts to the Opportunities Industrialization Center of Wilson, Inc., and the Opportunities Industrialization Center, Inc. in Rocky Mount. These funds shall be in addition to funds allocated in subsection (a) of this section.

(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999;

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d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999.

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000;

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

(3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

Should be in Gen'l Govt Section of Bill

CODE NO. 99ADMIN-H004A

Requested by: Representatives Fox, Owens

COST BENEFIT ANALYSIS OF CONSTRUCTING STATE FACILITIES INSTEAD OF LEASING PROPERTY FOR STATE OPERATIONS

Section @. The State Property Office and the State Construction Office, in consultation with the Office of State Budget and Management, shall conduct a cost benefit analysis of constructing new State-owned facilities instead of leasing property for State government operations. The analysis shall consider:

(1) Factors relating to the cost of State-owned facilities including (i) the cost and availability of land, (ii) design, planning and construction costs in Raleigh and throughout the State, (iii) projected on-going operation and maintenance costs, and (iv) projected repairs and renovation costs; and

(2) Factors relating to the cost of leased space including (i) lease rates within Raleigh and throughout the State, (ii) availability of property for lease within Raleigh and throughout the State, taking into account the various types of space needed by State agencies including office, laboratory, warehouse, storage, conference and meeting space, and other types of property, (iii) renewal options and costs, (iv) utility, janitorial, and other operating expenses, and (v) relocation expenses, including moving and upfit expenses.

The State Property Office and the State Construction Office shall report on the results of the cost benefit analysis to the Joint Legislative Commission on Governmental Operations prior to March 30, 2000.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
99ENV-S002E

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

99ENV-S002E

Date May 27 ,1999

Comm. Sub. [ ]
Amends Title [ ]

Representative Hackney

moves to amend the bill on page 37, line 30-36, by rewriting those line to read:
"North Carolina Water Quality Workgroup. The Workgroup shall consider only new studies that promote collaborative work among the Department of Environment and Natural Resources, North Carolina State University, University of North Carolina at Wilmington, East Carolina University and The University of North Carolina at Chapel Hill to collectively close knowledge policy gaps with regard to the State's water quality."

SIGNED Joe Hackney
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

AM - 8:00 AM

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources May 27, 1999

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
RON FERRELL	DWQ
Coken H. Sullins	DWQ
FRANCIS M. NEVILS	DLR-LQS
Charles Gardner	DLR
R. ROGERS	ENR
Michael Williamson	DENR
Sherri Evans-Stanton	DENR
Jane Smith	DENR
Travis Porter	Porter + Steel PLCC
Lori Ann Harris	LAHARRIS & ASSOC.
Linda Gunn	REPC
Denny Bott	DENR
J W Reel	OSBM
[illegible]	DENR
Bill Rerve	NC Justice Center
Pamela Davison	Triangle J & WTCNC
Ruth Turner Camp	World Trade Center North Carolina
[illegible]	Commerce
[illegible]	DWM
DeVivo	DENR
John McMillan	MFHS
Ray S Baylston	DENR / Museum of Natural Sciences
[illegible]	DOC
[illegible]	DOC
Arthur Mouberry	DENR - DWQ - Groundwater
Pat Yancey	LLPP
JEFF VAN DYKE	Bell South
Maurice [illegible]	NCDA & CS
Rep. Marian McLawhorn	
Susan Markham	EGHS

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources , 1999

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	[illegible]
Johnny Gray	OSBM
Phil McDonelly	DENR/DPR
David Herlong	State Planning
Wilder Denny	NCDA
Mike Watson	NCRPS
Danny Gerlach	BTC
Ed Regan	N.C. Assoc. of Co. Comm.
Gary Eddins	Cavanaugh & Assoc., P.A.
Steve Covadough	" "
[illegible]	NC Pad Council
Brenda Dougherty	Sprint
Natalie English	NC Agribusiness Council

VISITOR REGISTRATION SHEET

1:30 PM

N.E.R
Name of Committee

5/27/99
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Brenda Douglas	Sprint
[illegible]	NCFB
[illegible] Lawson	WTCNC
Ruth Camp	NTCNC
Joe McCleskey	TDA
Johnny Gray	OSBM
J.W. Reel	OSBM
Becky Brown	Labor
Jeff VAN Dyke	BELLSOUTH
Denny McGuire	ITS- Commerce
[illegible] Weaver	NCDA & CS
[illegible] Porter	Porter & Steel PLLC
Colon Sullins	DWQ
[illegible]	DLR
Francis M. [illegible]	DLR LLQS
Kathy Sawyer	Commerce
[illegible] Manberger	DENR - DWQ - Groundwater
Amy Fullbright	Hunton & Williams
Angie McMillan	The Nature Conservancy
Susan Markham	EQHS
Ashley Good	Baddour's Staff
[illegible]	NCESC
[illegible]	DWQS
[illegible]	NCESC
[illegible]	DENR
[illegible]	DENR
[illegible]	DENR
Michael Williamson	"

VISITOR REGISTRATION SHEET

N.E.R. 5/27/99

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sherri Evans-Stanton	DENR
Lyla Aycock	Commerce
David Knight	

Senate Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, June 9,1999 at 8:30 a.m.

MINUTES

The Senate Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, June 9 at 8:30 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided.

Senator Martin called the meeting to order. He said staff would take the Committee through the House budget. They will tell us where we are and what the differences are.

Jennifer Herrera, Mona Moon, and Jennifer, Fiscal Research, reviewed the unofficial report on the continuation, expansion and capital budget NER section. This is Attachment A of these minutes.

Senator Cochrane wanted to know how many new positions are in the DENR budget and how many vacant positions have been eliminated. Senator Cochrane requested net position changes of the NER agencies. Staff indicated they would get this information.

Senator Martin said this concluded the money section of the budget. He said if the Committee had anything to offer other than what was presented today, please come forward. Chairman Martin said the Committee should also review the Special Provision package and if they have anything they want changed in the package, let him know. The Special Provision package is Attachment B of these minutes.

The meeting adjourned at 10:00 a.m.

Carolyn M. Gooden, Committee Clerk

R. L. Martin
Senator R.L. Martin, Chairman

Attachment A

HOUSE APPROPRIATIONS COMMITTEE

UNOFFICIAL REPORT ON THE CONTINUATION, EXPANSION AND CAPITAL BUDGET

(ENTRIES REFLECT TECHNICAL CORRECTIONS AND JUNE 2, 1999 AMENDMENTS)

JUNE 8, 1999

NER Section

House Subcommittee on Natural and Economic Resources

Housing Finance Agency

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$2,300,000		$2,300,000	
Legislative Changes				
Housing Trust Fund				
1 **Housing Trust Fund** Provides funds to support the Housing Trust Fund. Of this amount, $500,000 annually, and an additional $2,000,000 for the 1999-2000 fiscal year, is earmarked for affordable housing for the elderly.	$2,000,000 $6,000,000	R NR	$2,000,000	R
Total Legislative Changes	**$2,000,000** **$6,000,000**	R NR	**$2,000,000**	R
Total Position Changes				
Revised Budget	**$10,300,000**		**$4,300,000**	

Agriculture and Consumer Services

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$53,633,433		$53,590,208	
Legislative Changes				
Administrative Services				
2 Eliminate Vacant Position Eliminate vacant Accounting Clerk IV position.	($28,792) -1.00	R	($28,792) -1.00	R
3 Information Technology Improvements Provides funds to purchase office automation software and to cover costs associated with the IRMC policy requiring agencies to connect and store e-mail messages in a central message store, maintained by State Information Processing Services.	$29,600 $55,000	R NR	$29,600	R
Agricultural Statistics				
4 Eliminate Vacant Position/Reduce Operating Support Eliminate vacant Processing Assistant IV position and reduce various operating line items. Processing Assistant IV ($26,854) Operating support ($27,000)	($53,854) -1.00	R	($53,854) -1.00	R
Agronomic Services				
5 Eliminate Vacant Position/Reduce Operating Support Eliminate vacant Chemistry Tech III position and reduce various operating line items. Chemistry Tech III ($40,955) Operating Support ($34,750)	($75,705) -1.00	R	($75,705) -1.00	R
Commissioner's Office				
6 Small, Family Farms - Marketing and Promotion Funds to provide marketing and promotional assistance to small, family farms.	$50,000	NR		

	FY 99-2000		FY 2000-01	
7 Local Agricultural Fairs Grant Funds Funds for local agricultural fairs.	$50,000	NR		
Department Wide				
8 Reduce Operating Support Reduce operating support associated with vacant positions recommended for elimination by the Governor.	($6,000)	R	($6,000)	R
Food and Drug Protection				
9 Reduce Operating Support Reduce various operating support line items.	($55,000)	R	($72,500)	R
10 Pesticide Disposal Assistance Program Provides funds to support one position and operating costs associated with the department's program for the disposal of banned, obsolete, or unwanted pesticides.	$90,000 $10,000 1.00	R NR	$90,000 1.00	R
Markets				
11 Goodness Grows in North Carolina Funds to expand the Goodness Grows in North Carolina advertising program.	$200,000	R	$200,000	R
12 Seafood and Aquaculture Marketing Funds to market the state's seafood and aquaculture industries through marketing promotions, trade shows, advertising, and promotional literature.	$300,000	R	$300,000	R
13 Local Farmers' Markets Funds Funds to provide grants for local farmers' markets.	$150,000	NR		

	FY 99-2000		FY 2000-01	
Plant Industry				
14 Gypsy Moth Control Funds Funds to support the department's program to control the gypsy moth.	$110,320	NR		
Research Stations and State Farms				
15 Eliminate Vacant Position Eliminate vacant Agricultural Research Assistant III position.	($30,325) -1.00	R	($30,325) -1.00	R
16 Oxford Research Station Funds Provides operating support for activities at the Oxford Research Station due to the federal government withdrawing support from this site.	$196,346 $17,000 2.00	R NR	$196,346 2.00	R
17 Specialty Crops Funds Funds to support further development of the specialty crops program at the Cunningham Research Farm (Kinston) as a joint program with North Carolina State University.	$200,000	NR		
18 Center for Environmental Farming Systems Provides equipment funds for the Center for Environmental Farming Systems at Cherry Farm.	$100,000	NR		
Reserves and Special Funds				
19 Reduce N.C. Warehouse Act Fund Reduce department's general fund appropriation for the 1999-2000 fiscal year and replace the funds with a one-time transfer from the N.C. Warehouse Act Fund, thereby reducing the fund's cash balance.	($200,000)	NR		
20 Southern Dairy Compact Commission Funds Funds to support the start-up costs of the Southern Dairy Compact Commission and the initial costs of administration and enforcement of the Southern Dairy Compact.	$500,000	NR		

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	FY 99-2000		FY 2000-01	
21 Christmas Tree Research Funds Funds to be transferred to the UNC Board of Governors to support research in christmas tree genetics at North Carolina State University.	$100,000	R	$100,000	R
Rural Rehabilitation Corporation				
22 Small, Family-Owned Farms Loan Program Continues the small, family-owned farms loan program to provide loan funds to farms having difficulty in obtaining affordable conventional loans from other sources.	$650,000	NR		
Structural Pest Control				
23 Eliminate Vacant Positions Eliminate vacant positions in the Structural Pest Division: Pesticide Specialist II ($40,814) Structural Pest Asst. Director ($57,903) Structural Pest Inspector ($34,830)	($133,547) -3.00	R	($133,547) -3.00	R
Veterinary Services				
24 Reduce Pseudorabies Program Reduce support for the pseudorabies program as disease nears eradication.	($50,000)	R	($50,000)	R
25 Eliminate Vacant Position Eliminate vacant Animal Health Technician I position.	($41,865) -1.00	R	($41,865) -1.00	R
26 Field Automation/Salmonella Sampling Funds to provide equipment and training to support field automation and electronic data transmission in the Field Automation Information Management (FAIM) program. Also provides funds to facilitate the sampling and laboratory analysis of ground meats and carcasses for salmonella.	$133,035 $313,773	R NR	$133,035	R

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
27 **Equine Infectious Anemia Funds** Provides operating support to enforce a mandatory testing program of equines for equine infectious anemia prior to sale or prior to exhibition or assembly at public stables or other public places.	$100,000 1.00	R	$100,000 1.00	R
Total Legislative Changes	**$673,893** **$2,006,093**	R NR	**$656,393**	R
Total Position Changes	-4.00		-4.00	
Revised Budget	**$56,313,419**		**$54,246,601**	

Labor

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$16,457,031		$16,457,031	
Legislative Changes				
Administrative Programs				
28 Eliminate Vacant Position	($25,338)	R	($25,338)	R
Eliminate vacant Processing Assistant III position located in the Commissioner's Office.	-1.00		-1.00	
Boiler Safety Bureau				
29 Expand Inspection Staff with Receipt Support				
Adds four boiler inspectors to conduct safety inspections. Funds will be provided with increased receipts generated by inspections conducted with these additional positions.				
Department Wide				
30 Reduce Operating Support	($12,434)	R	($12,434)	R
Reduce various operating and equipment line items throughout the department.				
Elevator and Amusement Device Bureau				
31 Expand Inspection Staff with Receipt Support				
Adds two elevator inspectors to conduct safety inspections in the Raleigh and Charlotte areas. Funds will be provided with increased receipts generated by inspections conducted with these additional positions.				

	FY 1999-2000	FY 2000-2001
Requirements	$235,000	$235,000
Receipts	($235,000)	($235,000)
Appropriation	0	0

	FY 1999-2000	FY 2000-2001
Requirements	$115,852	$115,852
Receipts	($115,852)	($115,852)
Appropriation	0	0

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32 **Reduce Funds for Travel** Eliminate continuation budget increase for in-state travel.	($17,340)	R	($17,340)	R
Occupational Safety and Health				
33 **Eliminate Vacant Position** Eliminate vacant Applications Analyst Programmer I position.	($54,668) -1.00	R	($54,668) -1.00	R
Research and Information Technology				
34 **Information Technology Funds** Funds to support the costs of implementing the IRMC policy requiring agencies to connect and store e-mail messages in a central message store maintained by State Processing Information Services. Funds also support the implementation of an Enterprises Document Management System.	$22,000 $100,000	R NR	$22,000	R
Total Legislative Changes	**($87,780)** **$100,000**	R NR	**($87,780)**	R
Total Position Changes	-2.00		-2.00	
Revised Budget	**$16,469,251**		**$16,369,251**	

Environment and Natural Resources

GENERAL FUND

Recommended Budget	FY 99-2000 $152,272,341		FY 2000-01 $153,992,565	
Legislative Changes				
(1.00) Administration				
35 **Eliminate Vacant Positions & Salary Reserve**	($66,715)	R	($66,715)	R
Eliminate vacant administrative positions and salary reserve:	-3.10		-3.10	
Salary Reserve ($13,838)				
Controller's Office				
Internal Auditing Manager I (0.10 FTE) ($8,021)				
Accounting Clerk IV (2.00 FTEs) ($39,907)				
Information Technology Services				
Data Base Administrator (1.00 FTE) ($4,949)				
(1.00) Regional Offices				
36 **Shift Position to Receipt Support**	($69,644)	R	($69,644)	R
Shift funding for Computing Consultant IV position to receipt support.	-1.00		-1.00	
(2.00) Aquariums				
37 **Reduce Operating Support**	($88,009)	R	($88,009)	R
Reduce operating support line items at the aquariums.				
(2.00) Forest Resources				
38 **Eliminate Vacant Position & Reduce Salary Reserve**	($51,966)	R	($51,966)	R
Eliminate vacant Pilot III position and reduce salary reserve.	-1.00		-1.00	
Pilot III ($51,188)				
Salary Reserve ($778)				

	FY 99-2000		FY 2000-01	
39 Equipment Reduction Delay replacement of fire-fighting helicopters by one year.	($2,100,000)	NR		
40 Division Wide Reductions Reduce various operating/equipment line items throughout the division.	($400,000) ($180,000)	R NR	($400,000)	R
(2.00) Marine Fisheries				
41 Eliminate Vacant Position Eliminate vacant Research Vessel Crew Member position.	($25,555) -1.00	R	($25,555) -1.00	R
42 Increase Budgeted Receipts Increase the budgeted amount of license receipts to reflect increased revenue from the sale of commercial and recreational commercial gear fishing licenses as a result of the Fisheries Reform Act of 1997.	($150,000)	R	($150,000)	R
43 Reduce Fishery Resource Grant Program Reduce transfer to NCSU for the Fishery Resource Grant program.	($100,000)	R	($100,000)	R
(2.00) Museum of Natural Sciences				
44 Eliminate Position and Reduce Equipment Eliminate Scientific Illustrator position at the Museum of Natural Sciences and reduce equipment line items. Scientific Illustrator ($43,316) Equipment ($15,000)	($58,316) -1.00	R	($58,316) -1.00	R
45 Eliminate Vacant Position & Reduce Salary Reserve Eliminate vacant Program Assistant IV position and reduce salary reserve. Program Assistant IV ($36,416) Salary Reserve ($ 8,394)	($44,810) -1.00	R	($44,810) -1.00	R

	FY 99-2000		FY 2000-01	
46 Grassroots Science Museums Additional funds to expand the Grassroots Science program and to add three new museums to the program: Aurora Fossil Museum Colburn Gem and Mineral Museum Granville County Museum - Harris Gallery	$2,785,000 $250,000	R NR	$2,785,000	R
(2.00) N.C. Zoological Park				
47 Eliminate Vacant Position Eliminate vacant Groundsworker position at the N.C. Zoological Park.	($8,614) -0.50	R	($8,614) -0.50	R
48 Reduce Equipment Reduce equipment line item in the N.C. Zoological Park.	($92,487)	R	($92,487)	R
(2.00) Office of Environmental Education				
49 Reduce Operating Support Reduce various operating support line items in the Office of Environmental Education.	($6,291)	R	($6,291)	R
50 Environmental Education Grant Funds Funds to provide grants to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers.	$200,000	NR		
(2.00) Parks and Recreation				
51 Eliminate Vacant Position Eliminate vacant Office Assistant III position.	($22,948) -1.00	R	($22,948) -1.00	R
52 Delay Operating Reserve Increase Delay increase in division's continuation budget operating reserve for capital projects.	($876,598)	R	$65,969 $365,500	R NR

	FY 99-2000		FY 2000-01	
53 Expand Natural Heritage Program Funds to inventory natural areas in counties that have not been surveyed under the Natural Heritage program.	$50,000	NR		
(2.00) Soil and Water Conservation				
54 Agriculture Cost Share County Technical Assistance Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design and installation of agricultural best management practices (BMPs) to improve water quality.	$100,000	R	$100,000	R
55 NC Conservation Reserve Enhancement Program (CREP) Funds to administer the CREP program, a state-federal partnership to enroll 100,000 acres of agricultural cropland adjacent to rivers, streams, estuarine waters and wetlands in long-term conservation easements. The focus of the program will be development of riparian buffers in the Chowan, Neuse and Tar-Pamlico River Basins and the Lake Jordan watershed.	$353,044 $153,000 4.00	R NR	$353,044 4.00	R
(3.00) Air Quality				
56 Shift Position to Receipt Support Shift funding for an Environmental Chemist I position to fuel tax receipts.	($38,992) -1.00	R	($38,992) -1.00	R
57 Increase Budgeted Receipts Increase the budgeted amount of program receipts and reduce the division's general fund appropriation by an equal amount.	($100,000)	R	($100,000)	R
(3.00) Coastal Management				
58 Reduce Grants Reduce land-use planning grants to local governments for one year.	($100,000)	NR		

	FY 99-2000		FY 2000-01	
(3.00) Environmental Health				
59 Eliminate Vacant Positions Eliminate vacant environmental health positions: Environmental Technician III (0.50 FTE) ($16,225) Environmental Health Reg'l Specialist (1.00 FTE) ($38,992)	($55,217) -1.50	R	($55,217) -1.50	R
60 Eliminate Position and Operating Support Eliminate partial position and reduce operating support in the Public Water Supply program: Operating Funds ($887) Water/Wastewater Treatment Plant Consultant ($28,914)	($29,801) -0.50	R	($29,801) -0.50	R
61 Reduce Equipment Reduce equipment replacement funds in the Shellfish Sanitation program.	($25,725)	R	($25,725)	R
62 Food Sanitation Program Funds to provide training and continuing education to local environmental health specialists to improve the consistency of implementation and enforcement of food sanitation rules.	$100,000	NR		
(3.00) Land Resources				
63 Elminate Vacant LLRW Position Eliminate vacant Geologist II position assigned to the low level radioactive waste project.	($42,907) -1.00	R	($42,907) -1.00	R
64 Shift Position to Receipt Support Shift funding for an Environmental Engineer I position in the sedimentation program to receipt support.	($52,929) -1.00	R	($52,929) -1.00	R
65 Reduce Operating Support Reduce various operating support line items in the division.	($65,696)	R	($65,696)	R

	FY 99-2000		FY 2000-01	
66 Sedimentation and Erosion Control Expansion Funds for additional field staff to perform erosion and sediment control inspections at commercial and residential devleopment sites to determine compliance with required management practices to minimize the impact of land disturbing activities on water quality. Funds will also be used to provide technical training and incentives to local governments to start and improve sediment control programs.	$756,399 $307,773 10.00	R NR	$756,399 10.00	R
(3.00) Pollution Prevention/Environmental Assist.				
67 Eliminate Pollution Prevention Challenge Grants Eliminate funding for pollution prevention challenge grants for business and industry.	($70,000)	R	($70,000)	R
(3.00) Radiation Protection				
68 Reduce LLRW Positions Eliminate two positions assigned to the low level radioactive waste project (LLRW): Environmental Radiation Specialist ($42,907) Data Entry Specialist ($24,109)	($67,016) -2.00	R	($67,016) -2.00	R
69 Reduce Rental/Lease Costs Reduce continuation budget inflationary increase for office/lab space rental to reflect actual lease agreement.	($17,275)	R	($51,825)	R
(3.00) Waste Management				
70 Reduce Superfund Matching Funds/Cash Balance Eliminate recurring appropriation to match federal funds to cleanup contaminated hazardous waste sites on the National Priority List (NPL) of Superfund sites. Also reduce the department's general fund appropriation for the 1999-2000 fiscal year by $200,000 and replace the funds with a one-time transfer from the Superfund Cost Share Fund, thereby reducing the fund's cash balance.	($800,000) ($200,000)	R NR	($800,000)	R

	FY 99-2000		FY 2000-01	
(3.00) Water Quality				
71 Eliminate Vacant Positions Eliminate vacant water quality positions: Community Planner II ($40,814) Environmental Specialist II ($37,681) Environmental Engineer I ($42,254)	($120,749) -3.00	R	($120,749) -3.00	R
72 Reduce Equipment Reduce continuation budget increase for equipment replacement.	($300,000)	NR		
73 Increase Budgeted Receipts Increase budgeted receipts for the animal waste compliance program and reduce the general fund appropriation by an equal amount.	($150,000)	R	($150,000)	R
74 Eliminate Pesticide Study Positions Eliminate two positions assigned to work with the Department of Agriculture and Consumer Services on a study of pesticide contamination in groundwater and the development of statewide pesticide management plans. Hydrogeologist II ($44,111) Hydrogeological Technician I ($35,448) Operating Funds ($20,441)	($100,000) -2.00	R	($100,000) -2.00	R
75 Groundwater Quality Protection Funds to characterize and evaluate aquifers in the piedmont and mountain areas of the state to help define areas of highly vulnerable groundwater and to begin development of a long-term groundwater protection plan.	$537,111 $22,000 8.00	R NR	$700,020 8.00	R
76 Protect Buffers and Wetlands Funds to administer the state's riparian buffer protection requirements, compensatory mitigation program and restoration fund. Funds also to improve compliance with 401 Water Quality Certifications issued by the state.	$339,467 $46,000 6.00	R NR	$339,467 6.00	R

	FY 99-2000		FY 2000-01	
(3.00) Water Resources				
77 **Reduce Operating Support** Reduce operating support line items in the division.	($52,888)	R	($52,888)	R
(4.00) Department Wide				
78 **Reduce Operating Support** Reduce operating support associated with vacant positions recommended for elimination by the Governor.	($21,900)	R	($21,900)	R
79 **Surplus Property - Increase Receipts** Increase the amount of budgeted receipts from the sale of surplus property for the 1999-2000 fiscal year and reduce the department's general fund appropriation by an equal amount.	($50,000)	NR		
(5.00) Reserves and Special Funds				
80 **Eliminate Cash Balance - Beach Erosion Loan Fund** Reduce department's general fund appropriation for the 1999-2000 fiscal year and replace the funds with a one-time transfer from the Beach Erosion Loan Fund. This reduction eliminates the cash balance in the loan fund.	($250,000)	NR		
81 **Cape Fear River Assembly, Inc.** Funds for programs to monitor and improve water quality of the Cape Fear River.	$1,000,000	NR		
82 **Chatham LLRW Facility Siting Assistance Funds** Grant-in-aid to Chatham County for expenses incurred as part of their participation in the licensing and siting of a low level radioactive waste facility.	$100,000	NR		
83 **Partnership for the Sounds** Funds to continue development of ecotourism projects and programs.	$25,000	NR		

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
84 Rivernet Water Quality Monitoring & Research Funds Funds to implement a Rivernet pilot project using a technology-based water quality monitoring system to monitor, collect and disseminate water quality data in an area of the state with impaired waters. Also provides research funds for collaborative water quality studies between DENR, NCSU, UNC-Wilmington, ECU, WCU, and UNC-Chapel Hill as recommended by the NC Water Quality Workgroup.	$650,000 $500,000	R NR	$650,000	R
85 Resource Conservation and Development Councils Funds to provide each of the state's nine Resource Conservation and Development Councils a $25,000 grant to use as leverage for other grants to be allocated by each county in the regional council.	$225,000	NR		
(6.00) Wildlife Resources Commission				
86 Beaver Control Program Provides support for the Beaver Control Program statewide.	$500,000	R	$500,000	R
Total Legislative Changes	**$2,147,973** **($201,227)**	R NR	**$3,218,899** **$365,500**	R NR
Total Position Changes	6.40		6.40	
Revised Budget	**$154,219,087**		**$157,576,964**	

Commerce

GENERAL FUND

Recommended Budget	FY 99-2000 $40,062,400		FY 2000-01 $40,082,482	
Legislative Changes				
Administrative Services				
87 **Increase Administrative Charges** Increase administrative charges for accounting and personnel services provided by the department to receipt supported regulatory commissions and agencies.	($120,000)	R	($120,000)	R
Business and Industry				
88 **Eliminate Vacant Position** Eliminate vacant Program Assistant IV position.	($27,646) -1.00	R	($27,646) -1.00	R
89 **Marketing and Trade Missions** Funds to support the division's participation in marketing missions and at industry trade shows, and for general advertising purchases to promote economic development in the state.	$250,000 $250,000	R NR	$250,000	R
90 **Industrial Recruitment Competitive Fund** Continues support for the Industrial Recruitment Competitive Fund.	$2,500,000	NR		
Center for Entrepreneurship and Technology				
91 **Eliminate Vacant Position** Eliminate vacant Deputy Director position for the former NC ACTS program.	($68,669) -1.00	R	($68,669) -1.00	R

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
Community Assistance				
92 **Councils of Government/Lead Regional Organizations** Provides additional funds for councils of government/lead regional organizations. This appropriation raises the total funding level to $990,000 and allocates up to $55,000 to each organization.	$125,730	R	$125,730	R
Department Wide				
93 **Reduce Operating Support** Reduce operating support associated with vacant positions recommended by the Governor.	($6,000)	R	($6,000)	R
Energy Division				
94 **Eliminate General Fund Appropriation** Eliminate general fund appropriation and shift funding for three positions and operating support to receipts.	($192,367) -3.00	R	($192,367) -3.00	R
Energy Division Director ($73,279) Administrative Secretary II ($37,955) Energy Division Section Chief ($73,912) Operating Support ($ 7,221)				
Executive Aircraft Operations				
95 **Reduce Aircraft Lease** Reduce appropriation for aircraft lease/purchase to reflect actual lease costs.	($200,000)	R	($200,000)	R
International Trade				
96 **Reduce Salary Funds for Contract Personnel** Eliminate continuation budget salary increase for contract personnel.			($23,165)	R
97 **NC/Israel Partnership** Funds to foster economic development with Israel.	$100,000	NR		

House Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
Reserves and Transfers				
98 **Regional Economic Development Commissions** Increase support for the state's seven regional economic development commissions from $4.275 million to $6.075 million.	$1,800,000	R	$1,800,000	R
99 **Growth Management Legislative Study** Provides funds for a Legislative Research Commission study of local growth planning and management policies and incentives, including the provisions of House Bill 1468, 1999 General Assembly.	$200,000	NR		
Tourism, Film and Sports Development				
100 **Reduce Operating Support** Reduce postage and telephone line items.	($75,000)	R	($75,000)	R
101 **Advertising and Marketing Funds** Funds to expand advertising and marketing campaigns designed to promote North Carolina as a travel and tourism destination.	$2,000,000	R	$2,000,000	R
102 **Rural Tourism Development Grant Funds** Funds for the Rural Tourism Development Grant Program to encourage the development of new tourism projects and activities in the rural areas of the state.	$300,000	NR		
103 **Expand Heritage Tourism** Funds for staff and operating support at four new heritage tourism sites. One site will be located in eastern NC, one in western NC and the remaining two sites will be designated by the Secretary of Commerce.	$200,000 4.00	R	$200,000 4.00	R
Total Legislative Changes	**$3,686,048** **$3,350,000**	R NR	**$3,662,883**	R
Total Position Changes	-1.00		-1.00	
Revised Budget	**$47,098,448**		**$43,745,365**	

State Aid to Non-State Entities

GENERAL FUND

Recommended Budget	FY 99-2000 $2,000,000		FY 2000-01 $2,000,000	
Legislative Changes				
Grants-in-Aid				
104 **Land Loss Prevention Project** Funds to provide free legal representation to low-income, financially distressed farmers.	$450,000	R	$450,000	R
105 **N.C. Association of CDCs** Provides funds to the N.C. Association of Community Development Corporations to provide training and technical assistance to community development corporations statewide.	$400,000	R	$400,000	R
106 **N.C. Minority Support Center** Funds to provide technical assistance to community-based credit unions. Nonrecurring funds are to be used as a match for U.S. Department of Treasury funds for Community Development Financial Institutions.	$600,000 $1,000,000	R NR	$600,000	R
107 **Coalition of Farm and Rural Families** Funds to foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers.	$250,000	R	$250,000	R
108 **Institute of Minority Economic Development** Funds to foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives.	$1,500,000	R	$1,500,000	R
109 **N.C. Community Development Initiative** Additional funds for the North Carolina Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations.	$1,000,000	NR		

	FY 99-2000		FY 2000-01	
110 4-H Clubs/Eastern North Carolina Livestock Arena Provides funds for the construction of a facility to replace the Eastern North Carolina Livestock Arena. This facility will be available for horse- and swine-breeding stock auctions, cattle sales, and functions associated with the Future Farmers of America and 4-H Clubs.	$100,000	NR		
111 Technological Development Authority Grant-in-aid to the NC Technological Development Authority for entrepreneurial support and infrastructure including creating new business incubators, enhancing existing incubators, developing capital formation initiatives and supporting research commercialization programs.	$3,500,000	NR		
112 Yadkin/Pee Dee Lakes Project Grant-in-aid to support the Yadkin/Pee Dee Lakes Project's efforts to promote tourism and economic development.	$100,000	NR		
113 World Trade Center North Carolina Provides funds to the World Trade Center North Carolina to support international trade education programs to small and medium sized businesses.	$200,000	R	$200,000	R
Total Legislative Changes	**$3,400,000**	**R**	**$3,400,000**	**R**
	$5,700,000	**NR**		
Total Position Changes				
Revised Budget	**$11,100,000**		**$5,400,000**	

Rural Economic Development Center

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$3,907,338		$3,907,338	
Legislative Changes				
Administration				
114 **Center Administration** Provides funds for administration of the Clean Water and Natural Gas Critical Needs Bond Act of 1998.	$200,000	R	$200,000	R
Grant Programs				
115 **Supplemental Funding Program** Provides funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural areas.	$1,500,000	NR		
116 **Capacity Building Assistance Program** Funds for the Capacity Building Assistance Program to pay all or a portion of the costs for providing technical and financial assistance for water and sewer projects.	$1,500,000	NR		
Opportunities Industrialization Centers				
117 **Reduce Appropriation for Pitt-Greenville OIC** Reduce appropriation to the Rural Center for the OICs due to the closing of the Pitt-Greenville OIC and reallocate remaining funds to existing OICs in the amount of $10,000 each.	($10,000)	R	($10,000)	R
118 **Additional Funds for OICs** Provides an additional $40,000 to each of the existing four OICs, bringing their total funding to $100,000 each.	$160,000	R	$160,000	R

	FY 99-2000		FY 2000-01	
Total Legislative Changes	$350,000	R	$350,000	R
	$3,000,000	NR		
Total Position Changes				
Revised Budget	$7,257,338		$4,257,338	

State Information Processing Services

GENERAL FUND

	FY 99-2000		FY 2000-01
Recommended Budget	$0		$0
Legislative Changes			
State Information Processing Services			
119 **Continue N.C. Information Highway**			
Provides nonrecurring funds to continue N.C. Information Highway support at current sites.	$3,596,000	NR	
Total Legislative Changes	**$3,596,000**	**NR**	
Total Position Changes			
Revised Budget	**$3,596,000**		**$0**

Sen. Cochrane requested

Net Position Changes - NER Agencies

	Change Over FY 1999 to FY 2000	Change Over FY 1999 to FY 2001
Agriculture		
Continuation Budget Changes	16.0	20.0
NER Budget Actions -- Gen'l Fund Additions	4.0	4.0
NER Budget Actions -- Gen'l Fund Reductions	(8.0)	(8.0)
NER Budget Actions -- Receipts	-	-
Net Changes	*12.0*	*16.0*
Labor		
Continuation Budget Changes	-	-
NER Budget Actions -- Gen'l Fund Additions	-	-
NER Budget Actions -- Gen'l Fund Reductions	(2.0)	(2.0)
NER Budget Actions -- Receipts *	6.0	6.0
Net Changes	*4.0*	*4.0*
DENR		
Continuation Budget Changes	64.3	114.3
NER Budget Actions -- Gen'l Fund Additions	28.0	28.0
NER Budget Actions -- Gen'l Fund Reductions	(21.6)	(21.6)
NER Budget Actions -- Receipts **	3.0	3.0
Net Changes	*73.7*	*123.7*
Commerce		
Continuation Budget Changes	(1.0)	(1.0)
NER Budget Actions -- Gen'l Fund Additions	4.0	4.0
NER Budget Actions -- Gen'l Fund Reductions	(5.0)	(5.0)
NER Budget Actions -- Receipts **	3.0	3.0
Net Changes	*1.0*	*1.0*

Notes: * New positions created with receipts

***** Existing general fund positions shifted to receipts***

Attachment B

NATURAL AND ECONOMIC RESOURCES

99COMM-H12

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

HOME PROGRAM MATCHING FUNDS

Section 12.(a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

Section 12.(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

Section 12.(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2000, or on June 30, 2001.

NEW; added by floor amendment

99COMM-H12.1

Requested by: Representative Clary

AFFORDABLE ELDERLY HOUSING FUNDS

Section 12.1. Of the funds appropriated in this act to the Housing Finance Agency for the Housing Trust Fund, the sum of two million five hundred thousand dollars ($2,500,000) for the 1999-2000 fiscal year and five hundred thousand dollars ($500,000) for the 2000-2001 fiscal year shall be used for affordable housing for the elderly.

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

99AGRIC-H13.1

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

STATE BUDGET STUDY OF AGRICULTURAL LOANS AND GRANTS PROGRAM

Section 13.1. The Office of State Budget and Management shall study all private and public farm loans and grants programs available throughout the State, including those available through the Department of Agriculture and Consumer Services, under Article 2 of Chapter 137 of the General Statutes and under Chapter 122D of the General Statutes, to determine the effectiveness and efficiency of each of these programs, whether any duplication exists among any of these programs, and whether any consolidation of any of these programs is warranted. No later than May 1, 2000, the Office of State Budget and Management shall report its findings and any recommendations to the Fiscal Research Division.

99AGRIC-H13.2

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

ASSISTANCE FOR SMALL, FAMILY FARMS

Section 13.2. Of the funds appropriated in this act to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year, the sum of fifty thousand dollars ($50,000) shall be used to provide assistance to farmers who operate small, family farms. By March 1, 2000, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on the use of these funds, including the number and geographic location of the small, family farms assisted through this allocation of funds, the type of assistance provided, and any other information or indicators that demonstrate the overall impact of this allocation of funds.

99AGRIC-H13.3

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

GUIDELINES FOR GRANTS FOR LOCAL AGRICULTURAL FAIRS

Section 13.3. The Department of Agriculture and Consumer Services shall adopt guidelines for the disbursement of funds appropriated to the Department for grants for local agricultural fairs.

99AGRIC-H13.4

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

SOUTHERN DAIRY COMPACT COMMISSION FUNDS

Section 13.4.(a) Of the funds appropriated in this act to the Department of Agriculture and Consumer Services, the sum of five hundred thousand dollars ($500,000) for the 1999-2000 fiscal year shall be credited to a nonreverting reserve within the Department of Agriculture and Consumer Services for the start-up costs of the Southern Dairy Compact Commission, to be established pursuant to Section 4 of Article III of the Southern Dairy Compact, as set forth in G.S. 106-810, and the initial costs of administration and enforcement of the Southern Dairy Compact.

Section 13.4.(b) The Director of the Budget shall make no disbursements from the reserve established in subsection (a) of this section to the Southern Dairy Compact Commission unless Congress ratifies legislation authorizing the operation of the Southern Dairy Compact, and the State of North Carolina and the Southern Dairy Compact Commission enter into a contract, approved by the Attorney General and the Commissioner of Agriculture, that contains all of the following provisions:

(1) That the administrative headquarters of the Southern Dairy Compact Commission shall be located within this State.

(2) That all funds disbursed from the reserve to the Southern Dairy Compact Commission shall be repaid to the State, plus interest at an amount to be agreed upon by the parties, from revenue pledged by the Commission, assessments collected by the Commission, or the reserve of the Commission, in accordance with a repayment schedule to be agreed upon by the parties.

(3) That the Southern Dairy Compact Commission shall issue notes to the State of North Carolina in the amount of the funds disbursed from the reserve under this section.

(4) That, prior to each disbursement, the Southern Dairy Compact Commission shall itemize the needs of the Commission to be served by the requested disbursement and an itemized list showing how the most recent disbursement was spent.

Section 13.4.(c) The contract under this section shall not contain any provision that prevents another participating state, as defined in Section 2 of the Southern Dairy Compact as set forth in G.S. 106-810, from providing some or all of the start-up costs of the Southern Dairy Compact Commission or its initial costs of administration and enforcement of the Southern Dairy Compact.

Section 13.4.(d) All sums repaid to the State pursuant to the contract under this section shall be credited to the General Fund.

Section 13.4.(e) Any funds not disbursed from the reserve under this section by the end of the term of years provided in the contract under this section shall revert at the end of that fiscal year.

Section 13.4.(f) Upon the failure of Congress to ratify legislation authorizing the operation of the Southern Dairy Compact by June 30, 2001, all funds in the reserve shall revert to the General Fund.

99AGRIC-H13.5

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

LOAN PROGRAM FOR SMALL, FAMILY-OWNED FARMS

Section 13.5.(a) The funds appropriated in this act to the North Carolina Rural Rehabilitation Corporation within the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year shall be used to make loans to those farmers of small, family-owned farms having financial difficulty as shown by their inability to obtain affordable conventional loans from other sources.

Section 13.5.(b) The term of the loans under subsection (a) of this section shall not exceed 20 years. These loans shall be provided in accordance with the lending requirements of the North Carolina Rural Rehabilitation Corporation pursuant to Article 2 of Chapter 137 of the General Statutes.

Section 13.5.(c) The Department of Agriculture and Consumer Services shall adopt rules to implement this section.

Section 13.5.(d) Subsection (b) of Section 13.8 of S.L. 1998-212 is repealed.

NOTE: Flag

99AGRIC-H13.6

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

MANDATORY EQUINE INFECTIOUS ANEMIA TESTING FUNDS

Section 13.6.(a) No later than October 1, 1999, the Board of Agriculture shall adopt rules pursuant to its authority under G.S. 106-405.17 to provide for the mandatory testing of equines for equine infectious anemia prior to sale or prior to exhibition or assembly at public stables or other public places.

Section 13.6.(b) Funds appropriated in this act to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year and for the 2000-2001 fiscal year shall be used for the costs of enforcing the mandatory testing program under subsection (a) of this section.

99AGRIC-H13.7

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

INCREASE GRAPE GROWERS FUNDS

Section 13.7. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services ninety-four percent (94%) of the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and ninety-five percent (95%) of the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~one hundred fifty thousand dollars ($150,000)~~ one hundred seventy-five thousand dollars ($175,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

PART XIV. DEPARTMENT OF LABOR

99LAB-H14

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

DEPARTMENT OF LABOR/BUDGET OVER-REALIZED INDIRECT COST RECEIPTS

Section 14. The Department of Labor may budget over-realized indirect cost receipts up to two hundred thousand dollars ($200,000) in the 1999-2000 fiscal year and up to three hundred thousand dollars ($300,000) in the 2000-2001 fiscal year to fund departmental technology needs.

99LAB-H14.1

Requested by: Representatives Earle, Fox, Owens, Easterling, Hardaway, Redwine

YOUTH EMPLOYMENT CERTIFICATES

Section 14.1. G.S. 95-25.5(a) reads as rewritten:

"(a) No youth under 18 years of age shall be employed by any employer in any occupation without a youth employment certificate unless specifically exempted. The Commissioner of Labor shall prescribe regulations for youths and employers concerning the issuance, maintenance and revocation of certificates. Certificates will be issued, subject to review by the Department of Labor, by county directors of social services and such of their designees as are approved by the Commissioner; provided, the Commissioner may ~~by regulation require that the Department of Labor issue certificates for occupations with unusual or unique characteristics.~~ also issue certificates, both directly and electronically."

NEW; added by floor amendment

99LAB-H14.2

Requested by: Representative Brubaker

ERGONOMICS PROGRAM

Section 14.2. No funds appropriated in this act to the Department of Labor for the 1999-2000 fiscal year or for the 2000-2001 fiscal year shall be used, encumbered, or committed to develop, implement, or enforce an ergonomics program.

PART XV. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

99NATRES-H15

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

SPECIAL RESERVE FUNDS FOR FOREST SEEDLING PROGRAM/BLADEN LAKES STATE FOREST

Section 15. G.S. 113-36 reads as rewritten:

"**§ 113-36. Applications of proceeds from sale of products.**

(a) Application of Proceeds Generally. -- Except as provided in ~~subsection (b) of~~ this section, all money received from the sale of wood, timber, minerals, or other products from the State forests shall be paid into the State treasury and to the credit of the Department; and such money shall be expended in carrying out the purposes of this Article and of forestry in general, under the direction of the Secretary.

(b) Tree Cone and Seed Purchase Fund. -- A percentage of the money obtained from the sale of seedlings and remaining unobligated at the end of a fiscal year, shall be placed in a special, continuing and nonreverting Tree Cone and Seed Purchase Fund under the control and direction of the Secretary. The percentage of the sales placed in the fund shall not exceed ten percent (10%). At the beginning of each fiscal year, the Secretary shall select the percentage for the upcoming fiscal year depending upon the anticipated costs of tree cones and seeds which the department must purchase. Money in this fund shall not be allowed to accumulate in excess of the amount needed to purchase a four-year supply of tree cones and seed, and shall be used for no purpose other than the purchase of tree cones and seeds.

(c) Forest Seedling Nursery Program Fund. -- The Forest Seedling Nursery Program Fund is created within the Department of Environment and Natural Resources, Division of Forest Resources, as a special revenue fund. Except as provided in subsection (b) of this section, this Fund shall consist of receipts from the sale of seed and seedlings as authorized in G.S. 113-35 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Forest Seedling Nursery Program.

(d) Bladen Lakes State Forest Fund. -- The Bladen Lakes State Forest Fund is created within the Department of Environment and Natural Resources, Division of Forest Resources, as a special revenue fund. This Fund shall consist of receipts from the sale of forest products from Bladen Lakes State Forest as authorized in G.S. 113-35 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Bladen Lakes State Forest."

99NATRES-H15.1

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

Section 15.1.(a) Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 1999-2000 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2000-2001 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

Section 15.1.(b) G.S. 113-291.10(a) reads as rewritten:

"(a) There is established the Beaver Damage Control Advisory Board. The Board shall consist of nine members, as follows:

(1) The Executive Director of the North Carolina Wildlife Resources Commission, or his designee, who shall serve as chair;

(2) The Commissioner of Agriculture and Consumer Services, or a designee;

(3) The Director of the Division of Forest Resources of the Department of Environment and Natural Resources, or a designee;

(4) The Director of the Soil and Water Conservation Division of the Department of Environment and Natural Resources, or a designee;

(5) The Director of the North Carolina Cooperative Extension Service, or a designee;

(6) The Secretary of Transportation, or a designee;

(7) The State Director of the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant Health Inspection Service, U.S. Department of Agriculture, or a designee;

(8) The President of the North Carolina Farm Bureau Federation, Inc., or a designee, representing private landowners; and

(9) A representative of the North Carolina Forestry Association."

Section 15.1.(c) G.S. 113-291.10(c) reads as rewritten:

"(c) The Wildlife Resources Commission shall implement the program, and may enter a cooperative agreement with the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant Health Inspection Service, United States Department of Agriculture, to accomplish the program."

NOTE: The Senate should consider the issue of funding.

99NATRES-H15.2

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

GRASSROOTS SCIENCE PROGRAM

Section 15.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million six hundred seventy thousand dollars ($3,670,000) for fiscal year 1999-2000 and the sum of three million four hundred twenty thousand dollars ($3,420,000) for fiscal year 2000-2001 are allocated as grant-in-aid for each fiscal year as follows:

	1999-2000	2000-2001
Aurora Fossil Museum	$64,066	$64,066
Cape Fear Museum	$203,944	$203,944
Catawba Science Center	$179,172	$179,172
Colburn Gem and Mineral Museum, Inc.	$63,942	$63,942
Discovery Place	$776,577	$776,577
Granville County Museum Commission, Inc. - Harris Gallery	$54,420	$54,420
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$210,860	$210,860
Imagination Station	$108,202	$108,202
Iredell County Children's Museum	$56,243	$56,243
Museum of Coastal Carolina	$318,274	$68,274
Natural Science Center of Greensboro	$321,802	$321,802
North Carolina Museum of Life and Science	$465,240	$465,240
Rocky Mount Children's Museum	$98,007	$98,007
Schiele Museum of Natural History	$381,489	$381,489
Sci Works Science Center and Environmental Park of Forsyth County	$247,501	$247,501
Western North Carolina Nature Center	$120,261	$120,261
Total	$3,670,000	$3,420,000

99NATRES-H15.3

Requested by: Representatives Baker, Easterling, Hardaway, Redwine

TOWN FORK CREEK SOIL CONSERVATION PROJECT

Section 15.3.(a) Section 15.11 of S.L. 1997-443 reads as rewritten:

"Section 15.11. (a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, ~~1999.~~ 2001. Those funds are reallocated as follows:

(1) Five hundred four thousand five hundred sixty dollars ($504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) Nine hundred thirty thousand six hundred eighty dollars ($930,680) to the Stokes County Water and Sewer Authority, Inc., for the Madison Connection Project.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County.

(b) The Department of Environment, Health, and Natural Resources and the Stokes County Water and Sewer Authority, Inc., shall report by October 1 and March 1 of each fiscal year to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management regarding the use of the funds reallocated by this section. Each report shall include all of the following:

(1) The estimated cost of each project.

(2) The date that work on each project began or is expected to begin.

(3) The date that work on each project was completed or is expected to be completed.

(4) The actual cost of each project."

Section 15.3.(b) This section becomes effective June 30, 1999.

99NATRES-H15.4

Requested by: Representatives Fox, Owens, Baker, Easterling, Hardaway, Redwine

MEADOW BRANCH WATER PROJECT AND DEEP CREEK PROJECT/EXTEND REVERSION DATE

Section 15.4.(a) Section 107(b) of Chapter 561 of the 1993 Session Laws as rewritten by Section 26.1 of Chapter 507 of the 1995 Session Laws and Section 15.46 of S.L. 1997-443 reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1993-94 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund:

(1) Corps of Engineers project feasibility studies, or

(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1993-94, or

(3) State-local Water Resources Development Projects.

Funds, except those allocated in subdivisions (a)(14), (15), (16), and (17) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1994-95 fiscal year. The funds allocated in subdivisions (a)(14), and (16) of this section shall not revert until June 30, 1997. The funds allocated in subdivisions (15) and (17) of this section shall not revert until June 30, ~~1999.~~ 2001."

Section 15.4.(b) Subsection (b) of Section 27.12 of Chapter 507 of the 1995 Session Laws reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1995-96 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1995-96.

(3) State-local Water Resources Development Projects.

(4) Soil Conservation Projects whose schedules have advanced and require State matching funds in fiscal year 1995-96.

~~Funds~~ Funds, except those allocated in subdivision (a)(12) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1996-97 fiscal year. The funds allocated in subdivision (a)(12) of this section shall not revert until June 30, 2001."

Section 15.4.(c) Subsection (b) of Section 34.7 of S.L. 1997-443 reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1997-98 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1997-98.

(3) State-local Water Resources Development Projects.

~~Funds~~ Funds, except those allocated in subdivision (a)(18) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1998-99 fiscal year. The funds allocated in subdivision (a)(18) of this section shall not revert until June 30, 2001."

Section 15.4.(d) This section becomes effective June 30, 1999.

99NATRES-H15.5

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

NER INTERIM STUDY OF DENR ORGANIZATION

Section 15.5. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives shall study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and shall report any recommendations, including any legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study.

99NATRES-H15.6

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

SUPERFUND PROGRAM/INACTIVE HAZARDOUS SITES FUNDS

Section 15.6.(a) The Department of Environment and Natural Resources may use available funds, with the approval of the Office of State Budget and Management, to provide the ten percent (10%) cost share required for Superfund cleanups on the National Priority List sites, to pay the operating and maintenance costs associated with these Superfund cleanups, and for the cleanup of priority inactive hazardous substance or waste disposal sites under Part 3 of Article 9 of Chapter 130A of the General Statutes. These funds may be in addition to those appropriated for this purpose.

Section 15.6.(b) The Department of Environment and Natural Resources and the Office of State Budget and Management shall report to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds.

99NATRES-H15.7

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

FUNDS FOR VOLUNTARY REMEDIAL ACTIONS

Section 15.7.(a) During the 1999-2001 fiscal biennium, the Secretary of Environment and Natural Resources may contribute from the Inactive Hazardous Sites Cleanup Fund up to ten percent (10%) of the cost each fiscal year, not to exceed fifty thousand dollars ($50,000) per site, of implementing a voluntary remedial action program at up to three high-priority sites that substantially endanger public health or the environment.

Section 15.7.(b) No later than April 1 of each year of the 1999-2001 fiscal biennium, the Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Each report shall contain the location of the sites for which a voluntary remedial action program was implemented under subsection (a) of this section, the rationale for the State contributing to the cost of that remedial action, and the amount of the contribution made from the Inactive Hazardous Sites Cleanup Fund.

99NATRES-H15.8

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

DENR POSITION FOR SCRAP TIRE PROGRAM

Section 15.8. Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites to maintain and support a position for the 1999-2000 fiscal year and for the 2000-2001 fiscal year to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites.

99NATRES-H15.9

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE TO SMALL BUSINESSES WITH NEED

Section 15.9. The Division of Pollution Prevention and Environmental Assistance of the Department of Environment and Natural Resources shall, to the extent feasible, give greatest priority to small businesses that can demonstrate financial need when the Division of Pollution Prevention and Environmental Assistance awards grants or otherwise provides technical or financial assistance.

99NATRES-H15.10

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

DENR STUDY ONE-STOP PERMIT PROCESS

Section 15.10. The Department of Environment and Natural Resources shall study the feasibility and benefits of implementing a one-stop permit system to improve coordination within the Department with respect to processing environmental permit applications, communication with the regulated community, and regulatory compliance. The Department shall consider the State of New Jersey's ONE STOP program, which uses a project team composed of permitting, compliance, and enforcement staff to review the permit application, as a model. No later than February 15, 2000, the Department shall report to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on their findings and recommendations.

99NATRES-H15.11

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

REPEAL DUPLICATE REPORTING REQUIREMENT FOR CLEAN WATER MANAGEMENT TRUST FUND

Section 15.11. G.S. 113-145.6(i) is repealed.

99NATRES-H15.12

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

ENVIRONMENTAL EDUCATION GRANTS

Section 15.12.(a) Of the two hundred thousand dollars ($200,000) appropriated in this act to the Department of Environment and Natural Resources for the 1999-2000 fiscal year for environmental education grants, up to fifty thousand dollars ($50,000) may be used by the Department for the 1999-2000 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

(1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or

(2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

Section 15.12.(b) The Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2000, and again by July 1, 2000, on the grant program. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

99NATRES-H15.13

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

PARTNERSHIP FOR THE SOUNDS

Section 15.13.(a) Subject to subsection (c) of this section, the Partnership for the Sounds, Inc., shall, no later than January 15, 2000, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

(1) Program activities, objectives, and accomplishments for the 1998-99 fiscal year;

(2) Itemized expenditures and fund sources for the 1998-99 fiscal year;

(3) Planned activities, objectives, and accomplishments for the 1999-2000 fiscal year, including actual results through December 31, 1999; and

(4) Estimated itemized expenditures and fund sources for the 1999-2000 fiscal year, including actual expenditures and fund sources through December 31, 1999.

Section 15.13.(b) Subject to subsection (c) of this section, the Partnership for the Sounds, Inc., shall, no later than January 15, 2001, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

(1) Program activities, objectives, and accomplishments for the 1999-2000 fiscal year;

(2) Itemized expenditures and fund sources for the 1999-2000 fiscal year;

(3) Planned activities, objectives, and accomplishments for the 2000-2001 fiscal year, including actual results through December 31, 2000; and

(4) Estimated itemized expenditures and fund sources for the 2000-2001 fiscal year, including actual expenditures and fund sources through December 31, 2000.

Section 15.13.(c) The Partnership for the Sounds, Inc., shall provide additional reports to the Joint Legislative Commission on Governmental Operations or the Fiscal Research Division upon request.

Section 15.13.(d) The Partnership for the Sounds, Inc., shall provide a copy of its annual audited financial statement to the Fiscal Research Division within 30 days of issuing the financial statement.

NOTE: This provision was changed substantially.

99NATRES-H15.14

Requested by: Representatives Owens, Fox, Easterling, Hardaway, Redwine

NORTH CAROLINA WATER QUALITY WORKGROUP INITIATIVE/RIVERNET MONITORING SYSTEM PILOT PROGRAM/RESEARCH FUNDS

Section 15.14.(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.

(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.

(3) To maintain a web-based water quality data distribution site.

(4) To organize and evaluate existing scientific and State agency water quality databases.

(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

Section 15.14.(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring and Permitting.

(2) Nutrient Management.

(3) Water Pollution Control.

(4) Waste Management.

(5) Groundwater Resources.

(6) Stream Hydrology.

(7) Aquatic Biology.

(8) Environmental Education and Web-Based Data Dissemination.

Section 15.14.(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

Section 15.14.(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

Section 15.14.(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of the House of Representatives and Senate

Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

Section 15.14.(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall be designed and managed so that the data is collected and analyzed in accordance with the guidelines establishing test procedures for the analysis of pollutants promulgated by the United States Environmental Protection Agency and set out in 40 Code of Federal Regulations Part 136 (July 1, 1998 Edition). Test procedures not covered by these guidelines shall conform to the guidelines adopted by the American Public Health Association, the American Water Works Association, and the Water Environment Federation, as published in the publication entitled "Standard Methods for the Examination of Water and Wastewater" (20th Edition). The Rivernet system shall be coordinated with related data collection and monitoring activities of the Department of Environment and Natural Resources, the Water Resources Research Institute, the North Carolina Water Quality Workgroup, and other research efforts pursued by academic institutions or State government entities to assure that duplication of effort is avoided and maximum efficiency is achieved.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality event, which then can be comprehensively analyzed.

Section 15.14.(g) For the 1999-2001 biennium, the North Carolina Water Quality Workgroup shall select as a pilot project site an area of impaired waters within one of the State's river basins based on criteria of the State's basinwide water quality management plans and shall implement a Rivernet monitoring system pilot project in those waters.

Section 15.14.(h) Of the funds appropriated by this act to the Department of Environment and Natural Resources, the sum of one million one hundred fifty thousand dollars ($1,150,000) for the 1999-2000 fiscal year and the sum of six hundred fifty thousand dollars ($650,000) for the 2000-2001 fiscal year shall be used to implement this section. Those funds shall be allocated as follows:

(1) **$275,000** shall be transferred for the 1999-2000 fiscal year and **$275,000** for the 2000-2001 fiscal year to the Board of Governors of The University of North Carolina for North Carolina State University to use for operating costs of the Rivernet monitoring system and pilot project including personnel to maintain the system, archive, and disseminate the data.

(2) $500,000 for the 1999-2000 fiscal year only shall be transferred to the Board of Governors of The University of North Carolina to be used by North Carolina State University for the purchase of monitoring equipment, installation of the data transfer network, and for the installation of the computer hardware and software to archive the data and sustain the web-based data system.

(3) **$375,000** for the 1999-2000 fiscal year and **$375,000** for the 2000-2001 fiscal year shall be held in a reserve fund to be administered by the Scientific Advisory Council on Water Resources and Coastal Fisheries Management. Monies in the fund shall be used only for research projects recommended by the North Carolina Water Quality Workgroup. **The Workgroup shall consider only new studies that promote collaborative work among the Department of Environment and Natural Resources, North Carolina State University, the University of North Carolina at Wilmington, East Carolina University, Western Carolina University, and the University of North Carolina at Chapel Hill to collectively close knowledge policy gaps with regard to the State's water quality.**

PART XVI. DEPARTMENT OF COMMERCE

99COMM-H16

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

DEPARTMENT OF COMMERCE BUDGET REVISIONS

Section 16. The Department of Commerce, in consultation with and upon approval of the Office of State Budget and Management, shall make the necessary revisions to its budget to ensure that positions and related operating funds are budgeted in the appropriate fund codes of the divisions to which the positions are assigned and the operating expenses support. These revisions should result in a departmental budget that accurately reflects the Department's organizational structure and lines of management. The budget revisions shall be submitted to and approved by the Office of State Budget and Management not later than January 1, 2000. The Department of Commerce shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division a progress report no later than October 15, 1999, and a final report no later than January 15, 2000, on all budget revisions made to implement this section.

99COMM-H16.1

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

WANCHESE SEAFOOD INDUSTRIAL PARK FUNDS

Section 16.1. Of the funds appropriated in this act to the Department of Commerce for the Wanchese Seafood Industrial Park, the sum of one hundred twenty-one thousand one hundred twenty dollars ($121,120) for the 1999-2000 fiscal year and the sum of one hundred twenty-one thousand one hundred twenty dollars ($121,120) for the 2000-2001 fiscal year may be expended by the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes, in addition to funds available to the Authority for these purposes.

99COMM-H16.2

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

Section 16.2.(a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Monies allocated from the Fund shall be used for the following purposes:

(1) Installation or purchase of equipment;
(2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and
(3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Monies may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of monies from the Fund.

Section 16.2.(b) The Department of Commerce shall report on or before October 1, 1999, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

99COMM-H16.3

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section 16.3.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 16.3.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

NOTE: This provision was amended to change reporting requirements to Full Appropriations.

99COMM-H16.4

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

REGIONAL COMMISSION REPORTS

Section 16.4.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 1999;
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999.

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2000;
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

Section 16.4.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 1999-2001 biennium shall by the 25th day of the month following the end of a fiscal quarter, report to the Department of Commerce the following information for the most recent completed fiscal quarter:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;
(2) The number of jobs saved;
(3) The amount of investment and number of jobs created by the direct efforts of a commission;

(4) **Initiatives undertaken to establish certified sites and shell buildings;**
(5) **The number of referrals or leads handled that were generated by the Department of Commerce;**
(6) The number and listing of available sites and buildings within the region served by a commission;
(7) A listing of major accomplishments.

99COMM-H16.5

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

REPEAL STATUTORY REPORTING REQUIREMENTS FOR REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

Section 16.5.(a) G.S. 158-8.1(e) reads as rewritten:

"(e) In addition to the powers and duties granted to economic development commissions in this Article, the Western North Carolina Regional Economic Development Commission shall:

(1) Survey Western North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process.

(2) Develop and evaluate alternatives for Western North Carolina economic development.

(3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan.

(4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties.

~~(5) Report to the General Assembly by March 31 each year on the work of the Commission.~~"

Section 16.5.(b) G.S. 158-8.2(f) reads as rewritten:

"(f) In addition to the powers and duties granted to economic development commissions in this Article, the Northeastern North Carolina Regional Economic Development Commission shall:

(1) Adopt and implement an economic development program, with the assistance of the economic development advisory board, as follows:

a. Survey northeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;

b. Enhance economic development activities that use the area's natural resources;

c. Develop and evaluate alternatives for northeastern North Carolina economic development;

d. Develop a preferred economic development plan for the region and establish strategies for implementing the plan;

e. Conduct feasibility studies to determine the nature and placement of economic developments for maximum economic impact;

f. Identify potential sites for economic development; and

g. Carry out other activities to develop and promote economic development;

(2) Adopt and implement a tourism development program, with the advice and assistance of the tourism advisory board, as follows:

a. Adopt, implement, and update a water-based tourism development strategy;

b. Provide assistance to developers with requirements for tourism development, as deemed necessary by the Commission;

c. Conduct feasibility studies to determine the nature and placement of tourism developments for maximum economic impact;
d. Identify sites for tourism development; and
e. Carry out other activities to develop and promote water-based tourism; and

(3) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and ~~duties; and~~ duties.

~~(4) Report to the General Assembly by March 31 each year on the work of the Commission.~~"

Section 16.5.(c) G.S. 158-8.3(e) reads as rewritten:

"(e) In addition to the powers and duties granted to economic development commissions in this Article, the Southeastern North Carolina Regional Economic Development Commission shall:

(1) Survey southeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;

(2) Develop and evaluate alternatives for southeastern North Carolina economic development;

(3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan; and

(4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and ~~duties; and~~ duties.

~~(5) Report to the General Assembly by March 31 each year on the work of the Commission.~~"

99COMM-H16.6

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

MODIFY NORTHEAST REGIONAL ECONOMIC DEVELOPMENT COMMISSION

Section 16.6.(a) G.S. 158-8.2 reads as rewritten:

"**§ 158-8.2. Creation of Northeastern North Carolina Regional Economic Development Commission.**

(a) There is created the Northeastern North Carolina Regional Economic Development Commission to facilitate economic development ~~and tourism development~~ in Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington Counties, and any other county assigned to the Commission by the Department of Commerce as authorized by law. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce. Funds appropriated for the Commission by the General Assembly shall be disbursed directly to the Commission at the beginning of each fiscal year.

(b) The Commission shall consist of 18 appointed members and ~~two~~ one ex officio ~~members,~~ member, as ~~follows:~~ provided below. Each appointed member shall be an experienced business person who resides for most of the year in one or more of the counties that are members of the Commission.

(1) Six members shall be appointed by the ~~Governor, including one developer of northeastern North Carolina, one banker, one county commissioner from Camden, Currituck, Pasquotank, or Perquimans Counties, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law, and one county commissioner from Beaufort, Bertie, Chowan, or Martin Counties, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law.~~ Governor.

(2) Six members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. ~~120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Dare, Hyde, Tyrrell, or Washington Counties.~~ 120-121.

(3) Six members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. ~~120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Halifax, Hertford, Gates, or Northampton Counties.~~ 120-121.

(4) The Secretary of Commerce, or a designee.

~~(5) The Secretary of Cultural Resources, or a designee.~~

Any person appointed to the Commission ~~in a categorical appointment as~~ who is also a county commissioner may hold ~~such~~ that office in addition to the offices permitted by G.S. 128-1.1. The appointing authorities are encouraged to discuss and coordinate their appointments in an effort to ensure as many counties served by the Commission are represented among the membership of the Commission.

(c) ~~The appointing authority shall designate two of the initial appointees pursuant to subdivision (b)(1), one of the initial appointees pursuant to subdivision (b)(2), two of the initial appointees pursuant to subdivision (b)(3), and two of the initial~~

~~appointees pursuant to subdivision (b)(4) to serve for terms ending June 30, 1995; the remainder of the initial appointees shall serve for terms ending June 30, 1997. Their successors shall serve for four-year terms ending on June 30 quadrennially thereafter.~~ All members shall serve staggered two-year terms ending on June 30 biennially.

(d) Any appointment to fill a vacancy on the Commission shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be in accordance with G.S. 120-122.

(d1) The initial meeting shall be called by the Secretary of the Department of Commerce. The Commission shall meet no less than quarterly.

(e) The Commission shall ~~appoint an economic development advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing an economic development program. The Commission shall also appoint a tourism advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing a tourism development program. Members of the Commission may serve on these advisory boards.~~ elect annually from among its membership a four-member executive committee consisting of a chair, a vice-chair, a secretary, and a treasurer. Members shall serve one-year terms on the executive committee. The executive committee shall meet no less than quarterly.

(f) In addition to the powers and duties granted to economic development commissions in this Article, the Northeastern North Carolina Regional Economic Development Commission shall:

(1) Adopt and implement an economic development program, with the assistance of the economic development advisory board, as follows:

a. Survey northeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;

b. Enhance economic development activities that use the area's natural resources;

c. Develop and evaluate alternatives for northeastern North Carolina economic development;

d. Develop a preferred economic development plan for the region and establish strategies for implementing the plan;

e. Conduct feasibility studies to determine the nature and placement of economic developments for maximum economic impact;

f. Identify potential sites for economic development; and

g. Carry out other activities to develop and promote economic ~~development;~~ development.

~~(2) Adopt and implement a tourism development program, with the advice and assistance of the tourism advisory board, as follows:~~

~~a. Adopt, implement, and update a water-based tourism development strategy;~~

~~b. Provide assistance to developers with requirements for tourism development, as deemed necessary by the Commission;~~

~~c. Conduct feasibility studies to determine the nature and placement of tourism developments for maximum economic impact;~~

~~d. Identify sites for tourism development; and~~

~~e. Carry out other activities to develop and promote water-based tourism;~~

(3) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and ~~duties; and~~ duties.

(4) Report to the General Assembly by March 31 each year on the work of the Commission.

(g) Within the limits of funds available, the Commission may hire and fix the compensation of any personnel necessary to its operations, contract with consultants for any services as it may require, and contract with the State of North Carolina or the federal government, or any agency or department thereof, for any services as may be provided by those agencies. The Commission shall hire an employee to serve as president and chief executive officer. The Commission may carry out the provisions of any contracts it may enter.

Within the limits of funds available, the Commission may lease, rent, purchase, or otherwise obtain suitable quarters and office space for its staff, and may lease, rent, or purchase necessary furniture, fixtures, and other equipment.

(h) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem of one hundred dollars ($100.00) a day for each day of service when the Commission meets and shall be reimbursed for travel and subsistence as provided in G.S. 138-5. ~~The Commission may adopt policies authorizing additional per diem of one hundred dollars ($100.00) a day for non-State employee members' additional days of service including Commission subcommittee meetings or other Commission activities, plus reimbursement for related travel and subsistence as provided in G.S. 138-5. Members of the advisory boards who are State employees shall receive travel expenses as provided in G.S. 138-6 for participating in meetings and other official activities authorized by the Commission. Other members of the advisory boards shall receive per diem and travel expenses as provided in G.S. 138-5 for participating in meetings and other official activities authorized by the Commission.~~"

Section 16.6.(b) The Northeastern North Carolina Regional Economic Development Commission shall make the transition from the former membership to the new membership provided in this section as follows:

(1) The present executive committee shall serve until a new executive committee is elected.

(2) The Governor and the General Assembly shall make the appointments provided in G.S. 158-8.2(b)(1) through (3) for terms beginning July 1, 1999. Each appointing authority shall designate one-half of the appointees to serve initial terms of three years and shall designate the remaining appointees to serve two-year terms. Their successors shall serve two-year terms.

(3) On the date the members of the Commission appointed pursuant to this section take office, the terms of all current members of the Commission appointed before the effective date of this act expire.

NOTE: Senate has not reviewed this version of this provision.

99COMM-H16.7

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

LEGISLATIVE RESEARCH COMMISSION TO STUDY LOCAL GROWTH PLANNING AND MANAGEMENT POLICIES AND INCENTIVES

Section 16.7. Of the funds appropriated in this act to the Department of Commerce, the sum of two hundred thousand dollars ($200,000) for the 1999-2000 fiscal year shall be transferred to the General Assembly to be used by the Legislative Research Commission to study local growth planning and management policies and incentives, including the provisions of House Bill 1468, 1999 Regular Session, First Edition.

99COMM-H16.8

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

MARKETING OF GLOBAL TRANSPARK

Section 16.8.(a) Section 15.2 of S.L. 1998-212 is repealed.

Section 16.8.(b) Of the funds appropriated in this act to the Department of Commerce, the sum of one hundred seventy-two thousand thirty-six dollars ($172,036) for the 1999-2000 fiscal year and the sum of one hundred seventy-two thousand thirty-six dollars ($172,036) for the 2000-2001 fiscal year shall be transferred to the Global TransPark Authority to market the Global TransPark.

99COMM-H16.9

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

PETROLEUM OVERCHARGE ATTORNEYS' FEES

Section 16.9.(a) Unless prohibited by federal law, rule, or regulation, or preexisting settlement agreement, no later than October 1, 1989, the North Carolina Attorney General shall direct the withdrawal of all funds received in the cases of United States v. Exxon and Stripper Well that are held in accounts or reserves located out-of-state for payment of attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation authorized by the Attorney General. The Attorney General shall deposit these funds, and all funds to be received from Petroleum Overcharge Funds in the future for attorneys' fees and reasonable expenses, into the Special Reserve for Oil Overcharge Funds.

Section 16.9.(b) All attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation shall be paid by the State Treasurer from Petroleum Overcharge Funds that have been received by this State and deposited into the Special Reserve for Oil Overcharge Funds.

Section 16.9.(c) Notwithstanding any other provision of law, the Attorney General may authorize the payment of attorneys' fees and reasonable expenses from the Special Reserve for Oil Overcharge Funds without further action of the General Assembly, and funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for the 1999-2000 fiscal year and for the 2000-2001 fiscal year for that purpose.

99COMM-H16.10

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section 16.10.(a) Any funds remaining in the Special Reserve for Oil Overcharge Funds on and after June 30, 1999, may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve Oil Overcharge Funds.

Section 16.10.(b) The Department of Commerce shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. A description of program activities, objectives, and accomplishments supported with petroleum overcharge funds for the State fiscal year 1998-99;

b. An itemized list of the actual expenditures from each of the petroleum overcharge accounts for each of the activities supported with petroleum overcharge funds for the State fiscal year 1998-99, including any expenditures for administrative costs;

c. A list of the cash balances remaining in each of the petroleum overcharge accounts at the end of the State fiscal year 1998-99, including the amount of funds which are obligated; and

d. A description of planned activities, objectives, and accomplishments, including the amount of petroleum overcharge funds budgeted for each activity for State fiscal year 1999-2000.

(2) By January 15, 2001, and more frequently if requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. A description of program activities, objectives, and accomplishments supported with petroleum overcharge funds for the State fiscal year 1999-2000;

b. An itemized list of the actual expenditures from each of the petroleum overcharge accounts for each of the activities supported with petroleum overcharge funds for the State fiscal year 1999-2000, including any expenditures for administrative costs;

c. A list of the cash balances remaining in each of the petroleum overcharge accounts at the end of the State fiscal year 1999-2000, including the amount of funds which are obligated; and

d. A description of planned activities, objectives, and accomplishments, including the amount of petroleum overcharge funds budgeted for each activity for State fiscal year 2000-2001.

99COMM-H16.11

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

NER INTERIM STUDY OF ENERGY DIVISION OF DEPARTMENT OF COMMERCE

Section 16.11. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources shall study the current organization and responsibilities of the Division of Energy of the Department of Commerce to determine its effectiveness and efficiency in managing the State's energy programs and administering Petroleum Overcharge funds, and shall report any recommendations, including legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. In conducting the study the committees may obtain assistance from any resources outside the General Assembly that the committees determine are needed to adequately perform the study.

99COMM-H16.12

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

SPECIAL EMPLOYMENT SECURITY ADMINISTRATION FUND

Section 16.12.(a) Notwithstanding G.S. 96-5(c), there is appropriated from the Special Employment Security Administration Fund to the Employment Security Commission of North Carolina, the sum of two million dollars ($2,000,000) for the 1999-2000 fiscal year and the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year for administration of the Employment Services and Unemployment Insurance Programs.

Section 16.12.(b) Supplemental federal funds or other additional funds received by the Employment Security Commission for similar purposes shall be expended prior to the expenditure of funds appropriated by this section.

99COMM-H16.13

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

AUTHORIZATION TO EXPEND REED ACT FUNDS

Section 16.13. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of five hundred twenty-five thousand one hundred twenty-three dollars ($525,123) for the 1999-2000 fiscal year for automation purposes.

99COMM-H16.14

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

WORKER TRAINING TRUST FUND APPROPRIATIONS

Section 16.14.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 1999-2000 fiscal year for the operation of local offices and the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 2000-2001 fiscal year for the operation of local offices.

Section 16.14.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1999-2000 and the 2000-2001 fiscal years for the following purposes:

(1) $2,400,000 for the 1999-2000 fiscal year and $2,400,000 for the 2000-2001 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) $2,046,000 for the 1999-2000 fiscal year and $1,746,000 for the 2000-2001 fiscal year to the Department of Community Colleges to continue the Focused Industrial Training Program;

(4) $225,000 for the 1999-2000 fiscal year and $225,000 for the 2000-2001 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the Department of Community Colleges for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) $60,000 for the 1999-2000 fiscal year and $60,000 for the 2000-2001 fiscal year to the Office of State Budget and Management to maintain compliance with Chapter 96 of the General Statutes, which directs the Office of State Budget and Management to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor to expand the Apprenticeship Program. It is intended that the appropriation of funds in this subdivision will result in the Department of Labor serving a benchmark performance level of 10,000 adult and youth apprentices by the year 2000 and maintained or improved thereafter.

NOTE: This provision as amended in committee to reduce the membership of the Commission.

99COMM-H16.15

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

WORKFORCE DEVELOPMENT COMMISSION

Section 16.15.(a) Part 3A of Article 10 of Chapter 143B of the General Statutes is repealed.

Section 16.15.(b) Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 3B. Workforce Development.

"**§ 143B-438.10. Commission on Workforce Development.**

(a) Creation and Duties. -- There is created within the Department of Commerce the North Carolina Commission on Workforce Development. The Commission shall have the following powers and duties:

(1) To develop strategies to produce a skilled, competitive workforce that meets the needs of the State's changing economy.

(2) To advise the Governor, the General Assembly, State and local agencies, and the business sector regarding policies and programs to enhance the State's workforce.

(3) To coordinate and develop strategies for cooperation between the academic, governmental, and business sectors.

(4) To establish, develop, and provide ongoing oversight of the 'One-Stop Delivery System' for employment and training services in the State.

(5) To develop a unified State plan for workforce training and development.

(6) To review the plans and programs of agencies, boards, and organizations operating federally funded or State-funded workforce development programs for effectiveness, duplication, fiscal accountability, and coordination.

(7) To develop and continuously improve performance measures to assess the effectiveness of workforce training and employment in the State.

(8) To submit to the Governor and to the General Assembly by April 1, 2000, and biennially thereafter, a comprehensive Workforce Development Plan that shall include at least the following:

a. Goals and objectives for the biennium.

b. An assessment of current workforce programs and policies.

c. An assessment of the delivery of employment and training services to special populations, such as youth and dislocated workers.

d. Recommendations for policy, program, or funding changes.

(9) To serve as the State's Workforce Investment Board for purposes of the federal Workforce Investment Act of 1998.

(b) Membership; Terms. -- The Commission on Workforce Development shall consist of 38 members appointed as follows:

(1) By virtue of their offices, the following department and agency heads or their respective designees shall serve on the Commission: the Secretary of the Department of Health and Human Services, the Chair of the Employment Security Commission, the

Superintendent of Public Instruction, the President of the Community Colleges System Office, the Commissioner of the Department of Labor, and the Secretary of the Department of Commerce.

(2) The Governor shall appoint 32 members as follows:

a. Six members representing public, postsecondary, and vocational education.

b. Two members representing community-based organizations.

c. Six members representing labor.

d. Eighteen members representing business and industry.

(3) The terms of the members appointed by the Governor shall be for four years.

(c) Appointment of Chair; Meetings. -- The Governor shall appoint the Chair of the Commission from among the business and industry members, and that person shall serve at the pleasure of the Governor. The Commission shall meet at least quarterly upon the call of the Chair.

(d) Staff; Funding. -- The clerical and professional staff to the Commission shall be provided by the Department of Commerce. Funding for the Commission shall derive from State and federal resources as allowable and from the partner agencies to the Commission. Members of the Commission shall receive necessary travel and subsistence in accordance with State law.

"**§ 143B-438.11. Local Workforce Development Boards.**

(a) Duties. -- Local Workforce Development Boards shall have the following powers and duties:

(1) To develop policy and act as the governing body for local workforce development.

(2) To provide planning, oversight, and evaluation of local workforce development programs, including the local One-Stop Delivery System.

(3) To provide advice regarding workforce policy and programs to local elected officials, employers, education and employment training agencies, and citizens.

(4) To develop a local plan in coordination with the appropriate community partners to address the workforce development needs of the service area.

(5) To develop linkages with economic development efforts and activities in the service area and promote cooperation and coordination among public organizations, education agencies, and private businesses.

(6) To review local agency plans and grant applications for workforce development programs for coordination and achievement of local goals and needs.

(7) To serve as the Workforce Investment Board for the designated substate area for the purpose of the federal Workforce Investment Act of 1998.

(b) Members. -- Members of local Workforce Development Boards shall be appointed by local elected officials in accordance with criteria established by the Governor and with provisions of the federal Workforce Investment Act. The local Workforce Development Boards shall have a majority of business members and shall also include representation of workforce and education providers, labor organizations, community-based organizations, and economic development boards as determined by local elected officials. The Chairs of the local Workforce Development Boards shall be selected from among the business members.

"**§ 143B-438.12. Federal Program Administration.**

(a) Federal Workforce Investment Act. -- In accordance with the federal Workforce Investment Act, the Commission on Workforce Development shall develop a Five-Year Strategic Plan to be submitted to the U.S. Secretary of Labor. The Strategic Plan shall describe the workforce development activities to be undertaken in the State to implement the federal Workforce Investment Act and how special populations shall be served.

(b) Other Workforce Grant Applications. -- The Commission on Workforce Development may submit grant applications for workforce development initiatives and may manage the initiatives and demonstration projects.

"**§ 143B-438.13. Employment and Training Grant Program.**

(a) Employment and Training Grant Program. -- There is established in the Department of Commerce, Division of Employment and Training, an Employment and Training Grant Program. Grant funds shall be allocated to local Workforce Development Boards for the purposes of enabling recipient agencies to implement local employment and training programs in accordance with existing resources, local needs, local goals, and selected training occupations. The State program of workforce performance standards shall be used to measure grant program outcomes.

(b) Use of Grant Funds. -- Local agencies may use funds received under this section for the purpose of providing services, such as training, education, placement, and supportive services. Local agencies may use grant funds to provide services only to individuals who are (i) 18 years of age or older and meet the federal Workforce Investment Act, title I adult eligibility definitions, or meet the federal Workforce Investment Act, title I dislocated worker eligibility definitions, or (ii) incumbent workers with annual family incomes at or below two hundred percent (200%) of poverty guidelines established by the federal Department of Health and Human Services.

(c) Allocation of Grants. -- The Department of Commerce may reserve and allocate up to ten percent (10%) of the funds available to the Employment and Training Grant Program for State and local administrative costs to implement the Program. The Division of Employment and Training shall allocate employment and training grant funds to local Workforce Development Boards serving federal Workforce Investment Act local workforce investment areas based on the following formula:

(1) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I adult funds as compared to the total of all local areas adult shares under the federal Workforce Investment Act, title I.

(2) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I dislocated worker funds as compared to the total of all local areas dislocated worker shares under the federal Workforce Investment Act, title I.

(3) Local workforce investment area adult and dislocated shares shall be calculated using the current year's allocations to local areas under the federal Workforce Investment Act, title I.

(d) Reports and Coordination. -- The Department of Commerce shall report quarterly to the Governor and to the Speaker of the House of Representatives and the President Pro Tempore of the Senate on the North Carolina Employment and Training Grant Program. The Department shall also provide a copy of these quarterly reports to the North Carolina Commission on Workforce Development.

(e) Nonreverting Funds. -- Funds appropriated to the Department of Commerce for the Employment and Training Grant Program that are not expended at the end of the fiscal year shall not revert to the General Fund, but shall remain available to the Department for the purposes established in this section."

Section 16.15.(c) The Commission on Workforce Preparedness appointed in accordance with Executive Order #4 of March 10, 1993, shall continue to serve as the State's Commission on Workforce Development until January 1, 2001, or until appointments to the North Carolina Commission on Workforce Development created by this section are made consistent with the provisions of G.S. 143B-438.10, whichever comes first.

99COMM-H16.16

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

TOURISM PROMOTION FUNDS

Section 16.16. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar ($1.00) for every four State dollars ($4.00).

(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar ($1.00) for every three State dollars ($3.00).

(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars ($4.00) for every State dollar ($1.00).

99COMM-H16.17

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

RURAL TOURISM DEVELOPMENT FUNDS

Section 16.17. Of the funds appropriated in this act to the Department of Commerce for the 1999-2000 fiscal year, the sum of three hundred thousand dollars ($300,000) shall be used for the Rural Tourism Development Grant Program. The Department shall establish and implement this Program to provide grants to local governments and nonprofit organizations to encourage the development of new tourism projects and activities in rural areas of the State. The Department shall develop procedures for the administration and distribution of funds allocated to the Rural Tourism Development Program under the following guidelines:

(1) Eligible organizations shall make application under procedures established by the Department;

(2) Eligible organizations shall be nonprofit tourism-related organizations located in the State's rural regions;

(3) Priority shall be given to eligible organizations that have significant involvement of travel and tourism-related businesses;

(4) Priority shall be given to eligible organizations serving economically distressed rural counties;

(5) Priority shall be given to eligible organizations that match funds; and

(6) Funds shall not be used for renting or purchasing land or buildings, or for financing debt.

No recipient or new tourism project shall receive a total of more than fifty thousand dollars ($50,000) of these grant funds for the 1999-2000 fiscal year.

NOTE: Flag

99COMM-H16.18

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

CREDIT ENHANCEMENT FOR TOURISM DEVELOPMENT PROJECTS

Section 16.18.(a) The Department of State Treasurer and the Department of Commerce shall jointly develop legislative proposals for credit enhancement for tourism development projects in rural counties of the State. The credit enhancement may be in the form of State revenue bonds, other State debt, State loan guarantees, or other mechanisms. The proposals shall be designed to provide incentives for tourism development that would be similar or comparable to existing tax-exempt, industrial revenue bonds available for manufacturing projects. In developing the proposals, the two Departments shall examine credit enhancement mechanisms employed in other states.

Section 16.18.(b) The two Departments shall jointly report their findings and recommendations to the Joint Legislative Commission on Governmental Operations by May 1, 2000. Each legislative proposal shall be accompanied by draft legislation and by a fiscal estimate of its cost to the General Fund.

99COMM-H16.19

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

HERITAGE TOURISM FUNDS

Section 16.19.(a) Of the funds remaining in the General Fund operating budget of the Department of Commerce as of June 30, 1999, the sum of one hundred thirty-nine thousand two hundred thirty-three dollars ($139,233) shall not revert and shall be reallocated by the Department to the following Heritage Tourism locations:

(1)	Newbold-White House	$ 40,138.
(2)	Hope Plantation	30,249.
(3)	Historic Murfreesboro	29,624.
(4)	Smoky Mountain Host	39,222.

Section 16.19.(b) This section becomes effective June 30, 1999.

99COMM-H16.20

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY REPORT

Section 16.20. The Center for Entrepreneurship and Technology, a Division of the Department of Commerce, shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999; and

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

99COMM-H16.21

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

NC REAL ENTERPRISES REPORTING

Section 16.21. NC REAL Enterprises shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.22

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

BIOTECHNOLOGY CENTER

Section 16.22.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

Section 16.22.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

Section 16.22.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Section 16.22.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

99COMM-H16.23

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

BIOTECHNOLOGY FUNDS FOR MINORITY UNIVERSITIES

Section 16.23. Of the funds appropriated in this act from the General Fund to the North Carolina Biotechnology Center, the sum of one million dollars ($1,000,000) for the 1999-2000 fiscal year and the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year shall be used to continue the special biotechnology program initiative for North Carolina's Public Historically Black Colleges and Universities and the University of North Carolina at Pembroke. This program initiative is a means to get more funds to these institutions of higher education in the short run to help them develop their biotechnology programs and a means to develop a mechanism to improve these institutions' capacity over the long term. The Center's special initiative shall, at a minimum, provide for:

(1) A range of program activities, including grants, designed to enhance the existing strengths and capabilities of the University of North Carolina at Pembroke and North Carolina's Public Historically Black Colleges and Universities;

(2) A Facilities and Infrastructure Review Committee to advise the Center on major program elements and priority projects that would be most helpful to these institutions; and

(3) A Program Advisory Panel with representation from these institutions to advise and make recommendations to the Center's President and Board of Directors on funding proposals under this initiative.

The Center shall report on its biotechnology program grants to universities to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on or before March 1 of each fiscal year, and more frequently as requested by the Commission. These reports shall include the current number of enrollments and the capacity of enrollments in the biotechnology program in each of the universities, the number of faculty in the biotechnology program in each of the universities, whether and to what extent the enrollments, capacity, and number of faculty have changed in the last three academic years in the biotechnology program in each of the universities, how the funds allocated by this section are being used in each of the universities, and any other information that indicates whether these grants are accomplishing their purpose.

NOTE: Reporting requirement change to follow the money.

99COMM-H16.24

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

TECHNOLOGICAL DEVELOPMENT AUTHORITY REPORT

Section 16.24. The Technological Development Authority, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.25

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

FUNDS FOR TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., WET LAB AND OFFICE CONSTRUCTION DO NOT REVERT

Section 16.25.(a) Funds in the amount of five hundred thousand dollars ($500,000) appropriated in S.L. 1998-212 for the 1998-99 fiscal year to the Department of Commerce and held in a reserve pursuant to Section 15.9 of S.L. 1998-212 for the North Carolina Technological Development Authority, Inc., shall not revert on June 30, 1999. The use of these funds is not limited to construction of wet lab space and additional office space at the First Flight Venture Center. These funds may be used to cover part of the cost of constructing wet lab space and office space or for entrepreneurial support and infrastructure elsewhere in the State.

Section 16.25.(b) This section becomes effective June 30, 1999.

99COMM-H16.26

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH

Section 16.26. Local governments requesting financial assistance from the Industrial Development Fund shall demonstrate to the satisfaction of the Department of Commerce that it would be an economic hardship for the local government to match State assistance from the Fund with local funds. The Department shall develop guidelines for determining hardship.

99COMM-H16.27

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

COUNCIL OF GOVERNMENT FUNDS

Section 16.27.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred ninety thousand dollars ($990,000) for the 1999-2000 fiscal year and nine hundred ninety thousand dollars ($990,000) for the 2000-2001 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

Section 16.27.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

Section 16.27.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

Section 16.27.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

Section 16.27.(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

Section 16.27.(f) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
b. State fiscal year 1999-2000 itemized expenditures and fund sources;
c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and
d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

NEW

99COMM-H16.28

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

WORLD TRADE CENTER NORTH CAROLINA REPORT

Section 16.28. World Trade Center North Carolina shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.29

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

N.C. INSTITUTE FOR MINORITY ECONOMIC DEVELOPMENT, INC., REPORT

Section 16.29. The N.C. Institute for Minority Economic Development, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.30

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

THE LAND LOSS PREVENTION PROJECT REPORT

Section 16.30. The Land Loss Prevention Project shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.31

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

NORTH CAROLINA COALITION OF FARM AND RURAL FAMILIES, INC., REPORT

Section 16.31. The North Carolina Coalition of Farm and Rural Families, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.32

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

NORTH CAROLINA MINORITY SUPPORT CENTER REPORT

Section 16.32. The North Carolina Minority Support Center shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.33

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE, INC., REPORT

Section 16.33. The North Carolina Community Development Initiative, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.34

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

NORTH CAROLINA ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS, INC., REPORT

Section 16.34. The North Carolina Association of Community Development Corporations, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.35

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

RURAL ECONOMIC DEVELOPMENT CENTER

Section 16.35.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million four hundred seventy thousand dollars ($1,470,000) for the 1999-2000 fiscal year and the sum of one million four hundred seventy thousand dollars ($1,470,000) for the 2000-2001 fiscal year shall be allocated as follows:

	1999-2000 FY	2000-2001 FY
Research and Demonstration Grants	$475,864	$475,864
Technical Assistance and Center Administration of Research and Demonstration Grants	444,136	444,136
Center Administration, Oversight, and Other Programs	350,000	350,000
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	200,000	200,000.

Section 16.35.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

Section 16.35.(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

Section 16.35.(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;
(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;
(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;
(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and
(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

Section 16.35.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand dollars ($5,400,000) for the 1999-2000 fiscal year and the sum of two million four hundred thousand dollars ($2,400,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-

based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $2,450,000 for the 1999-2000 fiscal year and $950,000 for the 2000-2001 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

a. Necessary economic development projects and activities in economically distressed areas;

b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

(4) $1,500,000 for the 1999-2000 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.

The grant recipients in this subsection shall be selected on the basis of need.

Section 16.35.(f) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999.

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

NOTE: Flagged due to money.

99COMM-H16.36

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

Section 16.36.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 1999-2000 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 in each fiscal year to Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 in each fiscal year to the Opportunities Industrialization Center of Lenoir, Greene, and Jones Counties; and

(4) $100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

Section 16.36.(a1) Funds allocated by the Rural Economic Development Center, Inc., to the Pitt-Greenville Opportunities Industrialization Center, Inc., for the 1998-99 fiscal year that are unencumbered and unexpended on June 30, 1999, shall be reallocated in equal amounts to the Opportunities Industrialization Center of Wilson, Inc., and the Opportunities Industrialization Center, Inc., in Rocky Mount. These funds shall be in addition to funds allocated in subsection (a) of this section.

Section 16.36.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999;

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999.

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000;

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000.

(3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

NOTE: NOT ADDED BY HOUSE.

CODE NO. 99COMM-H100B-P

Requested by: Representatives Fox, Owens

DEPARTMENT OF COMMERCE BUDGET FLEXIBILITY

Section @. Notwithstanding G.S. 143-23 and G.S. 143-27 or any other provision of law, the Department of Commerce may transfer funds and budget receipts within the following divisions: business and industry, international trade and tourism, film, and sports development. Prior to transferring any funds and budgeting receipts, the Department shall report to the Joint Legislative Commission on Governmental Operations on the amount and purpose of the transfer of funds and receipts budgeted.

NOTE: NOT ADDED BY HOUSE.

CODE NO. 99ENV-S003-P

Requested by: Senator Martin of Pitt

PITT LANDFILL REIMBURSEMENT FUNDS

Section @. Of the funds appropriated in this act to the Department of Environment and Natural Resources, the sum of three hundred thousand dollars ($300,000) for the 1999-2000 fiscal year shall be used to partially reimburse Pitt County for the substantial costs Pitt County has incurred to monitor, investigate, and contain contamination caused by the disposal of hazardous waste at its county landfill in 1979 at the State's urging and with the State's assurance of protection.

VISITOR REGISTRATION SHEET

NER — Bob Martin, Chair — 6-9-99
Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Linda Gunn	REDC
Patricia A Yancey	LLPP
Sherri Evans-Stanton	DENR
Jane Smith	DENR
[illegible]	NCFB
Lisa Overton	Commerce
Phil Wilson	"
TRJ McKnelly	DENR/DPR
Denny McGuire	Commerce/ITS
Kim Hibbard	NCLM
J.W. Reel	OSBM
Sheila Watteri	OSBM
Johnny Gray	OSBM
Tommy Stevens	DENR/DWQ
Ruth Turner Camp	World Trade Center North Carolina

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Jim Brown	State Ports
FRANCIS M NEVILS JR	DENR / DLR / LQS
Joe McClees	TDA + other

Senate Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, June 15,1999 at 12:00 noon

MINUTES

The Senate Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, June 15 at 12:00 noon in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided.

Senator Martin called the meeting to order. Jennifer Herrera, Mona Moon, and Jennifer Hoffmann, Fiscal Research, reviewed the Senate NER proposed budget bill. This is the money report with the designated changes. This is Attachment A of these minutes.

The next report considered by the Committee was the Special Provision package. This is Attachment B of these minutes. Jennifer Herrera, Mona Moon, and Jennifer Hoffmann presented the changes in the Special Provision package.

Commissioner of Labor, Harry Payne, addressed the Committee on the Ergonomics program. Senator Martin said the Committee would vote the package up or down as it stands. He said he would take the Ergonomics Special Provision language change to the Appropriation Chairs.

Senator Martin asked for a motion to adopt the Special Provisions package. Motion was made and carried. He also asked for a vote on the money report. Motion was made and carried.

The meeting adjourned at 1:00 p.m.

Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Attachment A

Senate Committee on

Natural and Economic Resources

Money Report

June 15, 1999

Housing Finance Agency

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$2,300,000		$2,300,000	
Legislative Changes				
Housing Trust Fund				
1 **Housing Trust Fund** Provides funds to support the Housing Trust Fund. Of this amount, $500,000 annually, and an additional $2,000,000 for the 1999-2000 fiscal year, is earmarked for affordable housing for the elderly.	$4,000,000 $6,000,000	R NR	$4,000,000	R
Total Legislative Changes	**$4,000,000** **$6,000,000**	**R** **NR**	**$4,000,000**	**R**
Total Position Changes				
Revised Budget	**$12,300,000**		**$6,300,000**	

additional $2 million recurring

Agriculture and Consumer Services

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$53,633,433		$53,590,208	
Legislative Changes				
Administrative Services				
2 **Eliminate Vacant Position** Eliminate vacant Accounting Clerk IV position.	($28,792) -1.00	R	($28,792) -1.00	R
3 **Information Technology Improvements** Provides funds to purchase office automation software and to cover costs associated with the IRMC policy requiring agencies to connect and store e-mail messages in a central message store, maintained by State Information Processing Services.	$29,600 $55,000	R NR	$29,600	R
Agricultural Statistics				
4 **Eliminate Vacant Position/Reduce Operating Support** Eliminate vacant Processing Assistant IV position and reduce various operating line items. Processing Assistant IV ($26,854) Operating support ($27,000)	($53,854) -1.00	R	($53,854) -1.00	R
Agronomic Services				
5 **Eliminate Vacant Position/Reduce Operating Support** Eliminate vacant Chemistry Tech III position and reduce various operating line items. Chemistry Tech III ($40,955) Operating Support ($34,750)	($75,705) -1.00	R	($75,705) -1.00	R
Commissioner's Office				
6 **Small, Family Farms - Marketing and Promotion** Funds to provide marketing and promotional assistance to small, family farms.	$50,000	NR		
7 **Local Agricultural Fairs Grant Funds** Funds for local agricultural fairs.	$50,000	NR		

	FY 99-2000		FY 2000-01	
8 Farmland Preservation Trust Fund				
Provides funds to the Farmland Preservation Trust Fund for the acquisition of agricultural conservation easements to protect rural lands, particularly in the vicinities of urban growth areas and near waterways and other environmentally sensitive areas. NEW	$500,000	NR		
Department Wide				
9 Reduce Operating Support	($6,000)	R	($6,000)	R
Reduce operating support associated with vacant positions recommended for elimination by the Governor.				
Food and Drug Protection				
10 Reduce Operating Support	($55,000)	R	($72,500)	R
Reduce various operating support line items.				
11 Pesticide Disposal Assistance Program	$90,000	R	$90,000	R
Provides funds to support one position and operating costs associated with the department's program for the disposal of banned, obsolete, or unwanted pesticides.	$10,000	NR		
	1.00		1.00	
Grants-in-Aid				
12 Duplin County Agricultural Center				
Provides funds to be used as a match to secure federal and private funding for the county's agricultural center. NEW	$500,000	NR		
Markets				
13 Goodness Grows in North Carolina	$200,000	R	$200,000	R
Funds to expand the Goodness Grows in North Carolina advertising program.				
14 Seafood and Aquaculture Marketing	$300,000	R	$300,000	R
Funds to market the state's seafood and aquaculture industries through marketing promotions, trade shows, advertising, and promotional literature.				
15 Local Farmers' Markets Funds				
Funds to provide grants for local farmers' markets.	$150,000	NR		
Plant Industry				
16 Gypsy Moth Control Funds				
Funds to support the department's program to control the gypsy moth.	$110,320	NR		

	FY 99-2000		FY 2000-01	
Research Stations and State Farms				
17 **Eliminate Vacant Position** Eliminate vacant Agricultural Research Assistant III position.	($30,325) -1.00	R	($30,325) -1.00	R
18 **Oxford Research Station Funds** Provides operating support for activities at the Oxford Research Station due to the federal government withdrawing support from this site.	$196,346 $17,000 2.00	R NR	$196,346 2.00	R
19 **Specialty Crops Funds** Funds to support further development of the specialty crops program at the Cunningham Research Farm (Kinston) as a joint program with North Carolina State University.	$100,000	NR		
House includes $200,000 NR				
20 **Center for Environmental Farming Systems** Provides equipment funds for the Center for Environmental Farming Systems at Cherry Farm.	$100,000	NR		
Reserves and Special Funds				
21 **Reduce N.C. Warehouse Act Fund** Reduce department's general fund appropriation for the 1999-2000 fiscal year and replace the funds with a one-time transfer from the N.C. Warehouse Act Fund, thereby reducing the fund's cash balance.	($200,000)	NR		
22 **Southern Dairy Compact Commission Funds** Funds to support the start-up costs of the Southern Dairy Compact Commission and the initial costs of administration and enforcement of the Southern Dairy Compact.	$500,000	NR		
23 **Christmas Tree Research Funds** Funds to be transferred to the UNC Board of Governors to support research in christmas tree genetics at North Carolina State University.	$100,000	R	$100,000	R
Rural Rehabilitation Corporation				
24 **Small, Family-Owned Farms Loan Program** Continues the small, family-owned farms loan program to provide loan funds to farms having difficulty in obtaining affordable conventional loans from other sources.	$400,000	NR		
House includes $650,000 NR				
Structural Pest Control				
25 **Eliminate Vacant Positions** Eliminate vacant positions in the Structural Pest Division: Pesticide Specialist II ($40,814) Structural Pest Asst. Director ($57,903) Structural Pest Inspector ($34,830)	($133,547) -3.00	R	($133,547) -3.00	R

Senate Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
Veterinary Services				
26 **Reduce Pseudorabies Program** Reduce support for the pseudorabies program as disease nears eradication.	($50,000)	R	($50,000)	R
27 **Eliminate Vacant Position** Eliminate vacant Animal Health Technician I position.	($41,865) -1.00	R	($41,865) -1.00	R
28 **Field Automation/Salmonella Sampling** Funds to provide equipment and training to support field automation and electronic data transmission in the Field Automation Information Management (FAIM) program. Also provides funds to facilitate the sampling and laboratory analysis of ground meats and carcasses for salmonella.	$133,035 $313,773	R NR	$133,035	R
Total Legislative Changes	**$573,893** **$2,656,093**	R NR	**$556,393**	R
Total Position Changes	-5.00		-5.00	
Revised Budget	**$56,863,419**		**$54,146,601**	

* House budget included $100,000 R for Equine Infectious Anemia (EIA)

Labor

GENERAL FUND

Recommended Budget	FY 99-2000 $16,457,031		FY 2000-01 $16,457,031	
Legislative Changes				
Administrative Programs				
29 **Eliminate Vacant Position**	($25,338)	R	($25,338)	R
Eliminate vacant Processing Assistant III position located in the Commissioner's Office.	-1.00		-1.00	
Boiler Safety Bureau				
30 **Expand Inspection Staff with Receipt Support**				
Adds four boiler inspectors to conduct safety inspections. Funds will be provided with increased receipts generated by inspections conducted with these additional positions.				
Department Wide				
31 **Reduce Operating Support**	($12,434)	R	($12,434)	R
Reduce various operating and equipment line items throughout the department.				
Elevator and Amusement Device Bureau				
32 **Expand Inspection Staff with Receipt Support**				
Adds two elevator inspectors to conduct safety inspections in the Raleigh and Charlotte areas. Funds will be provided with increased receipts generated by inspections conducted with these additional positions.				
33 **Reduce Funds for Travel**	($17,340)	R	($17,340)	R
Eliminate continuation budget increase for in-state travel.				

	FY 1999-2000	FY 2000-2001
Requirements	$235,000	$235,000
Receipts	($235,000)	($235,000)
Appropriation	0	0

	FY 1999-2000	FY 2000-2001
Requirements	$115,852	$115,852
Receipts	($115,852)	($115,852)
Appropriation	0	0

Senate Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
Occupational Safety and Health				
34 **Eliminate Vacant Position** Eliminate vacant Applications Analyst Programmer I position.	($54,668) -1.00	R	($54,668) -1.00	R
Research and Information Technology				
35 **Information Technology Funds** Funds to support the costs of implementing the IRMC policy requiring agencies to connect and store e-mail messages in a central message store maintained by State Processing Information Services. Funds also support the implementation of an Enterprises Document Management System.	$22,000 $100,000	R NR	$22,000	R
Total Legislative Changes	**($87,780)** **$100,000**	**R** **NR**	**($87,780)**	**R**
Total Position Changes	-2.00		-2.00	
Revised Budget	**$16,469,251**		**$16,369,251**	

Environment and Natural Resources

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$152,272,341		$153,992,565	

Legislative Changes

(1.00) Administration

36 **Eliminate Vacant Positions & Salary Reserve** ($66,715) R ($66,715) R

Eliminate vacant administrative positions and salary reserve: -3.10 -3.10

Salary Reserve ($13,838)

Controller's Office
Internal Auditing Manager I (0.10 FTE) ($8,021)
Accounting Clerk IV (2.00 FTEs) ($39,907)

Information Technology Services
Data Base Administrator (1.00 FTE) ($4,949)

(1.00) Regional Offices

37 **Shift Position to Receipt Support** ($69,644) R ($69,644) R

Shift funding for Computing Consultant IV position to receipt support. -1.00 -1.00

(2.00) Aquariums

38 **Reduce Operating Support** ($88,009) R ($88,009) R

Reduce operating support line items at the aquariums.

(2.00) Forest Resources

39 **Eliminate Vacant Position & Reduce Salary Reserve** ($51,966) R ($51,966) R

Eliminate vacant Pilot III position and reduce salary reserve. -1.00 -1.00

Pilot III ($51,188)
Salary Reserve ($778)

40 **Equipment Reduction**

Delay replacement of fire-fighting helicopters by one year. ($2,100,000) NR

41 **Division Wide Reductions** ($400,000) R ($400,000) R

Reduce various operating/equipment line items throughout the division. ($180,000) NR

	FY 99-2000		FY 2000-01	
42 Assistant County Ranger NEW	$23,309	R	$23,309	R
Funds to support an Assistant County Ranger position in Nash County.	$24,511	NR		
	1.00		1.00	
(2.00) Marine Fisheries				
43 Eliminate Vacant Position	($25,555)	R	($25,555)	R
Eliminate vacant Research Vessel Crew Member position.	-1.00		-1.00	
44 Increase Budgeted Receipts	($150,000)	R	($150,000)	R
Increase the budgeted amount of license receipts to reflect increased revenue from the sale of commercial and recreational commercial gear fishing licenses as a result of the Fisheries Reform Act of 1997.				
45 Information Technology Funds NEW				
Funds to continue consolidation and modernization of existing computerized information management systems to facilitate access to licensing, permitting, commercial landings, biological and habitat data.	$1,000,000	NR		

→ House included -100,000 R reduction for Fisheries Resource Grant Program

(2.00) Museum of Natural Sciences

46 Eliminate Position and Reduce Equipment	($58,316)	R	($58,316)	R
Eliminate Scientific Illustrator position at the Museum of Natural Sciences and reduce equipment line items.	-1.00		-1.00	
Scientific Illustrator ($43,316)				
Equipment ($15,000)				
47 Eliminate Vacant Position & Reduce Salary Reserve	($44,810)	R	($44,810)	R
Eliminate vacant Program Assistant IV position and reduce salary reserve.	-1.00		-1.00	
Program Assistant IV ($36,416)				
Salary Reserve ($ 8,394)				
48 Grassroots Science Museums	$2,785,000	R	$2,785,000	R
Additional funds to expand the Grassroots Science program and to add three new museums to the program:				
Aurora Fossil Museum				
Colburn Gem and Mineral Museum				
Granville County Museum - Harris Gallery				

House includes additional $250,000 nonrecurring

(2.00) N.C. Zoological Park

49 Eliminate Vacant Position	($8,614)	R	($8,614)	R
Eliminate vacant Groundsworker position at the N.C. Zoological Park.	-0.50		-0.50	

	FY 99-2000		FY 2000-01	
50 Reduce Equipment Reduce equipment line item in the N.C. Zoological Park.	($92,487)	R	($92,487)	R
(2.00) Office of Environmental Education				
51 Reduce Operating Support Reduce various operating support line items in the Office of Environmental Education.	($6,291)	R	($6,291)	R
52 Environmental Education Grant Funds Funds to provide grants to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers.	$200,000	NR		
(2.00) Parks and Recreation				
53 Eliminate Vacant Position Eliminate vacant Office Assistant III position.	($22,948) -1.00	R	($22,948) -1.00	R
54 Delay Operating Reserve Increase Delay increase in division's continuation budget operating reserve for capital projects.	($876,598)	R	$65,969 $365,500	R NR
55 Expand Natural Heritage Program Funds to inventory natural areas in counties that have not been surveyed under the Natural Heritage program.	$50,000	NR		
(2.00) Soil and Water Conservation				
56 Agriculture Cost Share County Technical Assistance Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design and installation of agricultural best management practices (BMPs) to improve water quality. House includes $100,000 R	$50,000	R	$50,000	R
57 NC Conservation Reserve Enhancement Program (CREP) Funds to administer the CREP program, a state-federal partnership to enroll 100,000 acres of agricultural cropland adjacent to rivers, streams, estuarine waters and wetlands in long-term conservation easements. The focus of the program will be development of riparian buffers in the Chowan, Neuse and Tar-Pamlico River Basins and the Lake Jordan watershed.	$353,044 $153,000 4.00	R NR	$353,044 4.00	R
(3.00) Air Quality				
58 Shift Position to Receipt Support Shift funding for an Environmental Chemist I position to fuel tax receipts.	($38,992) -1.00	R	($38,992) -1.00	R

	FY 99-2000		FY 2000-01	
59 Increase Budgeted Receipts Increase the budgeted amount of program receipts and reduce the division's general fund appropriation by an equal amount.	($100,000)	R	($100,000)	R
(3.00) Coastal Management				
60 Reduce Grants Reduce land-use planning grants to local governments for one year.	($100,000)	NR		
(3.00) Environmental Health				
61 Eliminate Vacant Positions Eliminate vacant environmental health positions: Environmental Technician III (0.50 FTE) ($16,225) Environmental Health Reg'l Specialist (1.00 FTE) ($38,992)	($55,217) -1.50	R	($55,217) -1.50	R
62 Eliminate Position and Operating Support Eliminate partial position and reduce operating support in the Public Water Supply program: Operating Funds ($887) Water/Wastewater Treatment Plant Consultant ($28,914)	($29,801) -0.50	R	($29,801) -0.50	R
63 Reduce Equipment Reduce equipment replacement funds in the Shellfish Sanitation program.	($25,725)	R	($25,725)	R
64 Food Sanitation Program Funds to provide training and continuing education to local environmental health specialists to improve the consistency of implementation and enforcement of food sanitation rules.	$100,000	NR		
(3.00) Land Resources				
65 Eliminate Vacant LLRW Position Eliminate vacant Geologist II position assigned to the low level radioactive waste project.	($42,907) -1.00	R	($42,907) -1.00	R
66 Shift Position to Receipt Support Shift funding for an Environmental Engineer I position in the sedimentation program to receipt support.	($52,929) -1.00	R	($52,929) -1.00	R
67 Reduce Operating Support Reduce various operating support line items in the division.	($65,696)	R	($65,696)	R

	FY 99-2000		FY 2000-01	
68 Sedimentation and Erosion Control Expansion	$756,399	R	$756,399	R
Funds for additional field staff to perform erosion and sediment control inspections at commercial and residential devleopment sites to determine compliance with required management practices to minimize the impact of land disturbing activities on water quality. Funds will also be used to provide technical training and incentives to local governments to start and improve sediment control programs.	$307,773	NR		
	10.00		10.00	
(3.00) Pollution Prevention/Environmental Assist.				
69 Eliminate Pollution Prevention Challenge Grants	($70,000)	R	($70,000)	R
Eliminate funding for pollution prevention challenge grants for business and industry.				
(3.00) Radiation Protection				
70 Reduce LLRW Positions	($67,016)	R	($67,016)	R
Eliminate two positions assigned to the low level radioactive waste project (LLRW):	-2.00		-2.00	
Environmental Radiation Specialist ($42,907) Data Entry Specialist ($24,109)				
71 Reduce Rental/Lease Costs	($17,275)	R	($51,825)	R
Reduce continuation budget inflationary increase for office/lab space rental to reflect actual lease agreement.				
(3.00) Waste Management				
72 Reduce Superfund Matching Funds/Cash Balance	($800,000)	R	($800,000)	R
Eliminate recurring appropriation to match federal funds to cleanup contaminated hazardous waste sites on the National Priority List (NPL) of Superfund sites. Also reduce the department's general fund appropriation for the 1999-2000 fiscal year by $200,000 and replace the funds with a one-time transfer from the Superfund Cost Share Fund, thereby reducing the fund's cash balance.	($200,000)	NR		
(3.00) Water Quality				
73 Eliminate Vacant Positions	($120,749)	R	($120,749)	R
Eliminate vacant water quality positions:	-3.00		-3.00	
Community Planner II ($40,814) Environmental Specialist II ($37,681) Environmental Engineer I ($42,254)				
74 Reduce Equipment				
Reduce continuation budget increase for equipment replacement.	($300,000)	NR		

	FY 99-2000		FY 2000-01	
75 Increase Budgeted Receipts Increase budgeted receipts for the animal waste compliance program and reduce the general fund appropriation by an equal amount.	($150,000)	R	($150,000)	R
76 Eliminate Pesticide Study Positions Eliminate two positions assigned to work with the Department of Agriculture and Consumer Services on a study of pesticide contamination in groundwater and the development of statewide pesticide management plans. Hydrogeologist II ($44,111) Hydrogeological Technician I ($35,448) Operating Funds ($20,441)	($100,000) -2.00	R	($100,000) -2.00	R
77 Groundwater Quality Protection Funds to characterize and evaluate aquifers in the piedmont and mountain areas of the state to help define areas of highly vulnerable groundwater and to begin development of a long-term groundwater protection plan.	$537,111 $22,000 8.00	R NR	$700,020 8.00	R
78 Protect Buffers and Wetlands Funds to administer the state's riparian buffer protection requirements, compensatory mitigation program and restoration fund. Funds also to improve compliance with 401 Water Quality Certifications issued by the state.	$339,467 $46,000 6.00	R NR	$339,467 6.00	R
(3.00) Water Resources				
79 Reduce Operating Support Reduce operating support line items in the division.	($52,888)	R	($52,888)	R
(4.00) Department Wide				
80 Reduce Operating Support Reduce operating support associated with vacant positions recommended for elimination by the Governor.	($21,900)	R	($21,900)	R
81 Surplus Property - Increase Receipts Increase the amount of budgeted receipts from the sale of surplus property for the 1999-2000 fiscal year and reduce the department's general fund appropriation by an equal amount.	($50,000)	NR		
(5.00) Reserves and Special Funds				
82 Eliminate Cash Balance - Beach Erosion Loan Fund Reduce department's general fund appropriation for the 1999-2000 fiscal year and replace the funds with a one-time transfer from the Beach Erosion Loan Fund. This reduction eliminates the cash balance in the loan fund.	($250,000)	NR		

	FY 99-2000		FY 2000-01	
83 Cape Fear River Assembly, Inc. Funds for programs to monitor and improve water quality of the Cape Fear River.	$500,000	NR		
House includes $1 million NR				
84 Chatham LLRW Facility Siting Assistance Funds Grant-in-aid to Chatham County for expenses incurred as part of their participation in the licensing and siting of a low level radioactive waste facility.	$100,000	NR		
85 Partnership for the Sounds Funds for ecotoursim projects and programs. Funds are limited to existing projects and programs or any expansion recommended by the Board of Directors of the Partnership for the Sounds.	$25,000	NR		
Language is different				
86 Rivernet Water Quality Monitoring & Research Funds Funds to implement a Rivernet pilot project in an area of the state with impaired waters using a technology-based water quality and nutrient monitoring system to monitor, collect and disseminate water quality data. Also provides research funds for collaborative water quality studies among DENR and any constituent institution of The University of North Carolina.	$700,000 $500,000	R NR	$700,000	R
Language is different. House recurring is $650,000				
87 Resource Conservation and Development Councils Funds to provide each of the state's nine Resource Conservation and Development Councils a $25,000 grant to use as leverage for other grants to be allocated by each county in the regional council.	$225,000	NR		
88 Museum of Life and Science Funds to support the BioQuest exhibit at the Museum of Life and Science.	NEW $1,000,000	NR		
89 Conservation Trust for North Carolina Funds to provide technical assistance and other support for North Carolina's private land trusts and to promote the State conservation tax credit program for land conservation.	NEW $150,000	NR		
(6.00) Wildlife Resources Commission				
90 Beaver Control Program Provides support for the Beaver Control Program statewide.	$500,000	R	$500,000	R
Total Legislative Changes	**$2,271,282** **$1,223,284**	R NR	**$3,342,208** **$365,500**	R NR
Total Position Changes	7.40		7.40	
Revised Budget	**$155,766,907**		**$157,700,273**	

Commerce

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$40,062,400		$40,082,482	
Legislative Changes				
Administrative Services				
91 **Increase Administrative Charges** Increase administrative charges for accounting and personnel services provided by the department to receipt supported regulatory commissions and agencies.	($120,000)	R	($120,000)	R
Business and Industry				
92 **Eliminate Vacant Position** Eliminate vacant Program Assistant IV position.	($27,646) -1.00	R	($27,646) -1.00	R
93 **Marketing and Trade Missions** Funds to support the division's participation in marketing missions and at industry trade shows, and for general advertising purchases to promote economic development in the state.	$250,000 $250,000	R NR	$250,000	R
94 **Industrial Recruitment Competitive Fund** Continues support for the Industrial Recruitment Competitive Fund.	$2,000,000 House includes $2,500,000 NR	NR		
Center for Entrepreneurship and Technology				
95 **Eliminate Vacant Position** Eliminate vacant Deputy Director position for the former NC ACTS program.	($68,669) -1.00	R	($68,669) -1.00	R
Community Assistance				
96 **Councils of Government/Lead Regional Organizations** Provides additional funds for councils of government/lead regional organizations. This appropriation raises the total funding level to $990,000 and allocates up to $55,000 to each organization.	$125,730	R	$125,730	R
97 **Small Town Revitalization/County Planning Program** Funds to implement the Small Town Revitalization and County Planning Program to enhance economic development in Western North Carolina.	NEW $100,000	NR		

Senate Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
Department Wide				
98 **Reduce Operating Support** Reduce operating support associated with vacant positions recommended by the Governor.	($6,000)	R	($6,000)	R
Energy Division				
99 **Eliminate General Fund Appropriation** Eliminate general fund appropriation and shift funding for three positions and operating support to receipts.	($192,367) -3.00	R	($192,367) -3.00	R
Energy Division Director ($73,279) Administrative Secretary II ($37,955) Energy Division Section Chief ($73,912) Operating Support ($ 7,221)				
Executive Aircraft Operations				
100 **Reduce Aircraft Lease** Reduce appropriation for aircraft lease/purchase to reflect actual lease costs.	($200,000)	R	($200,000)	R
International Trade				
101 **Reduce Salary Funds for Contract Personnel** Eliminate continuation budget salary increase for contract personnel.			($23,165)	R
102 **NC/Israel Partnership** Funds to foster economic development with Israel.	$100,000	NR		
Reserves and Transfers				
103 **Regional Economic Development Commissions** Increase support for the state's seven regional economic development commissions from $4.275 million to $6.075 million.	$1,800,000	R	$1,800,000	R
104 **Smart Growth, Infrastructure & Development Issues** Provides funds for a commission to study growth, infrastructure and development issues and recommend initiatives to promote comprehensive and coordinated local, regional, and state planning, facility financing and growth management.	$200,000 House language is different	NR		
105 **Job Loss Assistance Funds** Funds to assist counties having the greatest number of announced business closings and permanent layoffs in fiscal year 1998-1999 relative to total county population.	New $500,000	NR		

Senate Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
Tourism, Film and Sports Development				
106 **Reduce Operating Support** Reduce postage and telephone line items.	($75,000)	R	($75,000)	R
107 **Advertising and Marketing Funds** Funds to expand advertising and marketing campaigns designed to promote North Carolina as a travel and tourism destination.	$2,000,000	R	$2,000,000	R
108 **Rural Tourism Development Grant Funds** Funds for the Rural Tourism Development Grant Program to encourage the development of new tourism projects and activities in the rural areas of the state.	$300,000	NR		
109 **Expand Heritage Tourism** Funds for staff and operating support at four new heritage tourism sites. One site will be located in eastern NC, one in western NC and the remaining two sites will be designated by the Secretary of Commerce.	$200,000 4.00	R	$200,000 4.00	R
Total Legislative Changes	**$3,686,048** **$3,450,000**	R NR	**$3,662,883**	R
Total Position Changes	-1.00		-1.00	
Revised Budget	**$47,198,448**		**$43,745,365**	

State Aid to Non-State Entities

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$2,000,000		$2,000,000	
Legislative Changes				
Grants-in-Aid				
110 **Land Loss Prevention Project** Funds to provide free legal representation to low-income, financially distressed farmers.	$450,000	R	$450,000	R
111 **N.C. Association of CDCs** Provides funds to the N.C. Association of Community Development Corporations to provide training and technical assistance to community development corporations statewide.	$400,000	R	$400,000	R
112 **N.C. Minority Support Center** Funds to provide technical assistance to community-based credit unions. Nonrecurring funds are to be used as a match for U.S. Department of Treasury funds for Community Development Financial Institutions.	$600,000 $1,000,000	R NR	$600,000	R
113 **Coalition of Farm and Rural Families** Funds to foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers.	$250,000	R	$250,000	R
114 **Institute of Minority Economic Development** Funds to foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives.	$1,500,000	R	$1,500,000	R
115 **N.C. Community Development Initiative** Additional funds for the North Carolina Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations.	$1,000,000	NR		
116 **4-H Clubs/Eastern North Carolina Livestock Arena** Provides funds for the construction of a facility to replace the Eastern North Carolina Livestock Arena. This facility will be available for horse- and swine-breeding stock auctions, cattle sales, and functions associated with the Future Farmers of America and 4-H Clubs.	$100,000	NR		

Senate Subcommittee on Natural and Economic Resources	FY 99-2000		FY 2000-01	
117 **Technological Development Authority**				
Grant-in-aid to the NC Technological Development Authority for entrepreneurial support and infrastructure including creating new business incubators, enhancing existing incubators, developing capital formation initiatives and supporting research commercialization programs.	$3,500,000	NR		
118 **Yadkin/Pee Dee Lakes Project**				
Grant-in-aid to support the Yadkin/Pee Dee Lakes Project's efforts to promote tourism and economic development.	$100,000	NR		
Total Legislative Changes	**$3,200,000**	R	**$3,200,000**	R
	$5,700,000	NR		
Total Position Changes				
Revised Budget	**$10,900,000**		**$5,200,000**	

* House includes $200,000 R for World Trade Center North Carolina

N.C. Biotechnology Center

GENERAL FUND

	FY 99-2000		FY 2000-01
Recommended Budget	$7,638,913		$7,638,913
Legislative Changes			
N.C. Biotechnology Center			
119 **Increase Biotechnology Funds** NEW Additional nonrecurring funds to continue biotechnology initiatives, programs, and activities.	$2,000,000	NR	
Total Legislative Changes	$2,000,000	NR	
Total Position Changes			
Revised Budget	$9,638,913		$7,638,913

Rural Economic Development Center

GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	$3,907,338		$3,907,338	
Legislative Changes				
Administration				
120 **Center Administration** Provides funds for administration of the Clean Water and Natural Gas Critical Needs Bond Act of 1998.	$200,000	R	$200,000	R
Grant Programs				
121 **Supplemental Funding Program** Provides funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural areas.	$1,500,000	NR		
122 **Capacity Building Assistance Program** Funds for the Capacity Building Assistance Program to pay all or a portion of the costs for providing technical and financial assistance for water and sewer projects.	$1,500,000	NR		
Opportunities Industrialization Centers				
123 **Reduce Appropriation for Pitt-Greenville OIC** Reduce appropriation to the Rural Center for the OICs due to the closing of the Pitt-Greenville OIC and reallocate remaining funds to existing OICs in the amount of $10,000 each.	($10,000)	R	($10,000)	R
124 **Additional Funds for OICs** Provides an additional $40,000 to each of the existing four OICs, bringing their total funding to $100,000 each.	$160,000	R	$160,000	R
Total Legislative Changes	**$350,000** **$3,000,000**	R NR	**$350,000**	R
Total Position Changes				
Revised Budget	**$7,257,338**		**$4,257,338**	

State Information Processing Services

GENERAL FUND

	FY 99-2000		FY 2000-01
Recommended Budget	$0		$0
Legislative Changes			
State Information Processing Services			
125 **Continue N.C. Information Highway**			
Provides nonrecurring funds to continue N.C. Information Highway support at current sites.	$3,596,000	NR	
Total Legislative Changes	**$3,596,000**	**NR**	
Total Position Changes			
Revised Budget	**$3,596,000**		**$0**

Attachment B

Senate Committee on

Natural and Economic Resources

Special Provisions

June 15, 1999

Requested by: Senator Martin of Pitt

NER BLOCK GRANT FUNDS

Section 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2000, according to the following schedule:

WELFARE TO WORK BLOCK GRANT	$ 23,663,882
COMMUNITY DEVELOPMENT BLOCK GRANT	
01. State Administration	1,000,000
02. Urgent Needs and Contingency	1,306,500
03. Community Empowerment	871,000
04. Economic Development	8,710,000
05. Community Revitalization	20,033,000
06. State Technical Assistance	450,000
07. Housing Development	3,484,000
08. Infrastructure	9,145,500
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2000 Program Year	$ 45,000,000

Section 5.1.(b) Decreases in Federal Fund Availability. --

Decreases in federal fund availability for the Community Development Block Grants. -- If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

Section 5.1.(c) Increases in Federal Fund Availability for Community Development Block Grant. --

Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: -- Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

Section 5.1.(d) Limitations on Community Development Block Grant Funds. -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million three hundred six thousand five hundred dollars ($1,306,500) may be

used for Urgent Needs and Contingency; up to eight hundred seventy-one thousand dollars ($871,000) may be used for Community Empowerment; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than twenty million thirty-three thousand dollars ($20,033,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to three million four hundred eighty-four thousand dollars ($3,484,000) may be used for Housing Development; up to nine million one hundred forty-five thousand dollars ($9,145,000) may be used for infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

Section 5.1.(e) Increase Capacity for Nonprofit Organizations. -- Assistance to increase capacity for nonprofit organizations to carry out eligible activities with units of local government is an allowable activity under any program category, in accordance with federal regulations. Community Empowerment category funds not obligated as of December 31, 1999, may be used to fund assistance to increase capacity for projects in any category.

Section 5.1.(f) Welfare to Work Block Grant. -- The Department of Commerce, the Employment Security Commission, and the Department of Health and Human Services may identify within their respective budgets sources of State funds which may be used as a match for the federal Welfare-to-Work Block Grant.

Requested by: Senator Martin of Pitt

COMMUNITY DEVELOPMENT BLOCK GRANT/CHANGES TO PREVIOUS BLOCK GRANT PLANS

Section 5.2. Notwithstanding any other provision of law, Community Development Block Grant funds allocated pursuant to Section 5.1 of S.L. 1998-212 which represent an increase in the State's federal grant shall be allocated in a manner to ensure that twenty percent (20%) of such funds are allocated to the Economic Development program category. The remaining increase in federal grant funds, and funds not obligated under any Block Grant category at the close of the 1998 program year, may be allocated to the Housing Development program category.

99COMM-H12

Requested by: Senator Martin of Pitt

HOME PROGRAM MATCHING FUNDS

Section 12.(a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

Section 12.(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

Section 12.(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2000, or on June 30, 2001.

99COMM-H12.1

Requested by: Senator Martin of Pitt

AFFORDABLE ELDERLY HOUSING FUNDS

Section 12.1. Of the funds appropriated in this act to the Housing Finance Agency for the Housing Trust Fund, the sum of two million five hundred thousand dollars ($2,500,000) for the 1999-2000 fiscal year and five hundred thousand dollars ($500,000) for the 2000-2001 fiscal year shall be used for affordable housing for the elderly.

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

99AGRIC-H13.1

Requested by: Senator Martin of Pitt

STATE BUDGET STUDY OF AGRICULTURAL LOANS AND GRANTS PROGRAM

Section 13.1. The Office of State Budget and Management shall study all private and public farm loans and grants programs available throughout the State, including those available through the Department of Agriculture and Consumer Services, under Article 2 of Chapter 137 of the General Statutes and under Chapter 122D of the General Statutes, to determine the effectiveness and efficiency of each of these programs, whether any duplication exists among any of these programs, and whether any consolidation of any of these programs is warranted. No later than May 1, 2000, the Office of State Budget and Management shall report its findings and any recommendations to the Fiscal Research Division.

99AGRIC-H13.2

Requested by: Senator Martin of Pitt

ASSISTANCE FOR SMALL, FAMILY FARMS

Section 13.2. Of the funds appropriated in this act to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year, the sum of fifty thousand dollars ($50,000) shall be used to provide assistance to farmers who operate small, family farms. By March 1, 2000, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on the use of these funds, including the number and geographic location of the small, family farms assisted through this allocation of funds, the type of assistance provided, and any other information or indicators that demonstrate the overall impact of this allocation of funds.

99AGRIC-H13.3

Requested by: Senator Martin of Pitt

GUIDELINES FOR GRANTS FOR LOCAL AGRICULTURAL FAIRS

Section 13.3. The Department of Agriculture and Consumer Services shall adopt guidelines for the disbursement of funds appropriated to the Department for grants for local agricultural fairs.

99AGRIC-H13.4

Requested by: Senator Martin of Pitt

SOUTHERN DAIRY COMPACT COMMISSION FUNDS

Section 13.4.(a) Of the funds appropriated in this act to the Department of Agriculture and Consumer Services, the sum of five hundred thousand dollars ($500,000) for the 1999-2000 fiscal year shall be credited to a nonreverting reserve within the Department of Agriculture and Consumer Services for the start-up costs of the Southern Dairy Compact Commission, to be established pursuant to Section 4 of Article III of the Southern Dairy Compact, as set forth in G.S. 106-810, and the initial costs of administration and enforcement of the Southern Dairy Compact.

Section 13.4.(b) The Director of the Budget shall make no disbursements from the reserve established in subsection (a) of this section to the Southern Dairy Compact Commission unless Congress ratifies legislation authorizing the operation of the Southern Dairy Compact, and the State of North Carolina and the Southern Dairy Compact Commission enter into a contract, approved by the Attorney General and the Commissioner of Agriculture, that contains all of the following provisions:

(1) That the administrative headquarters of the Southern Dairy Compact Commission shall be located within this State.

(2) That all funds disbursed from the reserve to the Southern Dairy Compact Commission shall be repaid to the State, plus interest at an amount to be agreed upon by the parties, from revenue pledged by the Commission, assessments collected by the Commission, or the reserve of the Commission, in accordance with a repayment schedule to be agreed upon by the parties.

(3) That the Southern Dairy Compact Commission shall issue notes to the State of North Carolina in the amount of the funds disbursed from the reserve under this section.

(4) That, prior to each disbursement, the Southern Dairy Compact Commission shall itemize the needs of the Commission to be served by the requested disbursement and an itemized list showing how the most recent disbursement was spent.

Section 13.4.(c) The contract under this section shall not contain any provision that prevents another participating state, as defined in Section 2 of the Southern Dairy Compact as set forth in G.S. 106-810, from providing some or all of the start-up costs of the Southern Dairy Compact Commission or its initial costs of administration and enforcement of the Southern Dairy Compact.

Section 13.4.(d) All sums repaid to the State pursuant to the contract under this section shall be credited to the General Fund.

Section 13.4.(e) Any funds not disbursed from the reserve under this section by the end of the term of years provided in the contract under this section shall revert at the end of that fiscal year.

Section 13.4.(f) Upon the failure of Congress to ratify legislation authorizing the operation of the Southern Dairy Compact by June 30, 2001, all funds in the reserve shall revert to the General Fund.

99AGRIC-H13.5

Requested by: Senator Martin of Pitt

LOAN PROGRAM FOR SMALL, FAMILY-OWNED FARMS

Section 13.5.(a) The funds appropriated in this act to the North Carolina Rural Rehabilitation Corporation within the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year shall be used to make loans to those farmers of small, family-owned farms having financial difficulty as shown by their inability to obtain affordable conventional loans from other sources.

Section 13.5.(b) The term of the loans under subsection (a) of this section shall not exceed 20 years. These loans shall be provided in accordance with the lending requirements of the North Carolina Rural Rehabilitation Corporation pursuant to Article 2 of Chapter 137 of the General Statutes.

Section 13.5.(c) The Department of Agriculture and Consumer Services shall adopt rules to implement this section.

Section 13.5.(d) Subsection (b) of Section 13.8 of S.L. 1998-212 is repealed.

99AGRIC-H13.7

Requested by: Senator Martin of Pitt

INCREASE GRAPE GROWERS FUNDS

Section 13.7. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services ninety-four percent (94%) of the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and ninety-five percent (95%) of the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~one hundred fifty thousand dollars ($150,000)~~ one hundred seventy-five thousand dollars ($175,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

PART XIV. DEPARTMENT OF LABOR

99LAB-H14

Requested by: Senator Martin of Pitt

DEPARTMENT OF LABOR/BUDGET OVER-REALIZED INDIRECT COST RECEIPTS

Section 14. The Department of Labor may budget over-realized indirect cost receipts up to two hundred thousand dollars ($200,000) in the 1999-2000 fiscal year and up to three hundred thousand dollars ($300,000) in the 2000-2001 fiscal year to fund departmental technology needs.

99LAB-H14.1

Requested by: Senator Martin of Pitt

YOUTH EMPLOYMENT CERTIFICATES

Section 14.1. G.S. 95-25.5(a) reads as rewritten:

"(a) No youth under 18 years of age shall be employed by any employer in any occupation without a youth employment certificate unless specifically exempted. The Commissioner of Labor shall prescribe regulations for youths and employers concerning the issuance, maintenance and revocation of certificates. Certificates will be issued, subject to review by the Department of Labor, by county directors of social services and such of their designees as are approved by the Commissioner; provided, the Commissioner may ~~by regulation require that the Department of Labor issue certificates for occupations with unusual or unique characteristics.~~ also issue certificates, both directly and electronically."

Language differs - Senate adds study

CODE NO. 99LAB-S14.2-D-P

Requested by: Senator Martin of Pitt

ERGONOMICS PROGRAM

Section 14.2.(a) No funds appropriated in this act to the Department of Labor for the 1999-2000 fiscal year or for the 2000-2001 fiscal year shall be used, encumbered, or committed to develop, implement, or enforce an ergonomics standard.

Section 14.2.(b) The Legislative Study Commission on Occupational Musculoskeletal Disorders is created to study the causes, frequency, costs, and prevention of occupational musculoskeletal disorders including, but not limited to, sprains, strains, and repetitive motion disorders.

Section 14.2.(c) The Commission shall be comprised of 16 members. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall appoint Cochairs of the Commission. Appointments to the Commission shall be made as follows:

(1) The President Pro Tempore of the Senate shall appoint four members of the Senate and three members of the general public, one of whom shall be a representative of business or industry management, one of whom shall be a representative of labor, and one of whom shall be a member of the public-at-large.

(2) The Speaker of the House of Representatives shall appoint four members of the House and three members of the general public, one of whom shall be a representative of business or industry management, one of whom shall be a representative of labor, and one of whom shall be a member of the public-at-large.

(3) The Commissioner of Labor shall appoint two members from the general public.

Section 14.2.(d) By April 1, 2000, the Commission shall report to the Joint Legislative Commission on Governmental Operations and to the Senate and House Appropriations Subcommittees on Natural and Economic Resources its findings regarding the prevention of occupational musculoskeletal disorders, including recommendations regarding an ergonomics standard.

ADDS

17

1 PART XV. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

99NATRES-H15

Requested by: Senator Martin of Pitt

SPECIAL RESERVE FUNDS FOR FOREST SEEDLING PROGRAM/BLADEN LAKES STATE FOREST

Section 15. G.S. 113-36 reads as rewritten:

"**§ 113-36. Applications of proceeds from sale of products.**

(a) Application of Proceeds Generally. -- Except as provided in ~~subsection (b) of~~ this section, all money received from the sale of wood, timber, minerals, or other products from the State forests shall be paid into the State treasury and to the credit of the Department; and such money shall be expended in carrying out the purposes of this Article and of forestry in general, under the direction of the Secretary.

(b) Tree Cone and Seed Purchase Fund. -- A percentage of the money obtained from the sale of seedlings and remaining unobligated at the end of a fiscal year, shall be placed in a special, continuing and nonreverting Tree Cone and Seed Purchase Fund under the control and direction of the Secretary. The percentage of the sales placed in the fund shall not exceed ten percent (10%). At the beginning of each fiscal year, the Secretary shall select the percentage for the upcoming fiscal year depending upon the anticipated costs of tree cones and seeds which the department must purchase. Money in this fund shall not be allowed to accumulate in excess of the amount needed to purchase a four-year supply of tree cones and seed, and shall be used for no purpose other than the purchase of tree cones and seeds.

(c) Forest Seedling Nursery Program Fund. -- The Forest Seedling Nursery Program Fund is created within the Department of Environment and Natural Resources, Division of Forest Resources, as a special revenue fund. Except as provided in subsection (b) of this section, this Fund shall consist of receipts from the sale of seed and seedlings as authorized in G.S. 113-35 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Forest Seedling Nursery Program.

(d) Bladen Lakes State Forest Fund. -- The Bladen Lakes State Forest Fund is created within the Department of Environment and Natural Resources, Division of Forest Resources, as a special revenue fund. This Fund shall consist of receipts from the sale of forest products from Bladen Lakes State Forest as authorized in G.S. 113-35 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Bladen Lakes State Forest."

99NATRES-H15.1

Requested by: Senator Martin of Pitt

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

Section 15.1.(a) Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 1999-2000 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2000-2001 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

Section 15.1.(b) G.S. 113-291.10(a) reads as rewritten:

"(a) There is established the Beaver Damage Control Advisory Board. The Board shall consist of nine members, as follows:

(1) The Executive Director of the North Carolina Wildlife Resources Commission, or his designee, who shall serve as chair;

(2) The Commissioner of Agriculture and Consumer Services, or a designee;

(3) The Director of the Division of Forest Resources of the Department of Environment and Natural Resources, or a designee;

(4) The Director of the Soil and Water Conservation Division of the Department of Environment and Natural Resources, or a designee;

(5) The Director of the North Carolina Cooperative Extension Service, or a designee;

(6) The Secretary of Transportation, or a designee;

(7) The State Director of the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant Health Inspection Service, U.S. Department of Agriculture, or a designee;

(8) The President of the North Carolina Farm Bureau Federation, Inc., or a designee, representing private landowners; and

(9) A representative of the North Carolina Forestry Association."

Section 15.1.(c) G.S. 113-291.10(c) reads as rewritten:

"(c) The Wildlife Resources Commission shall implement the program, and may enter a cooperative agreement with the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant Health Inspection Service, United States Department of Agriculture, to accomplish the program."

CODE NO. 99NATRES-H15.2-PD-P

$ difference

Requested by: Senator Martin of Pitt

GRASSROOTS SCIENCE PROGRAM

Section 15.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million four hundred twenty thousand dollars ($3,420,000) for fiscal year 1999-2000 and the sum of three million four hundred twenty thousand dollars ($3,420,000) for fiscal year 2000-2001 are allocated as grant-in-aid for each fiscal year as follows:

	1999-2000	2000-2001
Aurora Fossil Museum	$ 64,066	$ 64,066
Cape Fear Museum	203,944	203,944
Catawba Science Center	179,172	179,172
Colburn Gem and Mineral Museum, Inc.	63,942	63,942
Discovery Place	776,577	776,577
Granville County Museum Commission, Inc. - Harris Gallery	54,420	54,420
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	210,860	210,860
Imagination Station	108,202	108,202
Iredell County Children's Museum	56,243	56,24
Museum of Coastal Carolina	68,274	68,27
Natural Science Center of Greensboro	321,802	321,802
North Carolina Museum of Life and Science	465,240	465,240
Rocky Mount Children's Museum	98,007	98,007
Schiele Museum of Natural History	381,489	381,489
Sci Works Science Center and Environmental Park of Forsyth County	247,501	247,501
Western North Carolina Nature Center	120,261	120,261
Total	$3,420,000	$3,420,000

99NATRES-H15.3

Requested by: Senator Martin of Pitt

TOWN FORK CREEK SOIL CONSERVATION PROJECT

Section 15.3.(a) Section 15.11 of S.L. 1997-443 reads as rewritten:

"Section 15.11. (a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, ~~1999.~~ 2001. Those funds are reallocated as follows:

(1) Five hundred four thousand five hundred sixty dollars ($504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) Nine hundred thirty thousand six hundred eighty dollars ($930,680) to the Stokes County Water and Sewer Authority, Inc., for the Madison Connection Project.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County.

(b) The Department of Environment, Health, and Natural Resources and the Stokes County Water and Sewer Authority, Inc., shall report by October 1 and March 1 of each fiscal year to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management regarding the use of the funds reallocated by this section. Each report shall include all of the following:

(1) The estimated cost of each project.

(2) The date that work on each project began or is expected to begin.

(3) The date that work on each project was completed or is expected to be completed.

(4) The actual cost of each project."

Section 15.3.(b) This section becomes effective June 30, 1999.

99NATRES-H15.4

Requested by: Senator Martin of Pitt

MEADOW BRANCH WATER PROJECT AND DEEP CREEK PROJECT/EXTEND REVERSION DATE

Section 15.4.(a) Section 107(b) of Chapter 561 of the 1993 Session Laws as rewritten by Section 26.1 of Chapter 507 of the 1995 Session Laws and Section 15.46 of S.L. 1997-443 reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1993-94 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund:

(1) Corps of Engineers project feasibility studies, or

(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1993-94, or

(3) State-local Water Resources Development Projects.

Funds, except those allocated in subdivisions (a)(14), (15), (16), and (17) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1994-95 fiscal year. The funds allocated in subdivisions (a)(14), and (16) of this section shall not revert until June 30, 1997. The funds allocated in subdivisions (15) and (17) of this section shall not revert until June 30, ~~1999.~~ 2001."

Section 15.4.(b) Subsection (b) of Section 27.12 of Chapter 507 of the 1995 Session Laws reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1995-96 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1995-96.

(3) State-local Water Resources Development Projects.

(4) Soil Conservation Projects whose schedules have advanced and require State matching funds in fiscal year 1995-96.

~~Funds~~ Funds, except those allocated in subdivision (a)(12) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1996-97 fiscal year. The funds allocated in subdivision (a)(12) of this section shall not revert until June 30, 2001."

Section 15.4.(c) Subsection (b) of Section 34.7 of S.L. 1997-443 reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1997-98 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1997-98.

(3) State-local Water Resources Development Projects.

~~Funds~~ Funds, except those allocated in subdivision (a)(18) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1998-99 fiscal year. The funds allocated in subdivision (a)(18) of this section shall not revert until June 30, 2001."

Section 15.4.(d) This section becomes effective June 30, 1999.

99NATRES-H15.5

Requested by: Senator Martin of Pitt

NER INTERIM STUDY OF DENR ORGANIZATION

Section 15.5. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives shall study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and shall report any recommendations, including any legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study.

99NATRES-H15.6

Requested by: Senator Martin of Pitt

SUPERFUND PROGRAM/INACTIVE HAZARDOUS SITES FUNDS

Section 15.6.(a) The Department of Environment and Natural Resources may use available funds, with the approval of the Office of State Budget and Management, to provide the ten percent (10%) cost share required for Superfund cleanups on the National Priority List sites, to pay the operating and maintenance costs associated with these Superfund cleanups, and for the cleanup of priority inactive hazardous substance or waste disposal sites under Part 3 of Article 9 of Chapter 130A of the General Statutes. These funds may be in addition to those appropriated for this purpose.

Section 15.6.(b) The Department of Environment and Natural Resources and the Office of State Budget and Management shall report to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds.

99NATRES-H15.7

Requested by: Senator Martin of Pitt

FUNDS FOR VOLUNTARY REMEDIAL ACTIONS

Section 15.7.(a) During the 1999-2001 fiscal biennium, the Secretary of Environment and Natural Resources may contribute from the Inactive Hazardous Sites Cleanup Fund up to ten percent (10%) of the cost each fiscal year, not to exceed fifty thousand dollars ($50,000) per site, of implementing a voluntary remedial action program at up to three high-priority sites that substantially endanger public health or the environment.

Section 15.7.(b) No later than April 1 of each year of the 1999-2001 fiscal biennium, the Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Each report shall contain the location of the sites for which a voluntary remedial action program was implemented under subsection (a) of this section, the rationale for the State contributing to the cost of that remedial action, and the amount of the contribution made from the Inactive Hazardous Sites Cleanup Fund.

99NATRES-H15.8

Requested by: Senator Martin of Pitt

DENR POSITION FOR SCRAP TIRE PROGRAM

Section 15.8. Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites to maintain and support a position for the 1999-2000 fiscal year and for the 2000-2001 fiscal year to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites.

99NATRES-H15.9

Requested by: Senator Martin of Pitt

POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE TO SMALL BUSINESSES WITH NEED

Section 15.9. The Division of Pollution Prevention and Environmental Assistance of the Department of Environment and Natural Resources shall, to the extent feasible, give greatest priority to small businesses that can demonstrate financial need when the Division of Pollution Prevention and Environmental Assistance awards grants or otherwise provides technical or financial assistance.

99NATRES-H15.10

Requested by: Senator Martin of Pitt

DENR STUDY ONE-STOP PERMIT PROCESS

Section 15.10. The Department of Environment and Natural Resources shall study the feasibility and benefits of implementing a one-stop permit system to improve coordination within the Department with respect to processing environmental permit applications, communication with the regulated community, and regulatory compliance. The Department shall consider the State of New Jersey's ONE STOP program, which uses a project team composed of permitting, compliance, and enforcement staff to review the permit application, as a model. No later than February 15, 2000, the Department shall report to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on their findings and recommendations.

99NATRES-H15.11

Requested by: Senator Martin of Pitt

REPEAL DUPLICATE REPORTING REQUIREMENT FOR CLEAN WATER MANAGEMENT TRUST FUND

Section 15.11. G.S. 113-145.6(i) is repealed.

99NATRES-H15.12

Requested by: Senator Martin of Pitt

ENVIRONMENTAL EDUCATION GRANTS

Section 15.12.(a) Of the two hundred thousand dollars ($200,000) appropriated in this act to the Department of Environment and Natural Resources for the 1999-2000 fiscal year for environmental education grants, up to fifty thousand dollars ($50,000) may be used by the Department for the 1999-2000 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

(1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or

(2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

Section 15.12.(b) The Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2000, and again by July 1, 2000, on the grant program. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

99NATRES-H15.13

Requested by: Senator Martin of Pitt

PARTNERSHIP FOR THE SOUNDS

Section 15.13.(a) Subject to subsection (c) of this section, the Partnership for the Sounds, Inc., shall, no later than January 15, 2000, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

(1) Program activities, objectives, and accomplishments for the 1998-99 fiscal year;

(2) Itemized expenditures and fund sources for the 1998-99 fiscal year;

(3) Planned activities, objectives, and accomplishments for the 1999-2000 fiscal year, including actual results through December 31, 1999; and

(4) Estimated itemized expenditures and fund sources for the 1999-2000 fiscal year, including actual expenditures and fund sources through December 31, 1999.

Section 15.13.(b) Subject to subsection (c) of this section, the Partnership for the Sounds, Inc., shall, no later than January 15, 2001, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

(1) Program activities, objectives, and accomplishments for the 1999-2000 fiscal year;

(2) Itemized expenditures and fund sources for the 1999-2000 fiscal year;

(3) Planned activities, objectives, and accomplishments for the 2000-2001 fiscal year, including actual results through December 31, 2000; and

(4) Estimated itemized expenditures and fund sources for the 2000-2001 fiscal year, including actual expenditures and fund sources through December 31, 2000.

Section 15.13.(c) The Partnership for the Sounds, Inc., shall provide additional reports to the Joint Legislative Commission on Governmental Operations or the Fiscal Research Division upon request.

Section 15.13.(d) The Partnership for the Sounds, Inc., shall provide a copy of its annual audited financial statement to the Fiscal Research Division within 30 days of issuing the financial statement.

Language differs from House

CODE NO. 99NATRES-H15.14-D2-P

Requested by: Senator Martin of Pitt

NORTH CAROLINA WATER QUALITY WORKGROUP INITIATIVE/RIVERNET MONITORING SYSTEM PILOT PROGRAM/RESEARCH FUNDS

Section 15.14.(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.

(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.

(3) To maintain a web-based water quality data distribution site.

(4) To organize and evaluate existing scientific and State agency water quality databases.

(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

Section 15.14.(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring and Permitting.

(2) Nutrient Management.

(3) Water Pollution Control.

(4) Waste Management.

(5) Groundwater Resources.

(6) Stream Hydrology.

(7) Aquatic Biology.

(8) Environmental Education and Web-Based Data Dissemination.

Section 15.14.(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

Section 15.14.(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

Section 15.14.(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

Section 15.14.(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality and nutrient parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality or nutrient measurement event, which then can be comprehensively analyzed.

Section 15.14.(g) For the 1999-2001 biennium, the North Carolina Water Quality Workgroup shall select as a pilot project site an area of impaired waters within one of the State's river basins based on criteria of the State's basinwide water quality management plans and shall implement a Rivernet monitoring system pilot project in those waters.

Section 15.14.(h) Of the funds appropriated by this act to the Department of Environment and Natural Resources, the sum of one million two hundred thousand dollars ($1,200,000) for the 1999-2000 fiscal year and the sum of seven hundred thousand dollars ($700,000) for the 2000-2001 fiscal year shall be used to implement this section. Those funds shall be allocated as follows:

(1) $300,000 shall be transferred for the 1999-2000 fiscal year and $300,000 for the 2000-2001 fiscal year to the Board of Governors of The University of North Carolina for North Carolina State University to use for operating costs of the Rivernet monitoring system and pilot project including personnel to maintain the system, archive, and disseminate the data.

(2) $500,000 for the 1999-2000 fiscal year only shall be transferred to the Board of Governors of The University of North Carolina to be used by North Carolina State University for the purchase of monitoring equipment, installation of the data transfer network,

and for the installation of the computer hardware and software to archive the data and sustain the web-based data system.

(3) $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year shall be held in a reserve fund to be administered by the Scientific Advisory Council on Water Resources and Coastal Fisheries Management. Monies in the fund shall be used only for research projects recommended by the North Carolina Water Quality Workgroup. The Workgroup shall consider only new studies that promote collaborative work among the Department of Environment and Natural Resources and any constituent institution of The University of North Carolina to collectively close knowledge policy gaps with regard to the State's water quality and the nutrient levels of impaired waters.

CODE NO. 99ENV-S003-PD1-P

NEW

Requested by: Senator Martin of Pitt

PITT LANDFILL REIMBURSEMENT FUNDS

Section 15.15. Notwithstanding G.S. 130A-309.83, three hundred thousand dollars ($300,000) of the funds credited to an account established under G.S. 130A-309.83 shall be transferred to the Department of Environment and Natural Resources for the 1999-2000 fiscal year to be used to partially reimburse Pitt County for the substantial costs Pitt County has incurred to monitor, investigate, and contain contamination caused by the disposal of hazardous waste at its county landfill in 1979 at the State's urging and with the State's assurance of protection.

CODE NO. 99ENV-S006A-P NEW

Requested by: Senators Martin of Pitt, Ballance

WARREN COUNTY PCB LANDFILL DETOXIFICATION FUNDS

Section 15.16. Notwithstanding G.S. 130A-309.83, one million dollars ($1,000,000) of the funds credited to an account established under G.S. 130A-309.83 shall be transferred to the Department of Environment and Natural Resources for the 1999-2000 fiscal year and placed in the nonreverting reserve established under Section 29.9(a) of S.L. 1998-212 to be used for the detoxification of the Warren County polychlorinated biphenyl (PCB) landfill consistent with the provisions of Section 29.9 of S.L. 1998-212.

NOT PROOFED
CODE NO. 99ENV-S004D NEW

Requested by: Senator Martin of Pitt

FOOD SERVICE AT NORTH CAROLINA AQUARIUMS

Section 15.17.(a) Notwithstanding Article 3 of Chapter 111 of the General Statutes, the North Carolina Aquariums may operate or contract for the operation of food or vending services at the North Carolina Aquariums. Notwithstanding G.S. 111-43, the net proceeds of revenue generated by food and vending services that are provided at the North Carolina Aquariums and are operated by or whose operation is contracted for by the Division of North Carolina Aquariums shall be credited to the North Carolina Aquariums Fund.

Section 15.17.(b) This section shall not be construed to alter any contract for food or vending services at the North Carolina Aquariums that is in force at the time this section becomes law.

Section 15.17.(c) The Revisor of Statutes shall codify this section in Article 3 of Chapter 111 of the General Statutes.

NEW

Requested by: Senators Martin of Pitt, Perdue

BEACH AND MOUNTAIN RESTORATION PLAN

Section 15.18. The Department of Environment and Natural Resources shall evaluate the current condition of North Carolina's beaches and mountains and shall develop recommendations for a State plan to address issues of environmental protection, conservation, preservation, and restoration. The recommendations shall include proposed State, federal, and local government sources of funding for implementation of the plan,

The Department shall report the results of the evaluation and its recommendations to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations prior to April 15, 2000.

99COMM-H16

Requested by: Senator Martin of Pitt

DEPARTMENT OF COMMERCE BUDGET REVISIONS

Section 16. The Department of Commerce, in consultation with and upon approval of the Office of State Budget and Management, shall make the necessary revisions to its budget to ensure that positions and related operating funds are budgeted in the appropriate fund codes of the divisions to which the positions are assigned and the operating expenses support. These revisions should result in a departmental budget that accurately reflects the Department's organizational structure and lines of management. The budget revisions shall be submitted to and approved by the Office of State Budget and Management not later than January 1, 2000. The Department of Commerce shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division a progress report no later than October 15, 1999, and a final report no later than January 15, 2000, on all budget revisions made to implement this section.

99COMM-H16.1

Requested by: Senator Martin of Pitt

WANCHESE SEAFOOD INDUSTRIAL PARK FUNDS

Section 16.1. Of the funds appropriated in this act to the Department of Commerce for the Wanchese Seafood Industrial Park, the sum of one hundred twenty-one thousand one hundred twenty dollars ($121,120) for the 1999-2000 fiscal year and the sum of one hundred twenty-one thousand one hundred twenty dollars ($121,120) for the 2000-2001 fiscal year may be expended by the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes, in addition to funds available to the Authority for these purposes.

99COMM-H16.2

Requested by: Senator Martin of Pitt

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

Section 16.2.(a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Monies allocated from the Fund shall be used for the following purposes:

(1) Installation or purchase of equipment;

(2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and

(3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Monies may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of monies from the Fund.

Section 16.2.(b) The Department of Commerce shall report on or before October 1, 1999, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

99COMM-H16.3

Requested by: Senator Martin of Pitt

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section 16.3.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 16.3.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

CODE NO. 99COMM-H16.4-D-P Reporting change

Requested by: Senator Martin of Pitt

REGIONAL COMMISSION REPORTS

Section 16.4.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 1999;

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999.

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2000;

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

Section 16.4.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 1999-2001 biennium shall by January 15 of each fiscal year report to the Department of Commerce the following information for the most recently completed fiscal year:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;

(2) The number of jobs saved;

(3) The amount of investment and number of jobs created by the direct efforts of a commission;

(4) Initiatives undertaken to establish certified sites and shell buildings;

(5) The number of referrals or leads handled that were generated by the Department of Commerce;

(6) The number and listing of available sites and buildings within the region served by a commission;

(7) A listing of major accomplishments.

99COMM-H16.5

Requested by: Senator Martin of Pitt

REPEAL STATUTORY REPORTING REQUIREMENTS FOR REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

Section 16.5.(a) G.S. 158-8.1(e) reads as rewritten:

"(e) In addition to the powers and duties granted to economic development commissions in this Article, the Western North Carolina Regional Economic Development Commission shall:

(1) Survey Western North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process.

(2) Develop and evaluate alternatives for Western North Carolina economic development.

(3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan.

(4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties.

~~(5) Report to the General Assembly by March 31 each year on the work of the Commission.~~"

Section 16.5.(b) G.S. 158-8.2(f) reads as rewritten:

"(f) In addition to the powers and duties granted to economic development commissions in this Article, the Northeastern North Carolina Regional Economic Development Commission shall:

(1) Adopt and implement an economic development program, with the assistance of the economic development advisory board, as follows:

a. Survey northeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;

b. Enhance economic development activities that use the area's natural resources;

c. Develop and evaluate alternatives for northeastern North Carolina economic development;

d. Develop a preferred economic development plan for the region and establish strategies for implementing the plan;

e. Conduct feasibility studies to determine the nature and placement of economic developments for maximum economic impact;

f. Identify potential sites for economic development; and

g. Carry out other activities to develop and promote economic development;

(2) Adopt and implement a tourism development program, with the advice and assistance of the tourism advisory board, as follows:
a. Adopt, implement, and update a water-based tourism development strategy;
b. Provide assistance to developers with requirements for tourism development, as deemed necessary by the Commission;
c. Conduct feasibility studies to determine the nature and placement of tourism developments for maximum economic impact;
d. Identify sites for tourism development; and
e. Carry out other activities to develop and promote water-based tourism; and

(3) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and ~~duties; and~~ duties.

~~(4) Report to the General Assembly by March 31 each year on the work of the Commission.~~"

Section 16.5.(c) G.S. 158-8.3(e) reads as rewritten:

"(e) In addition to the powers and duties granted to economic development commissions in this Article, the Southeastern North Carolina Regional Economic Development Commission shall:

(1) Survey southeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;
(2) Develop and evaluate alternatives for southeastern North Carolina economic development;
(3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan; and
(4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and ~~duties; and~~ duties.

~~(5) Report to the General Assembly by March 31 each year on the work of the Commission.~~"

99COMM-H16.6

Requested by: Senator Martin of Pitt

MODIFY NORTHEAST REGIONAL ECONOMIC DEVELOPMENT COMMISSION

Section 16.6.(a) G.S. 158-8.2 reads as rewritten:

"**§ 158-8.2. Creation of Northeastern North Carolina Regional Economic Development Commission.**

(a) There is created the Northeastern North Carolina Regional Economic Development Commission to facilitate economic development ~~and tourism development~~ in Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington Counties, and any other county assigned to the Commission by the Department of Commerce as authorized by law. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce. Funds appropriated for the Commission by the General Assembly shall be disbursed directly to the Commission at the beginning of each fiscal year.

(b) The Commission shall consist of 18 appointed members and ~~two~~ one ex officio ~~members,~~ member, as ~~follows:~~ provided below. Each appointed member shall be an experienced business person who resides for most of the year in one or more of the counties that are members of the Commission.

(1) Six members shall be appointed by the ~~Governor, including one developer of northeastern North Carolina, one banker, one county commissioner from Camden, Currituck, Pasquotank, or Perquimans Counties, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law, and one county commissioner from Beaufort, Bertie, Chowan, or Martin Counties, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law.~~ Governor.

(2) Six members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. ~~120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Dare, Hyde, Tyrrell, or Washington Counties.~~ 120-121.

(3) Six members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. ~~120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Halifax, Hertford, Gates, or Northampton Counties.~~ 120-121.

(4) The Secretary of Commerce, or a designee.

~~(5) The Secretary of Cultural Resources, or a designee.~~

Any person appointed to the Commission ~~in a categorical appointment as~~ who is also a county commissioner may hold ~~such~~ that office in addition to the offices permitted by G.S. 128-1.1. The appointing authorities are encouraged to discuss and coordinate their appointments in an effort to ensure as many counties served by the Commission are represented among the membership of the Commission.

(c) ~~The appointing authority shall designate two of the initial appointees pursuant to subdivision (b)(1), one of the initial appointees pursuant to subdivision (b)(2), two of the initial appointees pursuant to subdivision (b)(3), and two of the initial appointees pursuant to subdivision (b)(4) to serve for terms ending June 30, 1995; the remainder of the initial appointees shall serve for terms ending June 30, 1997. Their successors shall serve for four-year terms ending on June 30 quadrennially thereafter.~~ All members shall serve staggered two-year terms ending on June 30 biennially.

(d) Any appointment to fill a vacancy on the Commission shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be in accordance with G.S. 120-122.

(d1) The initial meeting shall be called by the Secretary of the Department of Commerce. The Commission shall meet no less than quarterly.

(e) The Commission shall ~~appoint an economic development advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing an economic development program. The Commission shall also appoint a tourism advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing a tourism development program. Members of the Commission may serve on these advisory boards.~~ elect annually from among its membership a four-member executive committee consisting of a chair, a vice-chair, a secretary, and a treasurer. Members shall serve one-year terms on the executive committee. The executive committee shall meet no less than quarterly.

(f) In addition to the powers and duties granted to economic development commissions in this Article, the Northeastern North Carolina Regional Economic Development Commission shall:

(1) Adopt and implement an economic development program, with the assistance of the economic development advisory board, as follows:

a. Survey northeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;

b. Enhance economic development activities that use the area's natural resources;

c. Develop and evaluate alternatives for northeastern North Carolina economic development;

d. Develop a preferred economic development plan for the region and establish strategies for implementing the plan;

e. Conduct feasibility studies to determine the nature and placement of economic developments for maximum economic impact;

f. Identify potential sites for economic development; and

g. Carry out other activities to develop and promote economic ~~development;~~ development.

~~(2) Adopt and implement a tourism development program, with the advice and assistance of the tourism advisory board, as follows:~~

~~a. Adopt, implement, and update a water-based tourism development strategy;~~

~~b. Provide assistance to developers with requirements for tourism development, as deemed necessary by the Commission;~~

~~c. Conduct feasibility studies to determine the nature and placement of tourism developments for maximum economic impact;~~

~~d. Identify sites for tourism development; and~~

~~e. Carry out other activities to develop and promote water-based tourism;~~

(3) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and ~~duties; and~~ duties.

(4) Report to the General Assembly by March 31 each year on the work of the Commission.

(g) Within the limits of funds available, the Commission may hire and fix the compensation of any personnel necessary to its operations, contract with consultants for any services as it may require, and contract with the State of North Carolina or the federal government, or any agency or department thereof, for any services as may be provided by those agencies. The Commission shall hire an employee to serve as president and chief executive officer. The Commission may carry out the provisions of any contracts it may enter.

Within the limits of funds available, the Commission may lease, rent, purchase, or otherwise obtain suitable quarters and office space for its staff, and may lease, rent, or purchase necessary furniture, fixtures, and other equipment.

(h) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem of one hundred dollars ($100.00) a day for each day of service when the Commission meets and shall be reimbursed for travel and subsistence as provided in G.S. 138-5. ~~The Commission may adopt policies authorizing additional per diem of one hundred dollars ($100.00) a day for non-State employee members' additional days of service including Commission subcommittee meetings or other Commission activities, plus reimbursement for related travel and subsistence as provided in G.S. 138-5. Members of the advisory boards who are State employees shall receive travel expenses as provided in G.S. 138-6 for participating in meetings and other official~~

~~activities authorized by the Commission. Other members of the advisory boards shall receive per diem and travel expenses as provided in G.S. 138-5 for participating in meetings and other official activities authorized by the Commission.~~"

Section 16.6.(b) The Northeastern North Carolina Regional Economic Development Commission shall make the transition from the former membership to the new membership provided in this section as follows:

(1) The present executive committee shall serve until a new executive committee is elected.

(2) The Governor and the General Assembly shall make the appointments provided in G.S. 158-8.2(b)(1) through (3) for terms beginning July 1, 1999. Each appointing authority shall designate one-half of the appointees to serve initial terms of three years and shall designate the remaining appointees to serve two-year terms. Their successors shall serve two-year terms.

(3) On the date the members of the Commission appointed pursuant to this section take office, the terms of all current members of the Commission appointed before the effective date of this act expire.

Replaces House LRC Study

Requested by: Senator Martin of Pitt

CREATE A COMMISSION TO ADDRESS SMART GROWTH, INFRASTRUCTURE, AND DEVELOPMENT ISSUES

Section 16.7.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of two hundred thousand dollars ($200,000) shall be used for the operating expenses of the Commission to Address Smart Growth, Infrastructure, and Development Issues, as established in this section.

Section 16.7.(b) Commission Established. -- There is established a Commission to Address Smart Growth, Infrastructure, and Development Issues.

Section 16.7.(c) Membership. -- The Commission shall consist of 25 members who shall represent, insofar as practicable, the diverse interests and geographic regions of the State. It shall include representatives from government, business, environmental interests, the professions, and citizens. The following members, or their designees shall serve as ex officio members:

(1) The Lieutenant Governor;
(2) The Secretary of the Department of Transportation; and
(3) The Secretary of the Department of Commerce.

The remaining members shall be appointed as follows:

(1) Three representatives from environmental advocacy groups appointed by the Governor, one of whom has expertise in statewide issues of water quality, air quality, and urban development and two of whom have expertise in regional environmental issues;
(2) One representative from the North Carolina Chapter of the American Planning Association, appointed by the Governor;
(3) One representative from the North Carolina Home Builders Association, appointed by the Governor;
(4) One representative from the Mortgage Bankers Association, appointed by the Speaker of the House of Representatives;
(5) One representative who is a residential or commercial developer, appointed by the President Pro Tempore of the Senate;
(6) Two representatives from the North Carolina League of Municipalities who have knowledge about issues of urban growth management and development, one of whom shall be appointed by the President Pro Tempore of the Senate and one of whom shall be appointed by the Speaker of the House of Representatives;
(7) Two representatives from the North Carolina Association of County Commissioners, one of whom shall be appointed by the President Pro Tempore of the Senate and one of whom shall be appointed by the Speaker of the House of Representatives;
(8) One representative from North Carolina Citizens for Business and Industry, appointed by the Governor;

(9) One representative from the North Carolina Farm Bureau Federation, Inc., appointed by the Governor;
(10) One representative from the Rural Economic Development Center, appointed by the President Pro Tempore of the Senate;
(11) One representative from the North Carolina Economic Developers Association who has knowledge about issues concerning urban growth, appointed by the Speaker of the House of Representatives;
(12) One public member, appointed by the President Pro Tempore of the Senate;
(13) One public member, appointed by the Speaker of the House of Representatives; and
(14) Four members of the Senate appointed by the President Pro Tempore of the Senate and four members of the House of Representatives appointed by the Speaker of the House of Representatives.

Appointments to the Commission shall be made not later than September 1, 1999. A vacancy in the Commission or as chair of the Commission resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made.

Section 16.7.(d) Duties of Commission. -- The Commission shall study growth, infrastructure, and development issues and recommend initiatives to promote comprehensive and coordinated local, regional, and State planning, facility financing, and growth management to:

(1) Promote efficient infrastructure provision;
(2) Preserve natural and cultural resources;
(3) Foster economic development;
(4) Foster compatible land-use patterns;
(5) Protect housing affordability and assure consumer choice; and
(6) Enhance the quality of life for the citizens of North Carolina.

The Commission may address all issues deemed necessary to implement coordinated planning and growth but shall study and evaluate in particular:

(1) The present and projected effects of population growth and urban development on the capacity of the State's infrastructure, environment, and economy, particularly those resulting from land use and transportation in the high growth and urbanized metropolitan regions.
(2) Options and/or guidelines for long-term, strategic planning for the efficient growth of urban, retirement, and resort areas of the State, including land-use management and the transfer of development rights.
(3) Incentives to encourage local governments to develop and implement sound land-use management practices.
(4) Planning and growth management goals and processes, including urban growth planning directed toward existing infrastructure and

regionally significant infrastructure, and with appropriate attention to regionally significant environmentally sensitive lands.

(5) The relationship and consistency between local and regional land use, infrastructure, preservation of high-quality farmland, and natural resource/open space plans ensured by a cross-acceptance process in which local, State, and regional representatives reach consensus about areas designated for urbanization, provision of regionally significant infrastructure, and protection of regionally significant environmentally sensitive lands.

(6) Funding requirements for implementation of comprehensive planning and alternative means for meeting those requirements, including consideration of appropriate State, regional, and local responsibilities, to include procedures for directing State expenditures within the metropolitan regions for infrastructure to the region's locally designated and regionally conformed urban growth areas and targeting the expenditure of environmental protection funds to designated environmentally sensitive lands and significant rural lands.

Section 16.7.(e) Evaluation of Other State Growth Management Models. -- The Commission shall evaluate the experience of other states that have created programs to plan and manage growth and development.

Section 16.7.(f) Consultation. -- The Commission shall consult with appropriate State departments, agencies, and board representatives on issues related to transportation, economic development, education infrastructure, technology, natural resource conservation and management, affordable housing, and neighborhood awareness issues.

Section 16.7.(g) Report. -- The Commission shall submit an interim report to the 2000 Regular Session of the 1999 General Assembly and shall submit a final report of its findings and recommendations by January 15, 2001, to the General Assembly, the Governor, and the citizens of the State. The report may include recommendations to (i) enact and implement a program of comprehensive planning, supportive infrastructure development, and growth management and (ii) address the issue of continued oversight of growth and development in the State, including whether a permanent commission should be established. The Commission shall terminate upon filing its final report.

Section 16.7.(h) Expenses of Members. -- Members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

Section 16.7.(i) Chair; Meetings. -- The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate one member to serve as cochair of the Commission.

The Lieutenant Governor shall call the initial meeting of the Commission on or before October 1, 1999. The Commission shall subsequently meet upon such

notice and in such manner as its members determine. A majority of the members of the Commission shall constitute a quorum.

Section 16.7.(j) Subcommittees. -- The Commission may appoint subcommittees of its members and other knowledgeable persons or experts to assist it, including persons with expertise in traditional architectural neighborhood development, in landscape architecture, in rural, nature-based tourism, and in regional planning. It may also appoint a Technical Advisory Board, if deemed desirable by its members to have an ongoing body of technical experts.

Section 16.7.(k) Citizen Participation. -- The Commission shall establish a process of citizen participation that assures the citizens of North Carolina of the opportunity to be informed of and contribute to the work of the Commission. It shall hold meetings throughout the State.

Section 16.7.(l) Cooperation by Government Agencies. -- The Commission may call upon any department, agency, institution, or officer of the State or any political subdivision thereof for facilities, data, or other assistance.

Section 16.7.(m) Funding. -- The Commission may apply for, receive, and accept grants of non-State funds, or other contributions as appropriate to assist in the performance of its duties.

99COMM-H16.8

Requested by: Senator Martin of Pitt, Perdue

MARKETING OF GLOBAL TRANSPARK

Section 16.8.(a) Section 15.2 of S.L. 1998-212 is repealed.

Section 16.8.(b) Of the funds appropriated in this act to the Department of Commerce, the sum of one hundred seventy-two thousand thirty-six dollars ($172,036) for the 1999-2000 fiscal year and the sum of one hundred seventy-two thousand thirty-six dollars ($172,036) for the 2000-2001 fiscal year shall be transferred to the Global TransPark Authority to market the Global TransPark.

99COMM-H16.9

Requested by: Senator Martin of Pitt

PETROLEUM OVERCHARGE ATTORNEYS' FEES

Section 16.9.(a) Unless prohibited by federal law, rule, or regulation, or preexisting settlement agreement, no later than October 1, 1989, the North Carolina Attorney General shall direct the withdrawal of all funds received in the cases of United States v. Exxon and Stripper Well that are held in accounts or reserves located out-of-state for payment of attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation authorized by the Attorney General. The Attorney General shall deposit these funds, and all funds to be received from Petroleum Overcharge Funds in the future for attorneys' fees and reasonable expenses, into the Special Reserve for Oil Overcharge Funds.

Section 16.9.(b) All attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation shall be paid by the State Treasurer from Petroleum Overcharge Funds that have been received by this State and deposited into the Special Reserve for Oil Overcharge Funds.

Section 16.9.(c) Notwithstanding any other provision of law, the Attorney General may authorize the payment of attorneys' fees and reasonable expenses from the Special Reserve for Oil Overcharge Funds without further action of the General Assembly, and funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for the 1999-2000 fiscal year and for the 2000-2001 fiscal year for that purpose.

99COMM-H16.10

Requested by: Senator Martin of Pitt

PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section 16.10.(a) Any funds remaining in the Special Reserve for Oil Overcharge Funds on and after June 30, 1999, may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve Oil Overcharge Funds.

Section 16.10.(b) The Department of Commerce shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. A description of program activities, objectives, and accomplishments supported with petroleum overcharge funds for the State fiscal year 1998-99;

b. An itemized list of the actual expenditures from each of the petroleum overcharge accounts for each of the activities supported with petroleum overcharge funds for the State fiscal year 1998-99, including any expenditures for administrative costs;

c. A list of the cash balances remaining in each of the petroleum overcharge accounts at the end of the State fiscal year 1998-99, including the amount of funds which are obligated; and

d. A description of planned activities, objectives, and accomplishments, including the amount of petroleum overcharge funds budgeted for each activity for State fiscal year 1999-2000.

(2) By January 15, 2001, and more frequently if requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. A description of program activities, objectives, and accomplishments supported with petroleum overcharge funds for the State fiscal year 1999-2000;

b. An itemized list of the actual expenditures from each of the petroleum overcharge accounts for each of the activities supported with petroleum overcharge funds for the State fiscal year 1999-2000, including any expenditures for administrative costs;

c. A list of the cash balances remaining in each of the petroleum overcharge accounts at the end of the State fiscal year 1999-2000, including the amount of funds which are obligated; and

d. A description of planned activities, objectives, and accomplishments, including the amount of petroleum overcharge funds budgeted for each activity for State fiscal year 2000-2001.

99COMM-H16.11

Requested by: Senator Martin of Pitt

NER INTERIM STUDY OF ENERGY DIVISION OF DEPARTMENT OF COMMERCE

Section 16.11. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources shall study the current organization and responsibilities of the Division of Energy of the Department of Commerce to determine its effectiveness and efficiency in managing the State's energy programs and administering Petroleum Overcharge funds, and shall report any recommendations, including legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. In conducting the study the committees may obtain assistance from any resources outside the General Assembly that the committees determine are needed to adequately perform the study.

99COMM-H16.12

Requested by: Senator Martin of Pitt

SPECIAL EMPLOYMENT SECURITY ADMINISTRATION FUND

Section 16.12.(a) Notwithstanding G.S. 96-5(c), there is appropriated from the Special Employment Security Administration Fund to the Employment Security Commission of North Carolina, the sum of two million dollars ($2,000,000) for the 1999-2000 fiscal year and the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year for administration of the Employment Services and Unemployment Insurance Programs.

Section 16.12.(b) Supplemental federal funds or other additional funds received by the Employment Security Commission for similar purposes shall be expended prior to the expenditure of funds appropriated by this section.

99COMM-H16.13

Requested by: Senator Martin of Pitt

AUTHORIZATION TO EXPEND REED ACT FUNDS

Section 16.13. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of five hundred twenty-five thousand one hundred twenty-three dollars ($525,123) for the 1999-2000 fiscal year for automation purposes.

99COMM-H16.14

Requested by: Senator Martin of Pitt

WORKER TRAINING TRUST FUND APPROPRIATIONS

Section 16.14.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 1999-2000 fiscal year for the operation of local offices and the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 2000-2001 fiscal year for the operation of local offices.

Section 16.14.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1999-2000 and the 2000-2001 fiscal years for the following purposes:

(1) $2,400,000 for the 1999-2000 fiscal year and $2,400,000 for the 2000-2001 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) $2,046,000 for the 1999-2000 fiscal year and $1,746,000 for the 2000-2001 fiscal year to the Department of Community Colleges to continue the Focused Industrial Training Program;

(4) $225,000 for the 1999-2000 fiscal year and $225,000 for the 2000-2001 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the Department of Community Colleges for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) $60,000 for the 1999-2000 fiscal year and $60,000 for the 2000-2001 fiscal year to the Office of State Budget and Management to maintain compliance with Chapter 96 of the General Statutes, which directs the Office of State Budget and Management to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor to expand the

Apprenticeship Program. It is intended that the appropriation of funds in this subdivision will result in the Department of Labor serving a benchmark performance level of 10,000 adult and youth apprentices by the year 2000 and maintained or improved thereafter.

99COMM-H16.15

Requested by: Senator Martin of Pitt

WORKFORCE DEVELOPMENT COMMISSION

Section 16.15.(a) Part 3A of Article 10 of Chapter 143B of the General Statutes is repealed.

Section 16.15.(b) Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 3B. Workforce Development.

"**§ 143B-438.10. Commission on Workforce Development.**

(a) Creation and Duties. -- There is created within the Department of Commerce the North Carolina Commission on Workforce Development. The Commission shall have the following powers and duties:

(1) To develop strategies to produce a skilled, competitive workforce that meets the needs of the State's changing economy.

(2) To advise the Governor, the General Assembly, State and local agencies, and the business sector regarding policies and programs to enhance the State's workforce.

(3) To coordinate and develop strategies for cooperation between the academic, governmental, and business sectors.

(4) To establish, develop, and provide ongoing oversight of the 'One-Stop Delivery System' for employment and training services in the State.

(5) To develop a unified State plan for workforce training and development.

(6) To review the plans and programs of agencies, boards, and organizations operating federally funded or State-funded workforce development programs for effectiveness, duplication, fiscal accountability, and coordination.

(7) To develop and continuously improve performance measures to assess the effectiveness of workforce training and employment in the State.

(8) To submit to the Governor and to the General Assembly by April 1, 2000, and biennially thereafter, a comprehensive Workforce Development Plan that shall include at least the following:

a. Goals and objectives for the biennium.

b. An assessment of current workforce programs and policies.

c. An assessment of the delivery of employment and training services to special populations, such as youth and dislocated workers.

d. Recommendations for policy, program, or funding changes.

(9) To serve as the State's Workforce Investment Board for purposes of the federal Workforce Investment Act of 1998.

(b) Membership; Terms. -- The Commission on Workforce Development shall consist of 38 members appointed as follows:

(1) By virtue of their offices, the following department and agency heads or their respective designees shall serve on the Commission: the Secretary of the Department of Health and Human Services, the Chair of the Employment Security Commission, the Superintendent of Public Instruction, the President of the Community Colleges System Office, the Commissioner of the Department of Labor, and the Secretary of the Department of Commerce.

(2) The Governor shall appoint 32 members as follows:

a. Six members representing public, postsecondary, and vocational education.

b. Two members representing community-based organizations.

c. Six members representing labor.

d. Eighteen members representing business and industry.

(3) The terms of the members appointed by the Governor shall be for four years.

(c) Appointment of Chair; Meetings. -- The Governor shall appoint the Chair of the Commission from among the business and industry members, and that person shall serve at the pleasure of the Governor. The Commission shall meet at least quarterly upon the call of the Chair.

(d) Staff; Funding. -- The clerical and professional staff to the Commission shall be provided by the Department of Commerce. Funding for the Commission shall derive from State and federal resources as allowable and from the partner agencies to the Commission. Members of the Commission shall receive necessary travel and subsistence in accordance with State law.

"**§ 143B-438.11. Local Workforce Development Boards.**

(a) Duties. -- Local Workforce Development Boards shall have the following powers and duties:

(1) To develop policy and act as the governing body for local workforce development.

(2) To provide planning, oversight, and evaluation of local workforce development programs, including the local One-Stop Delivery System.

(3) To provide advice regarding workforce policy and programs to local elected officials, employers, education and employment training agencies, and citizens.

(4) To develop a local plan in coordination with the appropriate community partners to address the workforce development needs of the service area.

(5) To develop linkages with economic development efforts and activities in the service area and promote cooperation and

coordination among public organizations, education agencies, and private businesses.

(6) To review local agency plans and grant applications for workforce development programs for coordination and achievement of local goals and needs.

(7) To serve as the Workforce Investment Board for the designated substate area for the purpose of the federal Workforce Investment Act of 1998.

(b) Members. -- Members of local Workforce Development Boards shall be appointed by local elected officials in accordance with criteria established by the Governor and with provisions of the federal Workforce Investment Act. The local Workforce Development Boards shall have a majority of business members and shall also include representation of workforce and education providers, labor organizations, community-based organizations, and economic development boards as determined by local elected officials. The Chairs of the local Workforce Development Boards shall be selected from among the business members.

"**§ 143B-438.12. Federal Program Administration.**

(a) Federal Workforce Investment Act. -- In accordance with the federal Workforce Investment Act, the Commission on Workforce Development shall develop a Five-Year Strategic Plan to be submitted to the U.S. Secretary of Labor. The Strategic Plan shall describe the workforce development activities to be undertaken in the State to implement the federal Workforce Investment Act and how special populations shall be served.

(b) Other Workforce Grant Applications. -- The Commission on Workforce Development may submit grant applications for workforce development initiatives and may manage the initiatives and demonstration projects.

"**§ 143B-438.13. Employment and Training Grant Program.**

(a) Employment and Training Grant Program. -- There is established in the Department of Commerce, Division of Employment and Training, an Employment and Training Grant Program. Grant funds shall be allocated to local Workforce Development Boards for the purposes of enabling recipient agencies to implement local employment and training programs in accordance with existing resources, local needs, local goals, and selected training occupations. The State program of workforce performance standards shall be used to measure grant program outcomes.

(b) Use of Grant Funds. -- Local agencies may use funds received under this section for the purpose of providing services, such as training, education, placement, and supportive services. Local agencies may use grant funds to provide services only to individuals who are (i) 18 years of age or older and meet the federal Workforce Investment Act, title I adult eligibility definitions, or meet the federal Workforce Investment Act, title I dislocated worker eligibility definitions, or (ii) incumbent workers with annual family incomes at or below two hundred percent (200%) of poverty guidelines established by the federal Department of Health and Human Services.

(c) Allocation of Grants. -- The Department of Commerce may reserve and allocate up to ten percent (10%) of the funds available to the Employment and Training Grant Program for State and local administrative costs to implement the Program. The Division of Employment and Training shall allocate employment and training grant funds to local Workforce Development Boards serving federal Workforce Investment Act local workforce investment areas based on the following formula:

(1) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I adult funds as compared to the total of all local areas adult shares under the federal Workforce Investment Act, title I.

(2) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I dislocated worker funds as compared to the total of all local areas dislocated worker shares under the federal Workforce Investment Act, title I.

(3) Local workforce investment area adult and dislocated shares shall be calculated using the current year's allocations to local areas under the federal Workforce Investment Act, title I.

(d) Reports and Coordination. -- The Department of Commerce shall report quarterly to the Governor and to the Speaker of the House of Representatives and the President Pro Tempore of the Senate on the North Carolina Employment and Training Grant Program. The Department shall also provide a copy of these quarterly reports to the North Carolina Commission on Workforce Development.

(e) Nonreverting Funds. -- Funds appropriated to the Department of Commerce for the Employment and Training Grant Program that are not expended at the end of the fiscal year shall not revert to the General Fund, but shall remain available to the Department for the purposes established in this section."

Section 16.15.(c) The Commission on Workforce Preparedness appointed in accordance with Executive Order #4 of March 10, 1993, shall continue to serve as the State's Commission on Workforce Development until January 1, 2001, or until appointments to the North Carolina Commission on Workforce Development created by this section are made consistent with the provisions of G.S. 143B-438.10, whichever comes first.

99COMM-H16.16

Requested by: Senators Martin of Pitt, Perdue

TOURISM PROMOTION FUNDS

Section 16.16. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar ($1.00) for every four State dollars ($4.00).

(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar ($1.00) for every three State dollars ($3.00).

(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars ($4.00) for every State dollar ($1.00).

99COMM-H16.17

Requested by: Senators Martin of Pitt, Perdue

RURAL TOURISM DEVELOPMENT FUNDS

Section 16.17. Of the funds appropriated in this act to the Department of Commerce for the 1999-2000 fiscal year, the sum of three hundred thousand dollars ($300,000) shall be used for the Rural Tourism Development Grant Program. The Department shall establish and implement this Program to provide grants to local governments and nonprofit organizations to encourage the development of new tourism projects and activities in rural areas of the State. The Department shall develop procedures for the administration and distribution of funds allocated to the Rural Tourism Development Program under the following guidelines:

(1) Eligible organizations shall make application under procedures established by the Department;

(2) Eligible organizations shall be nonprofit tourism-related organizations located in the State's rural regions;

(3) Priority shall be given to eligible organizations that have significant involvement of travel and tourism-related businesses;

(4) Priority shall be given to eligible organizations serving economically distressed rural counties;

(5) Priority shall be given to eligible organizations that match funds; and

(6) Funds shall not be used for renting or purchasing land or buildings, or for financing debt.

No recipient or new tourism project shall receive a total of more than fifty thousand dollars ($50,000) of these grant funds for the 1999-2000 fiscal year.

99COMM-H16.19

Requested by: Senator Martin of Pitt

HERITAGE TOURISM FUNDS

Section 16.19.(a) Of the funds remaining in the General Fund operating budget of the Department of Commerce as of June 30, 1999, the sum of one hundred thirty-nine thousand two hundred thirty-three dollars ($139,233) shall not revert and shall be reallocated by the Department to the following Heritage Tourism locations:

(1)	Newbold-White House	$ 40,138.
(2)	Hope Plantation	30,249.
(3)	Historic Murfreesboro	29,624.
(4)	Smoky Mountain Host	39,222.

Section 16.19.(b) This section becomes effective June 30, 1999.

99COMM-H16.20

Requested by: Senator Martin of Pitt

CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY REPORT

Section 16.20. The Center for Entrepreneurship and Technology, a Division of the Department of Commerce, shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999; and

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

99COMM-H16.21

Requested by: Senator Martin of Pitt

NC REAL ENTERPRISES REPORTING

Section 16.21. NC REAL Enterprises shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.22

Requested by: Senator Martin of Pitt

BIOTECHNOLOGY CENTER

Section 16.22.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

Section 16.22.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

Section 16.22.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Section 16.22.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the

same manner as State departments and agencies in preparation for biennium budget requests.

99COMM-H16.23

Requested by: Senator Martin of Pitt

BIOTECHNOLOGY FUNDS FOR MINORITY UNIVERSITIES

Section 16.23. Of the funds appropriated in this act from the General Fund to the North Carolina Biotechnology Center, the sum of one million dollars ($1,000,000) for the 1999-2000 fiscal year and the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year shall be used to continue the special biotechnology program initiative for North Carolina's Public Historically Black Colleges and Universities and the University of North Carolina at Pembroke. This program initiative is a means to get more funds to these institutions of higher education in the short run to help them develop their biotechnology programs and a means to develop a mechanism to improve these institutions' capacity over the long term. The Center's special initiative shall, at a minimum, provide for:

(1) A range of program activities, including grants, designed to enhance the existing strengths and capabilities of the University of North Carolina at Pembroke and North Carolina's Public Historically Black Colleges and Universities;

(2) A Facilities and Infrastructure Review Committee to advise the Center on major program elements and priority projects that would be most helpful to these institutions; and

(3) A Program Advisory Panel with representation from these institutions to advise and make recommendations to the Center's President and Board of Directors on funding proposals under this initiative.

The Center shall report on its biotechnology program grants to universities to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on or before March 1 of each fiscal year, and more frequently as requested by the Commission. These reports shall include the current number of enrollments and the capacity of enrollments in the biotechnology program in each of the universities, the number of faculty in the biotechnology program in each of the universities, whether and to what extent the enrollments, capacity, and number of faculty have changed in the last three academic years in the biotechnology program in each of the universities, how the funds allocated by this section are being used in each of the universities, and any other information that indicates whether these grants are accomplishing their purpose.

99COMM-H16.24

Requested by: Senator Martin of Pitt

TECHNOLOGICAL DEVELOPMENT AUTHORITY REPORT

Section 16.24. The Technological Development Authority, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.25

Requested by: Senator Martin of Pitt

FUNDS FOR TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., WET LAB AND OFFICE CONSTRUCTION DO NOT REVERT

Section 16.25.(a) Funds in the amount of five hundred thousand dollars ($500,000) appropriated in S.L. 1998-212 for the 1998-99 fiscal year to the Department of Commerce and held in a reserve pursuant to Section 15.9 of S.L. 1998-212 for the North Carolina Technological Development Authority, Inc., shall not revert on June 30, 1999. The use of these funds is not limited to construction of wet lab space and additional office space at the First Flight Venture Center. These funds may be used to cover part of the cost of constructing wet lab space and office space or for entrepreneurial support and infrastructure elsewhere in the State.

Section 16.25.(b) This section becomes effective June 30, 1999.

99COMM-H16.26

Requested by: Senator Martin of Pitt

INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH

Section 16.26. Local governments requesting financial assistance from the Industrial Development Fund shall demonstrate to the satisfaction of the Department of Commerce that it would be an economic hardship for the local government to match State assistance from the Fund with local funds. The Department shall develop guidelines for determining hardship.

99COMM-H16.27

Requested by: Senator Martin of Pitt

COUNCIL OF GOVERNMENT FUNDS

Section 16.27.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred ninety thousand dollars ($990,000) for the 1999-2000 fiscal year and nine hundred ninety thousand dollars ($990,000) for the 2000-2001 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

Section 16.27.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

Section 16.27.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

Section 16.27.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

Section 16.27.(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

Section 16.27.(f) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

NEW

CODE NO. 99COMM-S004-P

Requested by: Senators Martin of Pitt, Metcalf, Carter

WNC REVITALIZATION/PLANNING FUNDS

Section 16.27A.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of one hundred thousand dollars ($100,000) for the 1999-2000 fiscal year shall be used to enhance economic development in Western North Carolina through the Small Town Revitalization and County Planning Program. The Department shall establish and implement this Program to encourage small municipalities and county governments to work locally with small business, industry, tourism, and other community organizations to develop collaborative programs focusing on strategies that will lead to the revitalization of downtown areas and efforts by counties to assess and plan for infrastructure and growth needs into and beyond the year 2000.

Section 16.27A.(b) Not less than fifteen percent (15%) of the total funds for the Small Town Revitalization and County Planning Program shall be used for small towns.

Section 16.27A.(c) The Department shall develop procedures for the administration and distribution of funds allocated to the Small Town Revitalization and County Planning Program under the following guidelines:

(1) Municipalities and counties must make application under procedures established by the Department.

(2) Priority shall be given to small municipalities needing assistance with downtown revitalization efforts.

(3) Priority shall be given to counties either with no organized planning effort or with only fledgling programs.

(4) Priority shall be given to municipalities and counties that demonstrate a strong willingness to involve the business, industry, and tourism community in their proposed plan of work.

(5) Priority shall be given to counties and municipalities that match funds.

(6) Priority shall be given to counties and municipalities that demonstrate high need according to Department of Commerce statistics and data.

99COMM-H16.29

Requested by: Senator Martin of Pitt

N.C. INSTITUTE FOR MINORITY ECONOMIC DEVELOPMENT, INC., REPORT

Section 16.29. The N.C. Institute for Minority Economic Development, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.30

Requested by: Senator Martin of Pitt

THE LAND LOSS PREVENTION PROJECT REPORT

Section 16.30. The Land Loss Prevention Project shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.31

Requested by: Senator Martin of Pitt

NORTH CAROLINA COALITION OF FARM AND RURAL FAMILIES, INC., REPORT

Section 16.31. The North Carolina Coalition of Farm and Rural Families, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.32

Requested by: Senator Martin of Pitt

NORTH CAROLINA MINORITY SUPPORT CENTER REPORT

Section 16.32. The North Carolina Minority Support Center shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.33

Requested by: Senator Martin of Pitt

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE, INC., REPORT

Section 16.33. The North Carolina Community Development Initiative, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999; and

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.34

Requested by: Senator Martin of Pitt

NORTH CAROLINA ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS, INC., REPORT

Section 16.34. The North Carolina Association of Community Development Corporations, Inc., shall do the following:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999;

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.35

Requested by: Senator Martin of Pitt

RURAL ECONOMIC DEVELOPMENT CENTER

Section 16.35.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million four hundred seventy thousand dollars ($1,470,000) for the 1999-2000 fiscal year and the sum of one million four hundred seventy thousand dollars ($1,470,000) for the 2000-2001 fiscal year shall be allocated as follows:

	1999-2000 FY	2000-2001 FY
Research and Demonstration Grants	$475,864	$475,864
Technical Assistance and Center Administration of Research and Demonstration Grants	444,136	444,136
Center Administration, Oversight, and Other Programs	350,000	350,000
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	200,000	200,000.

Section 16.35.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennial budget requests.

Section 16.35.(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

Section 16.35.(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

Section 16.35.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand

dollars ($5,400,000) for the 1999-2000 fiscal year and the sum of two million four hundred thousand dollars ($2,400,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $2,450,000 for the 1999-2000 fiscal year and $950,000 for the 2000-2001 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

a. Necessary economic development projects and activities in economically distressed areas;

b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy,

management efficiency, and the ability of the demonstration project to be replicated.

(4) $1,500,000 for the 1999-2000 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.

The grant recipients in this subsection shall be selected on the basis of need.

Section 16.35.(f) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
   b. State fiscal year 1998-99 itemized expenditures and fund sources;
   c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
   d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999.

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

99COMM-H16.36

Requested by: Senator Martin of Pitt

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

Section 16.36.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 1999-2000 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 in each fiscal year to Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 in each fiscal year to the Opportunities Industrialization Center of Lenoir, Greene, and Jones Counties; and

(4) $100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

Section 16.36.(a1) Funds allocated by the Rural Economic Development Center, Inc., to the Pitt-Greenville Opportunities Industrialization Center, Inc., for the 1998-99 fiscal year that are unencumbered and unexpended on June 30, 1999, shall be reallocated in equal amounts to the Opportunities Industrialization Center of Wilson, Inc., and the Opportunities Industrialization Center, Inc., in Rocky Mount. These funds shall be in addition to funds allocated in subsection (a) of this section.

Section 16.36.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1998-99 program activities, objectives, and accomplishments;

b. State fiscal year 1998-99 itemized expenditures and fund sources;

c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999;

d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999.

(2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000;

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000.

(3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

NEW

CODE NO. 99COMM-S003-P

Requested by: Senator Martin of Pitt

OREGON INLET FUNDS/NONREVERT

Section 16.37.(a) Funds appropriated to the Department of Commerce for the 1998-99 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 1999, shall not revert to the General Fund on June 30, 1999, but shall remain available to the Department for legal costs associated with the Project.

Section 16.37.(b) This section becomes effective June 30, 1999.

CODE NO. -P NEW

Requested by: Senator Martin of Pitt

LIMITATION ON INFORMATION HIGHWAY EXPANSION

Section 16.38. No State or federal funds shall be used to establish new information highway sites or to expand or enhance services at existing information highway sites.

Language change

99NERCAP-H29.2

Requested by: Senators Plyler, Perdue, Odom

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

Section 29.2.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project			
(1)	Wilmington Harbor Deepening		$5,700,000
(2)	B. Everett Jordan Lake Water Supply		100,000
(3)	Aquatic Plant Control Statewide and Lake Gaston		150,000
(4)	Manteo Shallowbag Bay Maintenance Dredging		350,000
(5)	Long Beach Sea Turtle Habitat Restoration		354,000
(6)	Lockwood Folly River Feasibility Study		300,000
(7)	Silver Lake Harbor (Ocracoke Island) Maintenance Dredging		160,000
(8)	State-Local Water Projects		750,000
	a. Mitchell River Stream Restoration (Surry County)	166,000	
	b. Muddy Creek Stream Restoration (McDowell and Burke Counties)	50,000	
	c. Elk River Stream Restoration (Avery County)	35,000	
	d. Bethesda Road Drainage (Southern Pines, Moore County)	70,000	
	e. Artillery Road Drainage (Southern Pines, Moore County)	30,000	
	f. Bear Creek Water Management Project Supplement (Wayne County)	30,000	
	g. Flowers Cut Dredging (Pamlico County)	20,000	
	h. Pine Knoll Shores Access Dredging (Carteret County)	32,000	
	i. Town Creek Navigation (Brunswick County)	64,000	
	j. Town of River Bend Navigation Supplement (Craven County)	112,000	
	k. Other Stream Restoration Projects	141,000	
(9)	Stumpy Point Bay Maintenance Dredging		240,000
(10)	Cape Fear above Wilmington Dredging		100,000
(11)	Moravian Creek Flood Control		96,000

(12)	Neuse River Basin Flood Studies	100,000
(13)	Wanchese Harbor Navigation	170,000
(14)	Battery Island Bird Habitat Protection	205,000
(15)	Prospective Feasibility Studies	200,000
(16)	Planning Assistance to NC Communities	150,000
(17)	Emergency Flood Control Projects	120,000
	Total	$9,245,000

Section 29.2.(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1999-2000 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1999-2000.

(3) State-local water resources development projects. Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2000-2001 fiscal year.

Section 29.2.(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

(1) All projects listed in this section.

(2) The estimated cost of each project.

(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.

(5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

Section 29.2.(d) Notwithstanding G.S. 143-23, if additional federal funds that require a State match are received for water resources projects or for beach renourishment projects for the 1999-2001 fiscal biennium, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from General Fund appropriations to match the federal funds.

99NERCAP-H29.3

Requested by: Senators Plyler, Perdue, Odom, Albertson

FORESTRY HEADQUARTERS IN SAMPSON AND MOORE COUNTIES/UNUSED CAPITAL APPROPRIATION

Section 29.3. Any remaining funds from the seven hundred thousand dollars ($700,000) appropriated during the 1998 Session of the General Assembly for the construction of forestry headquarters in Sampson and Moore Counties may be used to supplement projects previously appropriated by the General Assembly.

99NERCAP-H29.4

Requested by: Senators Plyler, Perdue, Odom

REALLOCATE SOUTHEASTERN FARMERS MARKET AND AGRICULTURAL CENTER FUNDS

Section 29.4. Of the sum of five hundred thousand dollars ($500,000) that was appropriated to the Department of Agriculture and Consumer Services for the 1998-99 fiscal year to provide for capital improvement projects in Section 29 of S.L. 1998-212 for continued development of the Southeastern Farmers Market and Agricultural Center, up to two hundred fifty thousand dollars ($250,000) may be used for the construction of electronic message boards to inform the public of the location of, and events and available produce at, the Southeastern Farmers Market and Agricultural Center.

VISITOR REGISTRATION SHEET

NER
Name of Committee

6/15/99
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Natalie English	NC Agribusiness Council
Dianne Beasley	Forestry - ENR
Jason Polyhron	INTERN
Denny Bott	DENR
Sharon Springs	DENR/Office of Env. Education
Lisa Tolley	DENR, Office of Environmental Education
Jeff Van Dyke	BELLSouth
Bill Rowe	NC Justice Center
DAVID HERLONG	State Planning
Dan Holm	DENR
Buck Lattimore	NC Industrial Commission
Tommy Stevens	DWQ
Tom Fransen	DWR
Gwowei Jian	Duke
Henry M Lancaster	NCLM

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Sheree Atteri	OSBM
Johnny Gray	OSBM
Nancy Thompson	MICIC
John Polcastro	AT&T
Angee Waldorf	Labor
Becky Brown	Labor
Frank Bordeaux	NCAFA
Jane Arnold	DENR
Linda Gunn	REDC
Joe McClenny	TDA
Debbie Denny	NCDA&CS

Box 5

1. 2000 Joint Appropriations – Nat & Economic Resources (Interim)
2. 2000 Joint Appropriations – Natural & Economic Resources
3. 1999 Joint Appropriations – Transportation
4. 2000 Joint Appropriations – Transportation
5. 1999 Senate Agriculture/Environment/Natural Resources
6. 2000 Senate Agriculture/Environment/Natural Resources
7. 1999 Senate Children & Human Resources
8. 1999-2000 Senate Commerce

2000

JOINT APPROPRIATIONS – NATURAL & ECONOMIC RESOURCES *(INTERIM)*

MINUTES

JOINT APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES
1999-2000 INTERIM MEETINGS

HOUSE
STAN FOX, CHAIR
BILL OWENS, CHAIR
EDITH WARREN, V. CHAIR
REX BAKER
ARLIE CULP
HOWARD HUNTER
FRANK MITCHELL
CAROLYN RUSSELL
JOE TOLSON
NURHAM WARWICK
ROGER WEST

SENATE
R. L. BOB MARTIN, CHAIR
DAVID WEINSTEIN
BETSY COCHRANE
HAM HORTON
STEVE METCALF
ERIC REEVES
DAN ROBINSON
LARRY SHAW

STAFF
JENNIFER HOFFMAN
JENNIFER WILLIS

COM. ASSISTANTS
MARY CAPPS
JUDY VEORSE
CAROLYN GOODEN

HOUSE COMMITTEE on APPROPRIATIONS
Subcommittee on Natural and Economic Resources

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Fox, Stan	Mary Capps	3-5757	1217	46
Owens, Bill	Judy Veorse	3-0010	632	9
Warren, Edith	Nancy Willis	5-3019	417-A	93
Baker, Rex	Dawn Ellis	3-5787	608	86
Culp, Arlie	Waneta Lord	3-5865	1010	50
Hunter, Howard	Barbara Phillips	3-2962	613	68
Mitchell, Frank	Susan West	3-5931	513	77
Russell, Carolyn	Susan Brothers	5-0873	1213	62
Tolson, Joe	Gayle Christian	5-3024	402	59
Warwick, Nurham	Carolyn Honeycutt	5-3003	419-C	14
West, Roger	Linda Johnson	3-5859	1004	109
Ex officio members:				
Baddour, Phil	Elizabeth Kirkland Carolyn Coordes	5-0850	2301	31
Cunningham, Pete	Valerie Rustin	3-5778	541	7
Dedmon, Andy	Donna Abu Harb	3-5732	2213	12
Earle, Beverly	Ann Raeford	3-5747	535	95
Hackney, Joe	Emily Reynolds	3-5752	2207	69

NER MEMBERSHIP

Senator Bob Martin
Room 410 LOB
NC General Assembly
Raleigh, NC 27601

Senator David Weinstein
Room 2108 LB
NC General Assembly
Raleigh, NC 27601

Senator Betsy Cochrane
Room 1119 LB
NC General Assembly
Raleigh, NC 27601

Senator Ham Horton
Room 1117 LB
NC General Assembly
Raleigh, NC 27601

Senator Steve Metcalf
Room 520 LOB
NC General Assembly
Raleigh, NC 27601

Senator Larry Shaw
Room 625 LOB
NC General Assembly
Raleigh, NC 27601

Senator Eric Reeves
Room 1028 LB
NC General Assembly
Raleigh, NC 27601

Senator Dan Robinson
Room 2113 LB
NC General Assembly
Raleigh, NC 27601

ATTENDANCE

Appropriations / Natural & Economic Resources

1999-2000 Interim Meetings

(Name of Committee)

DATES		01/13/00	04/26/00	12/07/00												
Fox, Stan	Chair	X	X	X												
Owens, Bill	Chair	X	X	X												
Warren, Edith	Vice-Chair	X	X	X												
Baker, Rex		X		X												
Culp, Arlie		X		X												
Hunter, Howard		X		X												
Mitchell, Frank		X	X	X												
Russell, Carolyn			X	X												
Tolson, Joe		X		X												
Warwick, Nurham		X	X	X												
West, Roger				X												
Ex Officio Members:																
Baddour, Phil																
Cunningham, Pete																
Dedmon, Andy																
Earle, Beverly																
Hackney, Joe																

Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

January 13, 2000 – 10:00 AM

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Thursday, January 13, 2000 at 10:00 AM in Room 423 of the Legislative Office Building. Nine House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Rex Baker, Arlie Culp, Howard Hunter, Frank Mitchell, Joe Tolson and Nurham Warwick.

Chairman Bill Owens called the meeting to order. He stated a special provision was included in the budget for the study of the organization of the Department of Environment and Natural Resources (DENR). Today we will look at the Department's effectiveness, efficiency and some recommendations from Secretary Bill Holman that will come forward. We had talked with Secretary Holman and his staff, and they will share their thoughts along with Committee Members. There will be a brief update on Hurricane Floyd and an update on the One-Stop Permit Process that the committee requested.

Chairman Owens called upon Secretary Bill Holman to address the committee. Mr. Holman thanked the committee for the opportunity to discuss the DENR Organizational Study (Attachment I). He also thanked the committee for its response to Governor James Hunt's Hurricane Floyd Program. DENR developed some emergency best management practices for swine producers after the flood. Some environmental organizations sued us and yesterday the organizations, swine producers and our Department announced a settlement of litigation. Also our Stormwater Commission has ratified some new best management practices based on that settlement. The State Auditor called and praised DENR for second year in a row for getting accounting and financials in good order. There were only minor Y2K problems, but more importantly the water and wastewater systems DENR oversees worked fine on January 1, 2000.

Mr. Holman stated DENR's focus, like other state agencies, is effective public service. It includes providing consistent customer service above the customer's expectations through the efficient delivery of services. We are committed to continually improving performance by using fact-based planning methods, tracking accomplishments, and working to continuously improve our service. The customer service organizational improvement effort started with previous Secretary Wayne McDevitt. We have 3,500 employees in 22 divisions, and we are training existing and new employees on the customer service principles. One of our goals is to train employees for good customer service training. We have a diverse customer base – large

customers with engineering departments and some businesses that may need one permit. Our employees need training to deal with broad range of customers. So far 300 DENR employees representing over half of the divisions have completed training. Goal for November 2000 is to have 80 percent of employees trained. There is a DENR Customer Service Center, and Edythe McKinney is its Director. Service and safety improvements at the Parker Lincoln Building are also being worked on. The Customer Service Center will be housed near main entrance to the building, and we are working on providing better building access to visitors, clear signage, visitor maps, a directory and a central receptionist at the building. Accountability of where staff members are at all times is being worked on. We have a very productive relationship with State Departments of Transportation and Commerce. Staff retention is a challenge for DENR. We have a lot of 25 to 30 year experienced employees and a lot of younger employees but few in the middle group. This will be a challenge for future DENR administration. Enforcement is an important organizational issue, and Permit Reform Implementation needs continuous improvement. Electronic permitting is a way to speed up review, and a new program in the Central Coastal Plain dealing with groundwater management issues will be a pilot for the electronic permitting effort.

Secretary Holman continued with the decentralization of DENR programs. General Assembly has given DENR authority to let local governments administer a number of environmental programs such as sediment and erosion controls, buffers, air pollution and well construction. Potential programs for delegation to local governments may be open burning enforcement, package wastewater treatment plants, storm water permits, sewer extension and connection permits, drinking water extension and connection permits, inactive hazardous sites/abandoned dumps, property management and criteria for siting new programs. Many programs are headaches and counties are not interested in running them. Better local programs are better than the state programs because counties can inspect more frequently. In the future local governments will become more sophisticated in dealing with these issues. Senator Horton asked which of the eight pilot programs are in place now, and Mr. Holman said none are in place. On the package wastewater treatment plants we have agreements with Wake and Mecklenburg Counties where when they identify a problem they call us and we respond, but we still end up taking enforcement action. So far there have been no volunteers to enforce the buffer rules. There are a number of efforts on land management, conservation reserve enhancement, and the wetlands restoration program. We will bring this before you at a later time. He thinks DENR is on right track, and he is looking forward to working with committee.

Chairman Owens stated what Secretary Holman is saying is "music to his ears." He has been listening to everybody across state and to the committee, and the state and general public deserves what is being done through customer service improvement. The Chair referred to CAMA (Coastal Area Management Act) which serves a specific area of the state and asked if we need 20 employees in Raleigh when we serve 20 eastern counties and state pays $13 a square foot for space here. We have to pay travel for staff people working downeast. Senator Reeves stated the state's telecommunication system integrated network, which has been developed over past ten years, is one of best in the

country; and a state employee can go most anywhere in state and plug into the system. Why are people needed physically present in Raleigh when they can be physically present somewhere else and touch base? The Chair asked Secretary Holman to look at agency to see if agencies fall into this type of category that we can look it. It cannot be done overnight, but it could be phased in. Representative Warwick said there are some departments that have some history of evolving into a regional concept employing services and then reversing that. It moves back and forth over a period of time. We would do well to seek out advice and hear from those folks. Chairman Owens stated he is not saying to necessarily decentralize everything in Raleigh, but for the agencies that serve a particular state region, it would make sense to be located near people in that region. This would be done in business, and we need to do it in government. Senator Weinstein requested a refresher course for the changes made in DENR and requested that committee be provided a list of each division, a general paragraph on its mission, who is division head, phone and office numbers, and a list of chain of command. He feels it would be to committee's advantage to have this information. The Chair also suggested that DENR sit down with League of Municipalities and County Commissioners Association to discuss the turnover of programs to cities and counties. Money received from state to administer the programs would have to be turned over to the counties. Senator Martin stated this is an excellent idea and something that should be done, but who would supervise personnel running programs. It would be good to sit down with groups and see what can be worked out and let money go with it. Representative Tolson asked if it would be possible to get a list of permits that a division is responsible for without making the list too cumbersome. Secretary Holman stated there are about 140 permits in DENR. Representative Warwick asked how many permits DENR issues in a year and if permit process has different levels of permits, some of them must be more important than the others. Senator Reeves asked what is bottom line on annual amount of money received from permitting process. Secretary Holman said the general rule of thumb is about one/third is state, one/third is federal and the applicant pays for one/third. Senator Reeves stated he and Representative Tolson had held meetings with DENR's staff about where to go involving outlays for electronic government services, and he wants to understand better from permitting fee how to future plan to use fees to pay for the technology. What financial pressures prohibit DENR from more aggressively pursuing technology? Secretary Holman said DENR would clearly like to invest more money into technology getting information out to public. You can go to Air Quality Website and download and copy their applications. We want to move in this direction so it is convenient for folks to communicate with DENR electronically. Senator Martin stated we need to keep user fees alive for next few years and then decide if we are going to put money into technology instead of jobs. Secretary Holman stated folks regulating the environmental community have a real interest in making process go faster, and they may be willing to pay our fees if money goes for a specific purpose to get better service. Senator Reeves said what we do in State Government in new technology is basically we are "paving a cow path" - we do something inefficiently quicker. We want to see how new application will make process less cumbersome on the public and regulated community. The Chair stated in the future we will have to go to public's demand to electronic process and once it is up and running it should be more efficient and less costly. We have to plan for this. Senator Horton asked that Ms. Sherri Evans-Stanton

bring copies of large chart that lists all permits when she discusses the One-Stop Permit Process. Chairman Owens stated he has never understood why you could not have the Board of Awards meet around table once a week and review any permit request over $10,000 with various agencies and if four or five people have good reason for approval but one person has a problem, why permit could not be approved. Representative Tolson asked if air quality permits could be accessed through Internet, and Secretary Holman said no. Representative Tolson stated this is where savings can be made. It would be good for lower level permits to be accessed through Internet. We need to know what it would cost to set up DENR's offices to help speed up permitting process at the basic level. Representative Fox asked who is handling the customer training program, if a live person is answering the Customer Service Center telephone number, and is DENR doing any type of customer survey? Mr. Chris Russo, Quality Director, stated training is being done in-house, however, it is being done by professional trainers and a live person answers the telephone from 8:00 AM-5: 00 PM. A message can be left after hours. During regular hours lines may be busy (there are three people handing phones), but if a message is left a return call should be made immediately. Senator Martin asked if customer training deals with how to deal with customers or training for his job and how long will employee be away from his job? Mr. Russo stated training is broken into three one-half days for a total of a day and a half and there may be some refresher classes offered. The first general training class gives employees an idea of what customer service is and gives them a focus and an awareness of what is important. The second training class (field area) focuses on how to deal with people especially in the regulating community who may not be happy. The supervisory customer service portion of the training is designed to teach the supervisors and train them on methods of customer service and how to develop a program and run it.

Senator Martin stated he is complimentary of what Secretary Holman has done so far, but he is disappointed that we are still studying everything. He thought things would be in place by now. Secretary Holman stated we are getting started, our goal is to have 80 percent trained by end of 2000, and 300 employees have been trained to date. Chairman Owens suggested we need a checklist for the recommendations for the Short Session and look at what has been done. He asked where the training is being held, and Mr. Russo stated the training is being done on the road with training already held in Morrisville, Winston-Salem and Raleigh. Training does focus on how to deal with customers. Senator Martin asked what could be done if the training does not take for employees, and Mr. Russo said employees need to fit with the organizational excellence goals and there is a problem if employee does not fit. Representative Culp asked if permit fees make up part of the receipts and who sets the amount of the permit fee. Secretary Holman said permit fees make up part of the receipts and the General Assembly sets the fee amount. The General Assembly set an upper cap on sedimentation erosion control fees. Chairman Owens said if we looked at how much fees are and at the actual cost to administer, we could then see where to increase fees. Representative Fox asked when was the last time fees were changed. Representative Baker questioned whether we should use term "customer service" because customer implies the person wants what we have. Constituent would be a better term. The Chair expressed concern with the loss of three staff employees and the delay of handling permits and asked if

someone could come in and help process the permits. If someone is paid a certain amount to process a permit you might see the permits quickly processed. Secretary Holman said we will look at this, but it is generally cheaper for us to do this than to contract it out. Senator Shaw asked for a report on the Clean Water Bonds Act and Secretary Holman said we extended the deadline because of the Hurricane Floyd and staff is now reviewing applications. No one applied for a hurricane project. Applications came from existing water and wastewater needs. Some have asked if all the money will go toward the hurricane effort, and he thinks money will follow normal process, but he will have to talk to Governor Hunt who will make the decision. Decision should be made by end of March. Senator Horton said one of reasons for committee being established was concern over 10 levels of supervision in DENR and the number of people being supervised by each supervisor, and he asked if the Secretary could give a report on how levels of control have now been eliminated. Secretary Holman feels DENR is generally on target with goals Governor and committee have set. We have problems in two divisions, Parks and Forestry, where we still have one to one and one to two ratios. Senator Horton stated the levels of supervision are what is slowing down the permitting and decision making process and that is one of main reasons to have this study. The Office of State Budget and Management implied to committee there were 10 levels of supervision at DENR which is more than any other department except Department of Corrections. Chairman Owens thanked Secretary Holman for addressing the committee and if he can accomplish everything on the organizational improvement chart the committee will be extremely pleased. He asked committee members to share with our staff or any other concerns members may have to be addressed at the next meeting. Senator Martin asked what are office hours of employees, and he feels employees should tell customers where employees are and when they can expect a return call. If we are going to be about customer service, we need to be available to serve customers.

Chairman Owens called upon Ms. Sherri Evans-Stanton, DENR Deputy Secretary, to give a brief report on Hurricane Floyd Recovery efforts/ initiatives and implementation. She stated all the divisions that are impacted by funding approved in Special Session are working on implementation plans. The planning started before the session so we could move quickly. We are in process of drafting temporary rules. We have identified basically two programs where these rules will be required. The first is the Marine Fishery Grant Program and making it clear only verifiable losses will be reimbursed. Also, we are working on rules with Department of Commerce because if you were giving state money for housing projects to build subdivisions or large rental units, it potentially would trigger SEPA (State Environmental Policy Act). We are working on criteria so if you do certain things that are good for the environment, you would be exempt from going through the SEPA process. It would include things like having buffers and open space in your plan. DENR has also worked hard on high-risk junkyards and solid waste and in light of comments heard during the Special Session. We have decided to proceed with this by soliciting from local governments in all 66 counties any high risk junkyards or high risk solid waste sites that they think would be eligible, and we will work with local governments on this. Also, we are working on contracts and water quality monitoring which is a collaborative effort with universities. We are working with State Budget to set up accounting so it will go smoothly, and finally we are

working on our proposal now for the next admission of federal unmet needs. Representative Fox asked about the number of junkyards money was originally asked for as eight was the original number and how many in all the counties will be able to remediate. Ms. Evans-Stanton said we will have to get list in and prioritize it, and we will start based on priority order. In our federal request for unmet needs we are including money there as well. We do not know at this point until we start getting the requests back in. Before we would not have been able to do all eight of the junkyards. Representative Baker stated that there was some discussion during the Special Session as to whether or not the environmental regulations were being followed by the junkyards like draining fluids and what has been done to insure that is happening now. Ms. Evans-Stanton stated DENR is not taking any enforcement action now. In order to be eligible for the money the property, whether it is a junkyard or a high-risk solid waste site, you would not be able to have any of these activities in the flood plain. Representative Mitchell stated Secretary Holman brought up that DENR had gotten an agreement with the eight junkyards to buy them out and we appropriated $4.5 million. There is a possibility we can get some federal money to match it, so does this mean we will be spending $9 million to buy the eight junkyards out. If the feds do not come through with their $4.5 million, will the General Assembly will be asked for the additional $4.5 million. Ms. Evans-Stanton cannot predict what DENR will ask for during the Short Session, but when the proposal for the eight junkyards came up, we did that with preliminary discussions and since that time the committee report has been amended to include high risk junkyards and high risk solid waste sites. We did not commit state funding to these junkyards as it was more of an interest to make sure they were interested in doing the cleanup. We are now expanding that to work with local governments in all disaster counties, and as they bring in the proposals it will be a joint effort and we will fund it. Once the clean-up is done it will go into hopefully city or county ownership and they will maintain the property. We will not make it through the entire list. At some point whether we get the federal money or not, there will probably be other sites that we will need to consider. She does not know if the Governor will include this in the Short Session request or not.

Representative Mitchell asked by the subcommittee's next meeting if someone in DENR could go to each of the eight junkyards listed in the packet the Representatives received and find out if they are in fact doing as they are supposed to be doing by extracting all the fluids from the cars. We were told these are old junkyards and the value of junk cars diminishes greatly. He wants to know if they have a containment area for the fluids, and if not, why not and why they have not been fined. Secretary Holman feels good about the program and will report back to the committee. Senator Martin asked what could be done if the junkyards do not want to leave the area. Ms. Evans-Stanton said there are potential enforcement actions that can be taken. If there is a direct discharge into the water, a violation of the Clean Water Fund could be taken. If there is documentation of pollution to the groundwater or a discharge to water, we can take enforcement action. This is a volunteer program, but we can take enforcement action. Representative Warwick said eastern North Carolina used to be designated as the "Junkyard Capitol of the World" and he agrees with Representative Mitchell, and he would hate to see us applying one set of regulations to junkyard owners when in other

areas of the state we do not do this at the same time. What we are after is encouraging clean up. He hopes DENR will temper its review and research and check to see all rules are followed with a little bit of wisdom.

Chairman Owens stated he feels DENR will look at more than the eight junkyards. In Bertie County a fertilizer place got flooded and 40 to 50 houses were destroyed in addition to the river damage. This is the type of thing that does not need to ever happen again. Junkyards are major problems, but there are other things more environmentally sensitive than junkyards. Representative Mitchell's point was well taken that day, and it is good to not just look at one county or particular area. Representative Fox asked if liquids are drained what other environmental problems do the junkyards create. Ms. Evans-Stanton suggested asking Mr. Bill Meyer and the Waste Management staff to come and give a quick update at the next meeting. Senator Weinstein stated we keep referring to the flood plain and after Floyd what is the flood plain now and are there any drainage studies being done for eastern North Carolina through the federal government that would clean out open ditches or allow environmental regulations to be relaxed where drainage can go through the flood plains and will the state or federal government draw a new flood plain for eastern North Carolina? There are ditches in Robeson County that were dug in the 1940s and 50s that are not maintained and they are full of sediment. If they were cleaned out we would have good drainage. Ms. Evans-Stanton stated this is an item in the federal unmet needs proposal, and we are trying to set it up in a way so that if we are only able to get the funding for counties that were the disaster counties it would be easily able to expand to the entire state at a later point. Representative Warwick expressed concern about what is a junkyard and what about the property rights of landowners. It has to be a cooperative agreement. Ms. Evans-Stanton stated the Clean North Carolina 2000 Initiative is completely voluntary, and it is working with the local communities from the grassroots up. Senator Martin said Hurricane Floyd could not be mapped because there was flooding in areas you would never have dreamed of and in other areas that should have flooded, they did not.

Chairman Owens stated the committee has specific things we are designated to study.

Ms. Evan-Stanton continued with a discussion of the One-Stop Permit Process. DENR has discussed process with staff from a number of states – New Jersey, Tennessee, South Carolina and Oklahoma. The report is due in February and our general observation in looking at these states is that one stop means something different in each of the states. It is primarily a point of contact in these agencies. All these states have actually set these up as pilot programs. New Jersey started out with a multi-media permitting concept where it would all be one permit. What they are actually moving to now is permit information coordination. It is a client permit coordination that is focused on legislation similar to what the Legislature passed with the Brownfield legislation. Tennessee has regional environmental coordinators. They communicate back to the staff and they are working on this as a pilot program now. What we are trying to do is look at different states and borrow different elements from them. Secretary Holman mentioned with industrial projects we are trying to have more of a centralized coordination. We have

done this from senior staff level on a number of projects but feel it needs to be placed somewhere else. With the customer service center that we have established, and also with Edythe McKinney's role as the Small Business Ombudsman, she is now the coordinator for projects as complicated as Nucor's for example, and she will assist them by having a central person walk through the various permits process. We have also tried to incorporate some of the changes as we are doing SEPA documents. We have had good luck with this and the agencies like it. We try to put all issues on the table so the company and their engineers will know issues to anticipate and a much better understanding of both the expectations from the state and from the company. At the next step agencies still submit separate comments. If three or four agencies have a similar issue of concern, then one of the agencies will take the primary responsibility to respond and the others can comment. It would help the industry being recruited so they would not have to read through a hundred pages on the same issue. Chairman Owens stated he understands what is being said regarding Nucor and some of the bigger projects, but there was a project in his area where someone wanted to take some logs off the bottom of the river and it took 13 months to get a "no" answer. This was more important to the two guys trying to do this than it was to Nucor. We need to give timely answers to everybody. We can have one agency, but if it is sent out to be reviewed and reviewed again and again, he cannot understand why a decision cannot be made in a timely manner. He met in five meetings and DENR met at least 20 times before the men received a "no" and it probably cost the state $15,000 to say "no" when the big company in southeast North Carolina is doing exactly the same thing and they got a "yes." This is not acceptable to him. One stop permitting needs to be more efficient and more consistent. Because one agency employee has a problem it should not stop the show when four other agencies do not have a problem. Senator Horton asked what was the reason and Ms. Evans-Stanton stated there was concern from one biologist that it would impact one of the fisheries under the control of Wildlife. Not all the agencies that comment on the permits are from DENR – for example some others are the Wildlife Resources Commission and Cultural Resources Archaeology Division. It is a frustration for DENR as well. Prior to our starting the process what would happen is you would get somebody who had to comply with the State Environmental Policy Act, and we have to send it out to all impacted agencies and also to the public. Each agency would comment independently and were never pulled together to come up with a consistent strategy or even to meet with folks ahead of time to try and negotiate what the problems were. We have people out there who have hired horrible consultants and even when we sit down and advise them on what needs to happen it has to be resubmitted because they messed it up the previous two or three times. This is frustrating for us as well, but we are trying to do what committee is talking about by having agencies involved in a collaborative process up front and being able to make the decisions instead of having to go through such a long extended process. Chairman Owens asked if there is anything wrong with asking all the agencies to review permit and then sitting around a table and making a decision. Ms. Evans-Stanton said it cannot be done under the State Environmental Policy Act. What happens is you send it out for comment and then the consultant or the permittee is supposed to incorporate those comments. Then there is a public notice requirement and the document as revised goes out, or in the case of if we have had these consultations early, then they can incorporate the comments ahead of time which is one

way to significantly reduce the timing. Then the public has an opportunity to comment. If there are significant comments from that process, then they have to be incorporated into another version. We can sit around and say these are the issues and if you address them appropriately our concerns are covered. Chairman Owens would like to see us do what is done in local government. When you have a rezoning process you have a timetable, public review, advertisement, and then you a meeting. If it passes the planning board, it goes to the commissioners and then the commissioners vote on it. You have a timely process, but you know when it is going to happen and when it is not going to happen. That is what the public deserves, and one person does not need to get a permit in a month and somebody else get delayed for 13 months doing exactly the same thing. Senator Reeves asked if there are other regulations, perhaps federal, that we are operating under that create these time deadlines, and he would like to know what the built-in time frames are that we have to deal with. As a committee he would like to discuss the built-in time frames as to whether or not they are a good idea. Chairman Owens feels this is a good idea, and it would be good if the general public knows what to expect. If it is a major permit, it takes longer, but you know how long it should take and you know where you are going when you start. Representative Hunter is still having problems with a large firm getting a "yes" and a small firm getting a "no". As large as those waterways are if there was a need by the community to remove the logs they should have been removed. Chairman Owens also stated once somebody starts questioning the process, then somebody turns around in the agency and sends information to environmental groups. Then the environmental groups send it to the newspapers, and it also gets to be a blackmail situation that you either back off or pursue. He did not back off because taking thirteen months to make a decision is wrong. It was an economic development issue. He was vice chair of the Economic Development Board, and he thought he had a right to try to help the constituent of Representative Culpepper. We do not need to let blackmail take place in State Government. When anybody in State Government starts sending information or propaganda out to people to try to fight the process from happening, we need to have a set thing. We do not need to undo force from government to make things happen that should not happen. It works both ways, but we need to be fair with everybody. Representative Mitchell stated our permitting process is similar to California's and maybe staff could get information from other states. The nail was hit on the head when you discussed what we do in county government where we have to make a decision. We ought to have to do this at state level.

Senator Horton requested that the committee be given copies of chart published by DENR showing required permits and Attachment II was handed out. (Data on chart is within the past nine months.)

Chairman Owens recognized Joe McClees, McClees Consulting, and Mr. McClees stated he represents several clients who have more permits than anybody else. They are not large ones but there are over 70,000 different permits. We have a good process, but there are several ways we can cut the time down and help the applicants and the building community. If the committee would like the industry to help provide what other states in the nation do, he would be glad to do that. We are glad you are moving in this direction. Sometimes counties can get things done in five days and sometimes it

takes six months. He would like to facilitate what the committee is starting. Chairman Owens asked what is the committee's pleasure and whatever is done needs to be done in conjunction with the Department. Senator Horton feels we should accept help from the private sector. Ms. Evans-Stanton responded to a comment from Senator Reeves regarding SEPA. Unfortunately it is not completely within our control. There is a national environmental policy act and they look to the state to implement it, and it does require a public process. She will be happy to get more information, but it is not a thing that can be fixed by legislation in some cases. There is room for improvement. Senator Reeves stated as a follow-up the City of Raleigh had a problem of enforcing our nuisance code. There were time periods guaranteed by state law and we tried to take down as low as we could any city imposed time, and the quickest resolution was 110 days. He would like to see a study done as to what is required. If you have a 30 days public comment period he wants to know why, he wants to understand the 30 days, 30 days, 30 days, etc. Then as a committee and agency we can discuss ways to shave time off that schedule. It sounds like in the current situation we have no set time deadlines. That is not right for anybody whether you are getting "yes"or "no". Chairman Owens asked if there is any regulation in state government covering a situation where an employee does not like their boss's decision. A state employee does not need to take state time and state resources to fight what their superiors are saying and right now that is happening some. He thinks we need to look at this issue in the Short Session if there is not already something on the books that prevents this from happening. The supervisor's authority is undermined if state employees are fighting the supervisor's decision. They should not be fighting a decision on state time, but they can do what that want to do with their own time. Ms. Evans-Stanton said in that case a supervisor could take disciplinary action against the employee. Probably the more likely scenario is, and this happens all the time, is a constituent or the media gets wind of a project, knows it may be controversial and because of the public records law we are required to open our files and they can come in and make copies of everything. There is nothing we can do about this. Representative Warwick said he is hearing several things about the permitting process. One is that DENR does not always control the people who review the process, and he asked if there is legislation that prevents DENR from setting a time table and if so the department might bring back to committee some recommendations. If we are the issuing department then we have the right to establish a timetable even through another department has the authority to give an approval. Then you can say to that department you have 30 days, and if you do not give us approval in 30 days, we will do something with or without your approval. Chairman Owens said if you have ten agencies and nine approve a permit and one does not they should submit their case and then let the majority rule. Ms. Evans-Stanton said in talking to New Jersey and Tennessee staff that they would be willing to come and discuss their process if our committee wanted them to do so. Chairman Owens said we would have to pay their way, and we do not need to reinvent the wheel. There are some things on the time line schedules, and a lot of this is a common sense issue. We can come up with something ourselves. Let us get as much documentation as possible for the next meeting. Senator Martin said we should decide what to do.

Chairman Owens announced the next meeting will be on February 24, 2000 at 10:00 AM. We need to follow-up on where we are on these issues, and we have to study

the Energy Division and what needs to be done at the Commerce Department. Ms. Jennifer Herrera, Fiscal Research Staff, was recognized and she said that since the One-Stop Permit Report is due on February 15, 2000 we can get copies from the Department and make sure all members are mailed a copy so you will have an opportunity to read it prior to the committee's next meeting. If the committee wants to do something similar with the energy study and lead off with it, we have some background work done. We could then take a break and come back early in afternoon and start with follow-up information requested from DENR. The next meeting may be a little longer. Chairman Owens asked the committee members to share additional questions with chairs, staff and DENR prior to the next meeting. The meeting adjourned at 12:35 PM.

Respectfully submitted:

Bill Owens
Chairman Bill Owens

Mary Capps
Mary Capps, Legislative Assistant

III. DENR Organizational Improvement

A. Retention of staff
   1. Retention Team Study completed and implementation underway (January).

B. Enforcement
   1. Enforcement Study completed (December 1999).
   2. Implementation team begins work (January).
   3. Goals of implementation:
      a. Guiding principles of enforcement.
      b. Procedures used across divisions.
      c. Inspections to establish compliance history.
      d. Formal and standardized penalty assessment.
      e. Measurement of the impact of enforcement on compliance.

C. Permit Reform Implementation (PRIT)
   1. Study completed
   2. Implementation plan for divisions by PRIT Team supported by senior management.
   3. Streamline permit process (CAMA/401)
   4. Electronic permitting (Capacity Use Permit pilot program, DWR)

D. Decentralization of DENR Programs

E. Decentralization/Delegation of Permitting
   1. Delegation of Permitting
      a. Sediment and erosion controls (40 local authorities have programs).
      b. Buffers
      c. Air Pollution
      d. Well Construction (20 counties already have programs).

   2. Delegation Pilot Programs
      a. Open burning enforcement
      b. Package wastewater treatment plants
      c. Stormwater permits
      d. Sewer extension and connection permits
      e. Drinking water extension and connection permits
      f. Inactive hazardous sites / abandoned dumps
      g. Property management
      h. Criteria for siting new programs

F. Land Management
   Wetlands Restoration Program
   CREP

G. Siting New DENR Programs

DENR Organizational Study

I. Introduction 3-30-00

The focus at DENR is effective public service. This includes providing consistent customer service above the customer's expectations through the efficient delivery of services. We are committed to continually improving performance by using fact-based planning methods, tracking accomplishments, and working to continuously improve our service.

II. DENR Organizational Activities

A. Organizational Excellence

1. Six divisions of DENR will implement customer-based program measures by October 2000.
2. Identify major activities of DENR and develop the mission, vision, and values for each.
3. Assess organization of customer service processes, planning, management and people.
4. Identify action plans to eradicate gaps in efficiency and effectiveness.
5. Establish success benchmarks for individual and organizational performance.
6. Use customer-focused decision making method based on facts.

B. Training Program

1. Customer Service Training for all employees underway
   300 employees representing 60% of divisions have completed the training.
   80% of employees will have had customer service training (by November).
2. Customer Service Training for field staff (begins in March).
3. Customer Service Program Management for supervisors (begins in June).

C. Program Task Force

1. Develop a customer service policy for DENR.
2. Develop a continuous customer service feedback mechanism for DENR.

D. DENR Customer Service Center

1. 1-877-NCENR4U: toll free DENR customer service hotline.
2. Service and safety improvements at the Parker Lincoln building.
3. DENR liaison activities with the Department of Commerce for the recruitment of business and industry.

To Richard Rogers	From Ben Gorman
Co./Dept.	Co. DENR
Phone #	Phone # 715-4183
Fax # 715-9513	Fax #

ıa
f Environment and Natural Resources

ıuary 2000

SECRETARY
Bill Holman

* Wildlife Resources Commission
* Clean Water Management Trust Fund
(details on back)

Public Affairs
Director
Don Reuter

Policy & Programs
Deputy Secretary
Sherri Evans-Stanton

Operations
Deputy Secretary
Michael Williamson

General Counsel
Daniel McLawhorn

Policy & Planning
Senior Analyst
Michael Shore

Governor's Mgmt.
Intern
Kristin Cozza

Customer Service Center and Small Business Ombudsman
Edythe McKinney

Legislative and Intergov. Affairs
Director
Richard Rogers

Environmental Protection
Asst. Secretary
Robin Smith

Natural Resources
Asst. Secretary
Dewey Botts

Admin. Services
Director
Lloyd Inman

(Quality Improvement Director)
Mgmt. Engineer
Chris Russo

Regional Offices
- Asheville
- Fayetteville
- Mooresville
- Raleigh
- Washington
- Wilmington
- Winston-Salem

Env. Protection
Deputy Asst.Secretary
Jimmy Carter

- **Air Quality** — Alan Klimek
- **Coastal Management** — Donna Moffitt
- **Environmental Health** — Linda Sewall
- **Land Resources** — Charles Gardner
- **Pollution Prevention and Environmental Assistance** — Gary Hunt
- **Radiation Protection** — Mel Fry
- **Waste Management** — Bill Meyer
- **Water Quality** — Kerr Stevens
- **Water Resources** — John Morris

- **Aquariums** — Rhett White
- **Environmental Educ.** — Anne Taylor
- **Forest Resources** — Stan Adams
- **Marine Fisheries** — Preston Pate
- **Museum of Natural Sciences** — Dr. Betsy Bennett
- **Parks & Recreation** — Dr. Phil McKnelly
- **Soil & Water Conservation** — David Vogel
- **Zoological Park** — Dr. David Jones

- **Budget, Planning & Analysis** — Jane Smith
- **Controller** — Rod Davis
- **Human Resources** — Harlan Frye
- **Information Tech. Services** — Bill Golden
- **Purchase and Services** — Laird Davison

*** Wildlife Resources Commission:**

It is the state agency that manages, conserves, regulates and protects the wildlife resources and administers the boating safety program in the state. The Commission operates through a professional wildlife staff, directed by 17 Commissioners appointed by the Governor, Speaker of the House and President Pro Tem of the Senate.

*** Clean Water Management Trust Fund:**

The Fund is an independent, 18-member Board of Trustees that uses specific General Fund revenues to provide local governments, state agencies, and conservation non-profits with grants to help pay for projects that deal with water pollution problems. Its trustees are appointed by the Governor, Speaker of the House, and president Pro Tem of the Senate.

ATTACHMENT II

12/11/97

NCDENR
POTENTIAL ENVIRONMENTAL PERMITS MATRIX

Type of Activity/SIC[1] Code	General Categories of Permits: Air			Wastewater(WW)					Waste		Radiation			Remediation				Land					Water					
	Construction, Operation, Modification, Demolition	Highways, Airports, Parking Facilities	Open Burning	WW Discharges to Surface Waters	WW Discharges to Land	Industrial WW to Sewers	Pump & Haul & Septage	Stormwater Control	Solid Waste Management	Hazardous Waste-Treatment, Storage and Disposal	Radioactive Materials	Radiation, X-rays, Tanning Machines	Soil Cleanup	Groundwater Cleanup	UST Registration and LUST Close-Out	Dam Construction	Dredge and Fill	Soil Erosion and Sediment Control	Dock and Pier Construction	Construction and Draining on Wetlands	Geophysical Exploration and Mining	Asbestos Removal and Demolition	Streamflow Modification	Water Withdrawal from Rivers	Inter-basin Transfer	Well Construction	Coastal Area Construction	Aquaculture Operations and Fishing
Amusement Park/79	Pb			●	●	Pb	Pb	●				Pb	Pb	Pb	Pb		Pb	●	●	●		Pb	Pb				●	
Chemical and Allied Products Mfg./28 [Chemical Plant, Pharma. Plant, Fertilizer Plant]	●			●	●	●	Pb	●		●	Pb		Pb	Pb	Pb	Pb	Pb		Pb	●		Pb	Pb	Pb	Pb	●	●	
Coal Mining/12	Pb							●								●	●	●		●	●		●					
Crematoriums/72	●								●																	●		
Electronic & Electrical Equipment Mfg./36 [TV, VCR, Motors, Generators]	Pb			●	●	●	Pb	●	Pb	Pb		Pb	Pb	Pb	Pb					●						●	Pb	
Feed Manufacturing and Crops Processing/01 [Feed Mill, Farm Operations, Cotton Gin]	●			●	●	Pb		●	●							Pb	Pb	Pb	Pb	●			Pb			●	Pb	
Fishing & Hunting (Commercial)/09 [Fish Processing-Aquaculture Prod.]				●	●	●	Pb	●	●							●	●	●	●	●			Pb	Pb	Pb	●	●	●
Food Manufacturing/20 [Cereal, Bread, Cookies, Dairy, Meat, Candy, Wine, Pickle]				●	●	Pb	Pb	●	●											●						●	Pb	
Forestry Products/08 [Timber Tracts, Forest Products]			Pb					●									Pb	●	Pb	●	Pb		●					
Fuel Termi. & Automo. Servi. Stat./59 & 55 [Gas Station, Tank (Gas) Farm]	●						Pb	●	Pb	Pb			●	●	●	●		●	●	●							Pb	
Furniture Manufacturing/25 [Cabinet Shops]	●			●	●	●		●	●	Pb			Pb	Pb	Pb					●						●	Pb	
Hospital, Clinic & Laboratory/80	●			●	●	●	Pb	●	●	●	●	●	Pb	Pb	Pb							Pb				●		
Hotel & Other Lodging Places/70 [Hotels, Motels]	●			●	●		Pb	●				Pb	Pb	Pb	Pb				Pb	●		Pb				●	Pb	Pb
Hwy./Bridge/Tunnel Construction/16		●		[illegible]				●								Pb	●	●	●	●	●	Pb	●	Pb	[illegible]		●	
Industrial Machinery & Equipment Mfg./35 [Engines, Turbines, Computers]	Pb			●	●	Pb	Pb	●	Pb	Pb		Pb	Pb	Pb	Pb					●		Pb				●	Pb	

Instruments and Related Products/38 [Phtotogra. Machines, X-ray Machines]	⚐					●	⚐	●	⚐	⚐	●	●	⚐	⚐	⚐					●							⚐	
Laundry & Cleaning/72 [Drycleaner, Laundromat]	⚐				●	●	⚐	●		●			⚐	⚐	⚐					●								
Leather & Leather Products/31 [Tannery]	⚐			●	●	●	⚐	●		●			⚐	⚐	⚐					●						●	⚐	
Livestock Production/02 [Poultry Operation, Hog Farms]	⚐			●	●			●								⚐	⚐	●					⚐			●	⚐	⚐
Lumber and Wood Products/24 [Saw Mill, Planer Mill, Particle Bd. Mfg., Mobile Homes]	●							●								⚐			⚐	●			⚐			●		
Metal & Fabricated Metal Mfg./33 & 34 [Steel Mill, Foundry, Coil Mfg., Plum. Fixtur. Mfg.]	●			●	●	⚐		●	⚐	⚐		⚐								●		⚐	⚐			●		
Metal Mining/10 [Iron, Aluminum, Uranium]	⚐							●			⚐					⚐	●	●		●	●		⚐	⚐	⚐			
Misc. Mfg. Industries/39 [Toys, Sporting Goods, Jewelry, Plated Ware]	⚐			●	●	⚐	⚐	●	⚐	⚐			⚐	⚐	⚐	⚐		⚐		⚐		⚐	⚐			⚐	⚐	
Military Base/92	⚐			●	●	⚐	⚐	●	⚐	⚐	●	●	⚐	⚐	⚐		⚐	●	●	●	⚐	⚐				●	●	
Motion Picture Poduction/78 [Video Production]	⚐			●	●					⚐										⚐							⚐	
Museums & Bot. & Zoo. Gardens/84				●	●			●	⚐	⚐						⚐	●	●	⚐	●	⚐					●	●	⚐
Nonmetallic Minerals Mining/14 [Quarry-Crushed Stone and Gravel, Sand, Clay]	●							●								⚐	●	●	⚐	●	●	⚐	⚐	●	●			⚐
Oil & Gas Extraction/13 [Petroleum, Natural Gas]	⚐					●				⚐			●	●	●		⚐	●	⚐	●	●						⚐	
Petroleum & Coal Products/29 [Asphalt Plant, Lubricating Oil & Grease, Petro. Refinery]	●							●	⚐				●	●	●					●								
Photographic Studios/72				●	●	●	⚐			●		⚐														●		
Printing & Publishing/27 [Books, Newspapers]	⚐			●	●	●	⚐	●	●	⚐			⚐	⚐	⚐		⚐	●	⚐	●	●					⚐		
Pulp & Paper Mill/26 [Sanitary Paper, Stationary Products]	●			●	●	●		●	●				⚐	⚐	⚐				⚐	●			⚐	●	●	●	⚐	
Res./Comm./Industrial Bldg. Construction/15		⚐	⚐				⚐	●	●		⚐	⚐				⚐	●	●	●	●	●	⚐	●			●	●	
Schools, Colleges & Universities/82	⚐			●	●		⚐	●	●	●										●						●		⚐
Stone, Clay, and Glass Products/32 [Cement Plant, Concrete Plant, Brick Plant]	●			●	●			●									●			●				⚐	⚐		⚐	
Testing Laboratory (Environ.)/87 [Analytical Laboratory]	⚐			●	●	●	⚐		⚐	⚐	⚐	⚐														●		
Textile Mill and Products/22 [Hosiery Mill, Fabric Mill, Finishing Plant, Yarn Mill]	●			●	●	●	⚐	●	⚐	⚐			⚐	⚐	⚐					●						●	⚐	
Tires & Rubber Products/30 [Tires, Tubes]	●			●	●	●	⚐	●	⚐	⚐			⚐	⚐	⚐					●						●	⚐	
Tobacco Processing and Products/21 [Cigarettes, Tobacco Stemming & Redrying]	●			●	●	●	⚐	●	⚐																	●		
Transportation Equipment Mfg./37 [Aircrafts, Cars, Trucks, Ships, Boats, Space Vehicles]	●					●	⚐	●	⚐	⚐		⚐	⚐	⚐	⚐				⚐	●						●		
Veterinary Hospital/07	⚐			●	●	⚐	⚐		⚐	●	⚐	⚐								●						●		⚐
Electric, Gas & Sanitary Services/49 [Power Plant, Natu. Gas Comp. Sta., Sanitary Sys.]	●			●	●			●	⚐	⚐			⚐	⚐	⚐			●	⚐	●	⚐	⚐	●	●	●	●	●	
Water/Sewer/Utility Lines Construction/16				●	●		⚐									⚐	●	●	⚐	●	⚐		●				●	

1 means Standard Industrial Classification. Refer to Standard Industrial Classification Manual 1987, Executive Office of the President, Office of Management and budget.

THIS MATRIX IS TO BE USED ONLY AS A GUIDE. THE SPECIFIC SIZE AND LOCATION OF ACTIVITY, AND TYPE OF PROCESS WILL DETERMINE THE TYPES OF PERMITS REQUIRED. FOR ADDITIONAL INFORMATION AND ASSISTANCE, CALL EPIC AT 1-888-368-2640 [TOLL-FREE].

● means likely

⚐ MEANS POSSIBLE

Joint Appropriations Subcommittee on
Natural and Economic Resources
Thursday, January 13th, 2000
10:00 am, Room 423
Representative Bill Owens, Presiding

1. **Chairman's comments**

2. **NER Interim Study of DENR Organization (Section 15.5, Session Law 1999-237)**

   Bill Holman, Secretary
   Department of Environment and Natural Resources

   - Introduction to Organizational Study
   - DENR Customer Service and Organizational Excellence Activities
   - DENR Organizational Improvement

3. **Committee Discussion**

4. **Departmental Updates**

   Sherri Evans-Stanton, Deputy Secretary for Policy and Programs
   Department of Environment and Natural Resources

   - Hurricane Floyd Recovery Efforts/Initiatives
   - One-Stop Permit Process

5. **Adjourn**

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine, Senators Martin of Pitt, Plyler, Perdue, Odom

NER INTERIM STUDY OF DENR ORGANIZATION

Section 15.5. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives shall study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and shall report any recommendations, including any legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study.

Session Law 1999-237

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources 1-13- **2000**

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Steve Woodson	NC Farm Bureau
Crissy P. Porter	Bone & Associates
Joe McClees	McClees Consulting
Nancy Thompson	MCIC
Darrell Arnold	SEANC
Erythe McKinney	DENR Customer Service Office
Dan Bins	NC DENR
Johnny Gray	OSBM
J.W. Reel	OSBM
[illegible]	OSBM
Lisa Aycock	Commerce
Robin Pasquarello	Commerce
Anne Bandet	OSBM
Bill Golden	DENR
Jimmy Carter	DENR
CHRIS RUSSO	DENR
Nat Mund	CCNC
Elizabeth Ouzts	NCPIRG
Charles Theobald	DENR/DWR
Nat Wilson	NCDENR / Div. Water Resources
Jane Smith	DENR
Mike Kelly	DENR
Sherri Evans [illegible]	DENR
[illegible]	DENR
ANGIE McMILLAN	TNC
Kathy Sawyer	Commerce

Joint Appropriations Subcommittee on
Natural and Economic Resources

Thursday, February 23, 2000
Senator Bob Martin, Presiding

MORNING SESSION (10 AM – 12 PM)

1. **Chairman's comments**

2. **NER Interim Study of Energy Division of Department of Commerce (Section 16.11, Session Law 1999-237)**

   Jennifer Hoffmann, Fiscal Research
   T.C. Adams, Director, Energy Division

AFTERNOON SESSION (1 PM – 4 PM)

1. **Follow Up DENR Questions from Previous Meeting**

   Michael Williamson, Deputy Secretary for Operations
   Department of Environment and Natural Resources

2. **DENR Study One-Stop Permit Process (Section 15.10, Session Law 1999-237)**

   Michael Williamson, Deputy Secretary for Operations
   Department of Environment and Natural Resources

3. **Departmental Update on Customer Services Center**

   Michael Williamson, Deputy Secretary for Operations
   Department of Environment and Natural Resources

4. **North Carolina Water Quality Workgroup Initiative/Rivernet Report (Section 15.14, Session Laws 1999-237)**

   Bill Kreutzberger, Chair
   North Carolina Water Quality Workgroup

5. **Committee Discussion**

6. **Adjourn**

MINUTES

JOINT SUBCOMMITTEE ON

NATURAL AND ECONOMIC RESOURCES

February 23, 2000

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, February 23, 2000 at 10:00 a.m. in room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Culp, Hunter, Mitchell, Tolson, and Warwick were present.

Jennifer Hoffmann, Fiscal Research Division, provided an explanation of the purpose of the Energy Division study. T.C. Adams, Director of the Energy Division, then presented a general overview of the programs and activities of the division. Mr. Adams also presented an explanation of the Petroleum Overcharge Funds, the limitations and restrictions of those funds, and how the division was currently using those funds. This is Attachment A of these minutes. Following committee discussion about the division, a motion was made and seconded that three members of the House and three members of the Senate be appointed to look more closely at the Energy Division's effectiveness in administering the petroleum overcharge funds. The following members were appointed: Senators Hamilton Horton, Stephen Metcalf, and Dan Robinson and Representatives Stanley Fox, Frank Mitchell, and Bill Owens.

The afternoon session began with Michael Williamson, Deputy Secretary for Operations, presenting DENR responses to follow-up questions from the January 17, 2000 meeting. This is Attachment B of these minutes. Mr. Williamson also presented the department's report of the "one-stop" permit process, a study required by SL 1999-237, Section 15.10. Committee discussion followed, and NER staff was requested to work with the Bill Drafting staff to draft legislation requiring the department to implement a one-stop permitting program. The committee also directed staff to work on draft legislation to consolidate and eliminate various divisions within DENR in order to create greater efficiencies within the department. This is Attachment B of these minutes.

The Joint Committee then recognized Bill Kreutzberger, Chair of the North Carolina Water Quality Workgroup, to provide a report on the North Carolina Water Quality Workgroup's Rivernet monitoring system pilot program, as required by SL 1999-237, Section 15.14. These are Attachments C and D of these minutes.

The committee concluded the meeting with an update from Mr. Williamson on the progress of department's customer service center.

The meeting adjourned at 2:30 p.m.

Senator R.L. Martin, Chairman

Carolyn M. Gooden, Legislative Assistant

Briefing Summary
Appropriations Subcommittee on Natural and Economic Resources
February 24, 2000

Agenda Item

NER Interim Study of Energy Division of the Department of Commerce
The House and Senate Appropriations Subcommittees on Natural and Economic Resources were authorized to meet during the interim to study the current organization and responsibilities of the Division of Energy of the Department of Commerce to determine its effectiveness and efficiency in managing the State's energy programs and administering Petroleum Overcharge funds. The joint subcommittee shall report any recommendations, including legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000.

Background Information

Every biennium the General Assembly appropriates funds from the Special Reserve for Oil Overcharge Funds to the Energy Division for use in the State Energy Program and Residential Energy Conservation Assistance Program. This appropriation is generally know as the Petroleum Overcharge Funds Allocation. During the Division of Energy's continuation budget review in the 1999 Regular Session, the committee raised a number of questions and concerns about the Division's management and administration of these funds. Specifically, the committee expressed concern about the Division's large petroleum overcharge fund balance and the rate at which the Division was able to expend the state's appropriation.

The purpose of this agenda item is to begin the study of the Division of Energy's management and administration of the Petroleum Overcharge funds (also known as the Petroleum Violation Escrow or PVE funds). In preparation for this meeting, the Energy Division was asked to provide the following information as a component of their presentation to the subcommittee:

- **General Division Overview** - A brief description of division's major programs and activities and the funding sources for these activities.

- **Overview of the Petroleum Overcharge Funds** - A brief description of the Petroleum Overcharge funds including how the funds can be used, any

restrictions on the use of the funds, how the funds have historically been used and alternative or potential use of the funds.

- **Petroleum Overcharge Program Support** - For the Exxon and Stripper Well accounts provide the following:

  a. A description of program activities, objectives, and accomplishments supported with petroleum overcharge funds for the State fiscal year 1998-99;

  b. An itemized list of the actual expenditures from each of the petroleum overcharge accounts for each of the activities supported with petroleum overcharge funds for the State fiscal year 1998-99, including any expenditures for administrative costs;

  c. A list of the cash balances remaining in each of the petroleum overcharge accounts at the end of the State fiscal year 1998-99, including the amount of funds which are obligated.

Questions for the Committee's Consideration

1. Why does the Division of Energy have approximately $14 million in unexpended Petroleum Overcharge funds?
2. When does the Division realistically expect to expend these funds?
3. How has the Division been able to accumulate such a large fund balance?

Sen. Bob Martin

Joint Appropriations Subcommittee on Natural and Economic Resources (NER)

NER Interim Study of DENR Organization

NER Interim Study of Energy Division of Department of Commerce

REPORT TO THE
2000 SESSION OF THE
1999 GENERAL ASSEMBLY
OF NORTH CAROLINA

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APPENDIX 1.....6

Relevant Portions of Session Law 1999- 237

May 1, 2000

TO THE MEMBERS OF THE GENERAL ASSEMBLY:

Attached for your consideration is the report to the 1999 General Assembly (Regular Session 2000) on **NER Interim Study of DENR Organization** and **NER Interim Study of Energy Division of Department of Commerce**. This report was prepared pursuant to SL 1999-237, Sections 15.5 and 16.11.

Respectfully submitted,

Senator R.L. "Bob" Martin

Representative Stanley H. Fox

Representative William C. Owens, Jr.

1999 - 2000

JOINT NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

MEMBERSHIP

Senate Members

Sen. R.L. Martin, Chair

Sen. David Weinstein, Vice-Chair
Sen. Betsy Cochrane
Sen. Hamilton Horton
Sen. Stephen Metcalf
Sen. Eric Reeves
Sen. Dan Robinson
Sen. Larry Shaw

House Members

Rep. William C. Owens, Co-Chair
Rep. Stanley H. Fox, Co-Chair

Rep. Edith Warren, Vice-Chair
Rep. Rex Baker
Rep. Jim Carpenter
Rep. Arlie Culp
Rep. Howard Hunter
Rep. Frank Mitchell
Rep. Carolyn Russell
Rep. Joe Tolson
Rep. Nurham Warwick

PREFACE

SL 1999-237, Sections 15.5 and 16.11 charged the Joint NER Subcommittee with two tasks for the interim:

1. *To study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and report and report any recommendations to the 2000 Regular Session of the 1999 General Assembly;*
2. *To study the current organization and responsibilities of the Division of Energy of the Department of Commerce to determine its effectiveness and efficiency in managing the State's energy programs and administering Petroleum Overcharge funds.*

The Joint Appropriations Subcommittee on Natural and Economic Resources ("Joint Committee") held three meetings as a full committee and established one subcommittee to address the Energy Division study. The Energy Subcommittee met twice and its activities and recommendations are contained in this joint report.

The Joint Committee was co-chaired by Senator Bob Martin and Representatives Bill Owens and Stan Fox. Representative Bill Owens chaired the Energy Subcommittee.

The Joint Committee held its final meeting on Wednesday, April 26 to finalize recommendations to the 2000 General Assembly

A detailed committee notebook containing the Joint Committee minutes and all the information/handouts presented to the Joint Committee will be filed in the Legislative Library upon completion.

COMMITTEE PROCEEDINGS

Meeting on January 13, 2000

The Joint NER Appropriations Subcommittee held its first meeting on Thursday, January 13, 2000 at 10:00 a.m. in room 423 of the Legislative Office Building. Bill Holman, Secretary of the Department of Environment and Natural Resources (DENR), made the committee's first presentation. Secretary Holman presented an overview of the department's current efforts at organizational improvement, which included a summary of the following activities:

- Customer service training program
- Customer service program task force initiatives
- Customer service center
- Organizational excellence initiatives
- Staff retention efforts
- Enforcement and compliance efforts
- Permit reform implementation plan
- Decentralization of permitting
- Delegation of pilot projects
- Management techniques and performance measures
- Electronic permitting

Secretary Holman's presentation was followed by committee discussion about the department's initiatives. Sherri Evans-Stanton, Deputy Secretary for Policy and Programs, then presented an overview of the department's Hurricane Floyd recovery efforts. Ms. Stanton concluded the meeting with an update on the department's progress toward implementing a "one-stop" permitting process.

Meeting on February 23, 2000

The Joint NER Appropriations Subcommittee held its second meeting on Thursday, February 23, 2000 at 10:00 a.m. in room 423 of the Legislative Office Building. Jennifer Hoffmann, Fiscal Research Division, provided an explanation of the purpose of the Energy Division study. T.C. Adams, Director of the Energy Division, then presented a general overview of the programs and activities of the division. Mr. Adams also presented an explanation of the Petroleum Overcharge Funds, the limitations and restrictions of those funds, and how the division was currently using those funds. Following committee discussion about the division, a motion was made and seconded that three members of the House and three members of the Senate be appointed to look more closely at the Energy Division's effectiveness in administering the petroleum overcharge funds. The following members were appointed: Senators Hamilton Horton, Stephen Metcalf, and Dan Robinson and Representatives Stanley Fox, Frank Mitchell, and Bill Owens.

The afternoon session began with Michael Williamson, Deputy Secretary for Operations, presenting DENR responses to follow-up questions from the January 17, 2000 meeting. Mr. Williamson also presented the department's report of the "one-stop" permit process, a study required by SL 1999-237, Section 15.10. Committee discussion followed, and NER staff was requested to work with the Bill Drafting staff to draft legislation requiring the department to implement a one-stop permitting program. The committee also directed staff to work on draft legislation to consolidate and eliminate various divisions within DENR in order to create greater efficiencies within the department.

The Joint Committee then recognized Bill Kreutzberger, Chair of the North Carolina Water Quality Workgroup, to provide a report on the North Carolina Water Quality Workgroup's Rivernet monitoring system pilot program, as required by SL 1999-237, Section 15.14. The committee concluded the meeting with an update from Mr. Williamson on the progress of department's customer service center.

Meeting on March 9, 2000

The Energy Subcommittee held its first meeting on Thursday, March 9, 2000 at 12:30 p.m. in room 423 of the Legislative Office Building. The committee first heard from Shelle Wheless Altieri, Budget Analyst with the Office of State Budget and Management (OSBM), who presented Governor Hunt's 1995 proposal to abolish the Energy Division. Specifically, Ms. Altieri provided an explanation of the following points:

- the rationale behind the Governor's proposal to abolish the Energy Division
- a brief review of the proposed division of responsibilities once the Energy Division was abolished
- a brief review of the specific programs to be transferred to the Division of Community Assistance (DCA) and the Department of Administration .

Ms. Leza Aycock, Assistant Secretary for Administration at the Department of Commerce, next presented the department's response to the Governor's 1995 proposal. Ms. Aycock expressed concern about the timing of a transfer of the Weatherization program to DCA, given DCA's large responsibility in the Hurricane Floyd redevelopment efforts. The committee's meeting concluded with a discussion of the Energy Division's responses to follow-up questions from the previous meeting by T.C. Adams, Director of the Energy Division. Specifically, the committee heard a brief presentation about the Energy Division employees, what they do and where they are assigned. The committee directed Ms. Aycock to request OSBM's Management and Productivity Section to conduct a study of the staffing patterns and organizational structure of the Energy Division.

Meeting on April 26, 2000

The Energy Subcommittee held its final meeting on Wednesday, April 26, 2000 at 9:00 a.m. in room 632 of the Legislative Office Building. Jennifer Hoffmann, Fiscal Research Division, presented an update to the committee's request for OSBM to conduct a study of the staffing

patterns and organizational structure of the Energy Division. She explained that OSBM had begun the study in early April and plans to submit a final report by the end of May. Ms. Hoffmann also presented a summary of the FY 1998 and 1999 Audit Results of the Department of Commerce, which focused on the Energy Division, and provided the subcommittee with copies of the Auditor's report. The meeting concluded with a discussion of the subcommittee's recommendations.

Meeting on April 26, 2000

The Joint NER Appropriations Subcommittee held its final meeting on Wednesday, April 26, 2000 at 9:30 am in room 423 of the Legislative Office Building. Senator Ham Horton began the meeting with his draft legislative proposal for DENR reorganization. He emphasized to the committee that this draft was a working document for the committee's consideration. Secretary Holman offered the departmental response, and considerable committee discussion followed. The meeting continued with Secretary Holman presenting the department's responses to follow-up questions from the February 23, 2000 meeting.

The committee next heard from Staff Attorney Emily Johnson, who explained Representative Bill Owens' draft legislation for "One-Stop Environmental Permitting". In response, Secretary Holman indicated that the department had a number of permit reform activities underway, and that an in-house team would report to him by mid May on their progress to date, with plans for a one-stop permit pilot program running in a DENR regional office by July 2000. Secretary Holman committed to continue working towards a one-stop permitting program, to develop a simplified permitting process, to make the system less bureaucratic, to establish reasonable time frames for permittees to expect a departmental decision, and to make the permitting process simpler and better for the customer. Committee discussion followed, and the department was asked to come back during the Short Session and report on the progress to date in implementing one-stop.

FINDINGS AND RECOMMENDATIONS

NER Interim Study of DENR Organization

Organizational Efficiency

The Joint Committee and the department agreed to ongoing dialogue with one another to identify programs and areas in which organizational efficiency could be achieved. The Joint Committee requested that the department look at two areas in which to consider improvements, and report back to the Joint Committee early in the Short Session. The Committee Chairmen intend to continue discussions after the legislature adjourns but before the new administration is installed to ensure that the department continues to move towards improving service delivery.

One-Stop Permit Process

The Joint Committee and the department again agreed to ongoing dialogue with one another for updates on the department's progress towards implementing a one-stop permitting system. The Joint Committee asked the department to work towards simplifying the permitting process, to establish reasonable time frames in which customers could expect to receive notification about their permit, and to make the system less bureaucratic.

NER Interim Study of Energy Division of Department of Commerce

Rep. Bill Owens presented the Energy subcommittee's report to the Joint NER subcommittee. Based on the Energy subcommittee's findings, the subcommittee recommends the following three actions:

1. Request the Energy Division to place a voluntary temporary hiring freeze on all vacant positions within the Division until the Management and Productivity Section of the Office of State Budget and Management has reported the results of their study of the Energy Division.

2. Postpone further discussion about abolishing or downsizing the Energy Division until the Management and Productivity Section of the Office of State Budget and Management has reported the results of their study of the Energy Division.

3. Direct the Energy Division to use up to $1 million of the Petroleum Overcharge Funds previously appropriated to the Division to begin an energy audit of state-owned buildings and implement audit recommendations. The division shall identify those buildings whose energy costs per square foot are the highest, and shall implement energy conservation projects that substantially reduce energy use and provide an opportunity for savings by reducing energy costs.

Appendix 1

Excerpts from Session Law 1999-237:

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine, Senators Martin of Pitt, Plyler, Perdue, Odom

NER INTERIM STUDY OF DENR ORGANIZATION

Section 15.5. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives shall study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and shall report any recommendations, including any legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine, Senators Martin of Pitt, Plyler, Perdue, Odom

NER INTERIM STUDY OF ENERGY DIVISION OF DEPARTMENT OF COMMERCE

Section 16.11. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources shall study the current organization and responsibilities of the Division of Energy of the Department of Commerce to determine its effectiveness and efficiency in managing the State's energy programs and administering Petroleum Overcharge funds, and shall report any recommendations, including legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. In conducting the study the committees may obtain assistance from any resources outside the General Assembly that the committees determine are needed to adequately perform the study.

Attachment A

Energy Division Programs

The Energy Division administers two major areas of energy conservation and research programs: the State Energy Program (SEP) and the Residential Energy Conservation Assistance Program (RECAP). The Division also has responsibility for energy emergency planning, energy data and energy policy.

PROGRAM FUNDING

The two major funding streams for the Energy Division are Petroleum Violation Escrow (PVE) funds and Department of Energy Funds. This division also receives a transfer of Low-Income Home Energy Assistance Program (LIHEAP) funds from the North Carolina Department of Health and Human Services each year. These transfer monies are utilized in the RECAP for Weatherization and HARRP.

1998-99 Program Funding Levels (includes carryover)	SEP	RECAP
Petroleum Violation Escrow (PVE)	15,477,009.00	755,795.00
Department of Energy (DOE)	2,716,119.00	3,416,458.00
LIHEAP transfer	0.00	6,636,049.00
Total	18,193,128.00	10,808,302.00

The attached report represents Petroleum Violation Escrow funds for the 1998-1999 program year.

PROGRAM DESCRIPTIONS

During recent program years, several energy programs have been consolidated into the two current programs. A list of historical program name references is included after the program descriptions below.

STATE ENERGY PROGRAM (SEP)

The State Energy Program offers a wide number of services that are made available to all the people of North Carolina. The program provides services and benefits to small businesses, industry, local governments and individual citizens. The SEP program promotes the efficient use of energy resources to reduce energy consumption. Examples of projects include industrial and commercial technical assistance, public awareness programs, and training in energy-saving techniques and technologies. The Institutional Conservation Program (ICP) for conservation in schools and hospitals was phased out in October 1996. Since the termination of that program, a new program has been designed for energy improvement in Public Schools and Local Government Buildings. These new projects are included in the 1999-2000 SEP Plan.

RESIDENTIAL ENERGY CONSERVATION ASSISTANCE PROGRAM (RECAP)

The Residential Energy Conservation Assistance Program (RECAP) is the umbrella program for the Weatherization Assistance Program (WAP) and the Heating Appliance Repair and Replacement Program (HARRP).

The **Weatherization Assistance Program** provides for the purchase and installation of weatherization materials in the home of low income, elderly and handicapped citizens in order to make those homes more energy efficient. The Program is operated at the local level by non-profit organizations. These agencies purchase and install weatherization materials such as ceiling, floor and wall insulation; caulking and weather-stripping. The program is technology driven by use of the blower door and a computerized energy audit. The technologies have been incorporated into the base program to further enhance the effectiveness of the weatherization efforts and dollars.

The **Heating Appliance Repair and Replacement Program** provides for the repair or replacement of inefficient, inoperable or unsafe heating systems. During the 1998-99 program year, 761 inefficient or unsafe heating systems were replaced statewide.

A total of 8,176 people were assisted in 3,316 homes weatherized during the 1998-99 program year representing a total savings of 104,752 Mbtu's.

Historical Program Name References

STATE ENERGY PLAN (SEP)*

Name change from State Energy Conservation Program (SECP)
ICP incorporated into SECP in October 1996
Energy Extension Service (EES) funding depleted in 1993

* Petroleum Violation Escrow Funds are appropriated to the Department of Commerce for the State Energy Efficiency Program (SEEP)

RESIDENTIAL ENERGY CONSERVATION PROGRAM (RECAP)*

Includes Weatherization Assistance Program (WAP) and Heating Appliance Repair and Replacement Program (HARRP)

* Petroleum Violation Escrow Funds are appropriated to the Department of Commerce for the Residential Energy Conservation Assistance Program.

Summary Of PVE Program Support and Contractual Expenditures
RECAP and SEP
As of 6/30/99

Funding Source	Program Support	Contractual Expenditures	Total Expenditures
Exxon			
8002	285,795.68	1,195,094.72	1,480,890.40
8006	0.00	0.00	0.00
Total	**285,795.68**	**1,195,094.72**	**1,480,890.40**
Warner			
8007	0.00	117,372.20	117,372.20
Total	**0.00**	**117,372.20**	**117,372.20**
Diamond Shamrock			
2647	110,579.04	0.00	110,579.04
4425	17,937.27	0.00	17,937.27
Total	**128,516.31**	**0.00**	**128,516.31**
Stripper Well			
8003	0.00	9,526.27	9,526.27
4424	0.00	1,796,533.07	1,796,533.07
Total	**0.00**	**1,806,059.34**	**1,806,059.34**
Occidental	0.00	0.00	0.00
Amoco	0.00	0.00	0.00
Total	**414,311.99**	**3,118,526.26**	**3,532,838.25**

LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program provides for the purchase and installation of weatherization materials in the homes of low income, elderly, and handicapped citizens in order to make those homes more energy efficient. Agencies receive a single 12-month contract funded by four separate sources (USDOE, LIHEAP, and Stripper Well/Exxon overcharge funds).

FY 98-99 ANNUAL CONTRACT AWARDS FROM ALL FOUR SOURCES ARE AS FOLLOWS:

	FY 98-99 WX CONTRACT	WX UNITS	FY 98-99 HP CONTRACT	HARRP UNITS
ALAMANCE COUNTY	151,403	72	31,647	12
Alamance County				
Caswell County				
BLUE RIDGE COMMUNITY	249,998	115	52,255	27
Alexander County				
Burke County				
Caldwell County				
Catawba County				
BLUE RIDGE OPPORTUNITY	198,387	93	34,739	26
Alleghany County				
Ashe County				
Wilkes County				
CARTERET COMMUNITY (COASTAL)	296,501	146	61,975	52
Carteret County				
Onslow County				
Duplin County				
CADA	210,844	103	44,071	37
Bertie County				
Halifax County				
Hertford County				
Northampton County				
CHARLOTTE AREA FUND	342,285	159	71,545	42
Union County				
Mecklenburg County				
CUMBERLAND	260,781	119	54,509	4
Cumberland County				
Sampson County				
EASTERN BAND/CHEROKEE INDIANS	45,003	21	9,406	7
Cherokee Indian Reservation				
ECONOMIC IMPROVEMENT COUNCIL	191,640	90	40,057	21
Camden County				
Chowan County				
Currituck County				
Dare County				
Hyde County				
Gates County				
Pasquotank County				
Perquimans County				
Washington County				
Tyrrell County				

LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM

	FY 98-99 WX CONTRACT	WX UNITS	FY 98-99 HP CONTRACT	HARRP UNITS
FOUR COUNTY COMMUNITY	543,261	300	113,554	53
Bladen County				
Hoke County				
Robeson County				
Scotland County				
Pender County				
Columbus County				
New Hanover County				
Brunswick County				
FOUR SQUARE COMMUNITY	274,783	123	44,894	42
Cherokee County				
Clay County				
Graham County				
Swain County				
FRANKLIN-VANCE-WARREN OPP.	231,423	110	39,205	18
Franklin County				
Granville County				
Vance County				
Warren County				
Person County				
GASTON COMMUNITY	172,431	80	36,042	16
Gaston County				
Stanley County				
GUILFORD COUNTY	351,530	165	73,478	33
Guilford County				
Forsyth County				
I-CARE, INC.	120,303	56	25,146	16
Iredell County				
Lincoln County				
ISOTHERMAL	161,513	76	33,760	25
Cleveland County				
McDowell County				
Polk County				
Rutherford County				
JOHNSTON-LEE COMMUNITY	233,146	109	44,552	24
Johnston County				
Lee County				
Harnett County				
JOINT ORANGE CHATHAM	153,904	72	32,169	14
Orange County				
Chatham County				
MARTIN COUNTY	228,982	110	47,862	22
Martin County				
Pitt County				
Beaufort County				
MOUNTAIN PROJECTS	213,910	100	44,712	28
Haywood County				
Jackson County				
Macon County				
NASH-EDGECOMBE	213,670	102	44,662	29
Nash County				
Edgecombe County				
Wilson County				

LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM

	FY 98-99 WX CONTRACT	WX UNITS	FY 98-99 HP CONTRACT	HARRP UNITS
OPPORTUNITY CORPORATION	209,156	104	34,976	16
Buncombe County				
Madison County				
REGIONAL CONSOLIDATED SSERVICES	258,039	119	53,936	24
Randolph County				
Davidson County				
Rockingham County				
SALISBURY-ROWAN COMMUNITY	205,241	102	42,900	34
Rowan County				
Cabarrus County				
SANDHILLS COMMUNITY	178,250	82	37,258	19
Anson County				
Montgomery County				
Moore County				
Richmond County				
TWIN RIVERS OPPORTUNITIES	174,851	99	36,548	21
Craven County				
Jones County				
Pamlico County				
WAKE COUNTY OPPORTUNITIES	360,453	171	75,343	41
Wake County				
Durham County				
W.A.M.Y.	137,135	63	28,330	17
Avery County				
Mitchell County				
Watauga County				
Yancey County				
W.A.G.E.S.	192,134	97	40,160	31
Wayne County				
Lenoir County				
Greene County				
WESTERN CAROLINA COMMUNITY	121,784	56	25,456	17
Henderson County				
Transylvania County				
YADKIN VALLEY	193,791	102	33,191	15
Davie County				
Stokes County				
Surry County				
Yadkin County				
WEATHERIZATION/HARRP TOTALS	98/99 WX	UNITS	98-99 HARRP	UNITS
Total Contracted	6,876,532	3,316	1,388,338	783
Total DOE Expenditures	2,546,396			
Total Stripper Well Expenditures (PVE)	1,517,757			
Total LIHEAP Expenditures	2,126,846			
Total HARRP Expenditures (LIHEAP)			1,137,808	
Total Exxon Expenditures	0			
Balance In 98-99 Contracts	685,533		250,530	

SEP Projects

FUNCTION/*Activity Title*	EXXON	DOE	Stripper Well	Stripper Well Match	WARNER	TOTAL PROJECT FUNDING
ADMINISTRATION						
ARES 98	$ 25,000.00					$ 25,000.00
Financial Audit & Compliance	$ 60,000.00					$ 60,000.00
GENERAL EDUCATION						
Awareness and Marketing	$ 34,750.00	$ 25,000.00				$ 59,750.00
National Energy Education Development Project	$ -					$ -
Technology/Education Transfer System		$ 40,365.00				$ 40,365.00
TRANSPORTATION						
Alternative Fuel Project		$ 350,304.00				$ 350,304.00
Car Care Clinics	$ 40,000.00					$ 40,000.00
EV Challenge/High School Project		$ 49,505.00				$ 49,505.00
NC State Government Telecommuting Project	$ 85,000.00					$ 85,000.00
BUILDINGS						
Business Energy Improvement Project	$ 1,935,028.00		$ 888,504.00			$ 2,823,532.00
Cold Air HVAC Distribution	$ 24,800.00					$ 24,800.00
Cost-Effective Energy Codes			$ 9,528.00			$ 9,528.00
Institutional Building Project	$ 7,073,374.00		$ 217,450.00		$ 259,841.00	$ 7,550,665.00
Residential Heat Exchanger Evaluation	$ -					$ -
Small Business Center Energy Conservation Project	$ 373,613.00	$ 9,124.00				$ 382,737.00
Sustainable Community Development	$ 300,000.00					$ 300,000.00
INDUSTRIAL						
Alternative Cooling Technologies	$ 87,914.00					$ 87,914.00
Aquaculture Promotion Project	$ 2,000.00					$ 2,000.00
Boiler Efficiency Technical Assistance	$ 198,340.00					$ 198,340.00
Center for Applied Energy Research and Technology	$ 770,000.00					$ 770,000.00
Cost Effective Control Strategies	$ 174,726.00					$ 174,726.00
Direct Application of Steam Turbines	$ 18,219.00					$ 18,219.00
Energy Management Technology and Technical Assistance	$ 514,491.00			$ 306,284.00		$ 820,775.00
Energy Production from Bermuda Grass and Poultry Litter	$ 100,000.00					$ 100,000.00
Landfill Gas Use in Greenhouses	$ 125,000.00					$ 125,000.00
Methane Recovery/Livestock	$ 55,263.00					$ 55,263.00
Motor Challenge Video Tape	$ 20,000.00					$ 20,000.00
NC Aquaculture Project	$ 40,000.00					$ 40,000.00
NC Climate Wise Support	$ 150,000.00					$ 150,000.00
North Carolina Industries of the Future	$ 150,000.00					$ 150,000.00
Post Harvest Handling and Storage	$ 23,220.00					$ 23,220.00
Post Harvest Promotion	$ 2,000.00					$ 2,000.00
Southeast Waste Exchange	$ 130,227.00					$ 130,227.00
Wood Waste Evaluation for North Carolina		$ 15,000.00				$ 15,000.00
UTILITIES						
Biogas Fuel Cell Pilot		$ 50,000.00				$ 50,000.00
Data Analysis & Forecasting	$ 51,000.00					$ 51,000.00
Energy Emergency Preparedness	$ 30,000.00					$ 30,000.00
Energy Emergency Preparedness Promotion	$ 5,000.00					$ 5,000.00
Energy Emergency Simulation	$ 34,500.00					$ 34,500.00
Geothermal Heating and Cooling	$ 125,000.00					$ 125,000.00
Greenhouse Gas Mitigation Strategies	$ 50,000.00					$ 50,000.00
North Carolina Solar Center	$ 431,090.00					$ 431,090.00
Utilization of Biomass - Military	$ 75,000.00					$ 75,000.00
	$ 13,314,555.00	$ 539,298.00	$ 1,115,482.00	$ 306,284.00	$ 259,841.00	$ 15,535,460.00
SPECIAL PROJECTS						
Alliance To Save Energy	$ -					$ 10,000.00
Institute of Cultural Affairs	$ -					$ 3,500.00
Rebuild America				$ -		$ 800,000.00
Rondeli - Energy Management Technology and Technical Assistance	$ -					$ 50,000.00

SEP PVE Expenditures
7/1/98 - 6/30/99

FUNCTION/*Activity Title*	EXPENDITURES
ADMINISTRATION	
ARES 98	$ -
Financial Audit & Compliance	$ -
GENERAL EDUCATION	
Awareness and Marketing	$ 14,763.08
National Energy Education Development Project	$ -
Technology/Education Transfer System	$ -
TRANSPORTATION	
Alternative Fuel Project	$ -
Car Care Clinics	$ -
EV Challenge/High School Project	
NC State Government Telecommuting Project	$ -
BUILDINGS	
Business Energy Improvement Project	$ -
Cold Air HVAC Distribution	$ 6,000.00
Cost-Effective Energy Codes	$ 9,526.27
Institutional Building Project	$ 260,872.73
Residential Heat Exchanger Evaluation	$ -
Small Business Center Energy Conservation Project	$ -
Sustainable Community Development	$ -
INDUSTRIAL	
Alternative Cooling Technologies	$ 8,715.37
Aquaculture Promotion Project	$ -
Boiler Efficiency Technical Assistance	$ 65,900.00
Center for Applied Energy Research and Technology	$ 32,822.67
Cost Effective Control Strategies	$ 32,274.44
Direct Application of Steam Turbines	$ -
Energy Management Technology and Technical Assistance	$ 497,514.88
Energy Production from Bermuda Grass and Poultry Litter	$ -
Landfill Gas Use in Greenhouses	$ 78,686.56
Methane Recovery/Livestock	$ -
Motor Challenge Video Tape	$ -
NC Aquaculture Project	$ -
NC Climate Wise Support	$ 14,744.49
North Carolina Industries of the Future	$ -
Post Harvest Handling and Storage	$ 10,757.61
Post Harvest Promotion	$ 2,000.00
Southeast Waste Exchange	$ 15,657.98
Wood Waste Evaluation for North Carolina	$ -
UTILITIES	
Biogas Fuel Cell Pilot	$ -
Data Analysis & Forecasting	$ -
Energy Emergency Preparedness	$ -
Energy Emergency Preparedness Promotion	$ -
Energy Emergency Simulation	$ -
Geothermal Heating and Cooling	$ -
Greenhouse Gas Mitigation Strategies	$ -
North Carolina Solar Center	$ 217,005.60
Utilization of Biomass - Military	$ 32,000.00
SPECIAL PROJECTS	
Alliance To Save Energy	$ 10,000.00
Institute of Cultural Affairs	$ 2,757.39
Rebuild America	$ 223,683.00
Rondeli - Energy Management Technology and Technical Assistance	$ 9,994.12
	$ 1,545,676.19

SEP PVE Expenditures By Vendor
7/1/98 - 6/30/99

Cost Center	Vendor	Expenditures 7/1/98 - 6//30/99
Exxon (2466/8002)	**Administration**	
	Annual Report Energy Savings (ARES)	0.00
	Financial Audit and Compliance	0.00
	Alliance To Save Energy	10,000.00
	Blue Ridge Resource Conservation & Development Council	
	Landfill Gas Use in Greenhouses	78,686.56
	Institute of Cultural Affairs	2,757.39
	International Applied Engineering, Inc.	
	Utilization of Biomass - Military	32,000.00
	North Carolina A & T State University	
	Alternative Cooling Technologies	8,715.37
	Center for Applied technology	32,822.67
	Cold Air HVAC Distribution	6,000.00
	Cost Effective Control Strategies	32,274.44
	General Education	
	Awareness & Marketing	14,763.08
	National Energy Education Development Program (NEED)	0.00
	Technology/Education Transfer System	0.00
	North Carolina State University	
	Boiler Efficiency Technology	65,900.00
	Climate Wise	14,744.49
	Energy Management Technology & Technical Assistance	497,514.88
	North Carolina Solar Center	217,005.60
	Post-Harvest Handling & Storage	10,757.61
	North Carolina Vegetable Growers Association	2,000.00
	Rondeli, Inc.	
	Energy Management Technology & Technical Assistance	9,994.12
	UNC Charlotte	
	Southeast Waste Exchange	15,657.98
	Institutional Building Project	
	Buncombe County Schools	10,122.60
	Chowan College	5,398.23
	Cumberland County Schools	14.69
	Lenoir County Board of Education	74,897.82
	New Hanover County Schools	36,852.08
	Spruce Pine Community Hospital	16,215.11
	Total Exxon (2466/8002)	**1,195,094.72**
	Institutional Building Project	
Warner (2466/8007)	Henderson County Schools	3,203.00
	Lenoir County Board of Education	35,112.00
	New Hanover County Schools	34,252.70
	Transylvania Community	35,000.00
	UNC Asheville	9,804.50
	Total Warner (2466/8007)	**117,372.20**

SEP PVE Expenditures By Vendor
7/1/98 - 6/30/99

Stripper Well (2466/8003)	**Southface Energy Institute**	9,526.27
	Total Stripper Well (2466/8003)	**9,526.27**
Stripper Well (2467/4903)	**Local Government**	
	Choanoke Area Development Association	42,433.00
	City of Concord	25,000.00
	Housing Authority of the City Of Salisbury	50,000.00
	LaGrange Redevelopment Corporation	80,000.00
	Rebuild America	
	Uptown Shelby Association, Inc.	26,250.00
	Total Stripper Well (2467/4903)	**223,683.00**
	Total SEP PVE Expenditures	**1,545,676.19**

SEP PROJECT NARRATIVES

ADMINISTRATION

ARES (Annual Report Energy Savings)

Project Allocation:	25,000.00
PVE Expenditures (7/1/98 – 6/30/99)	0.00
Project Balance:	25,000.00

A contractor will be selected through a competitive bid process to evaluate North Carolina's SEP programs; document reported savings, and prepare North Carolina's 1998 and 1999 Annual Reports of Energy Savings for submission to DOE.

Current Status: Contract for 98 and 99 has been submitted to the contractor for approval.

Financial Audit and Compliance

Project Allocation:	60,000.00
PVE Expenditures (7/1/98 – 6/30/99)	0.00
Project Balance:	60,000.00

The contractor will conduct financial and compliance audit of designated contractors and review audit reports of subrecipients under the various federal energy grant programs administered by the Energy Division.

Current Status: The RFP is in process.

GENERAL EDUCATION

Awareness & Marketing

Project Allocation:	59,750.00
PVE Expenditures (7/1/98 – 6/30/99)	14,763.08
Project Balance:	44,986.92

This Project targets the entire state population. The Awareness & Marketing Program will enable the Energy Division to disseminate to state residents information on energy conservation and energy efficiency programs operated by the Division and made available to the state population through local, state and federal government. This information on new and existing programs and energy-related data will be distributed through broadcast and print media in the state. Information will include details on programs available to the agricultural community, the commercial/industrial sector, schools, and the residential sector.

Current Status: On going project.

National Energy Education Development Program (NEED)

No PVE allocation in 1998-99

Project Allocation:	.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	.00

This project works to promote an energy conscious and educated society by creating effective networks of students, educators, business, government and community leaders to design and deliver objective, multi-sided energy education programs.

Current Status: Active 1999-2000 contract for $150,000 is in place. Efforts are underway to expand the program objectives into middle school.

Technology/Education Transfer System

No PVE allocation in 1998-99

Project Allocation:	40,365.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	40,365.00

This project will develop and implement a technology/education transfer system that will focus on increased technology visibility and market penetration.

Current Status: DOE funded. Project under evaluation.

TRANSPORTATION

Alternative Fuels Project.

No PVE allocation in 1998-99

Project Allocation:	350,304.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	350,304.00

This project will promote and introduce the use of alternative transportation fuels to the public and private fleet management sectors of North Carolina, including compressed natural gas, liquefied petroleum, ethanol, methanol, electricity, hydrogen, coal-derived liquids and biological materials. The project will accomplish its objective through conducting a statewide conference with follow-up market analysis to conference participants. The project will be assessed based on the public response at the public events and those requesting to use the vehicles within state government.

Current Status: Active project which is expected to complete in 2002.

Car Care Clinics

Project Allocation:	40,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	40,000.00

This project will provide North Carolina motorist with information on the current operating condition of his/her vehicle and identify the most cost effective and energy efficient repairs/maintenance that could be made on that vehicle. The project will educate the North Carolina motoring public on the long-term benefits of proper vehicle maintenance.

Current Status: Project lapsed due to vendor inactivity. Project re-instated and contract negotiations are in process.

EV Challenge/High School Project

No PVE allocation in 1998-99

Project Allocation:	49,505.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	49,505.00

This project encourages the development of electric vehicles (EVs) in high schools and the general public. The project will also help train high school teachers and develop curriculums for high schools statewide. The project activities planned for PY98 include: EV Challenge. The Energy Division was a major sponsor of the NC EV Challenge which includes a variety of events including an auto cross, road rally and range event. High school students from across North Carolina compete in these events. NC high school students have placed high, winning many, in similar national events. This project will help continue to ensure this event continues.

An EV curriculum will be developed and incorporated into the vocational departments of high schools in North Carolina. This will allow high school students to receive high school credits and also be allowed to participate in these activities during school hours. A series of workshops will be developed and conducted regarding EVs in North Carolina.

Current Status: Continuing project. Current contract is nearing completion with $19,260 expended during this reporting period.

NC State Government Telecommuting Project

Project Allocation:	85,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	85,000.00

This project will assist the North Carolina State Telecommuting Committee implement a telecommuting pilot program, evaluate the program and report the results for full implementation throughout state government.

Current Status: Active project; an agreement was executed with the NC Office of Personnel.

BUILDINGS

Business Energy Improvement Project

Project Allocation:	2,823,532.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	2,823,532.00

This project is structured similar to the CFC program with the objective of addressing the needs of the target audience through low-interest loans. The project provides implementation funds for the deployment of economically feasible energy conserving measures identified through technical analyses prepared by registered professionals. The division will contract with a lender to initiate and service low-interest loans to businesses and industries in North Carolina.

Current Status: A self sustaining active project with three loans outstanding.

Cold Air HVAC Distribution

Project Allocation:	24,800.00
PVE Expenditures (7/1/98 – 6/30/99)	6,000.00
Project Balance:	18,800.00

The objective of this project is to educate industrial facilities on the economic justification and application of cold air HVAC distribution systems to reduce energy consumption when used in conjunction with a cold thermal energy storage system . An evaluation of air diffuser technology will be conducted to determine the systems that will best mix the cold air to promote worker comfort and productivity. An evaluation of HVAC systems technology will be conducted to determine the design techniques that will effectively integrate cold air distribution.

Based on information derived from the diffuser and HVAC systems evaluations and other relevant research, a workshop agenda, workbook and schedule of speakers will be prepared for a workshop of Cold Air Distribution.

Current Status: Workshops were held; contract completion anticipated by 6/30/00.

Cost Effective Energy Codes

Project Allocation:	9,528.00
PVE Expenditures (7/1/98 – 6/30/99)	9,526.27
Project Balance:	1.73

This project involves the development of a video on complying with energy requirements on the revised model energy code for residential structures.

Current Status: Project Complete.

Institutional Building Project

Project Allocation:	7,550,665.00
PVE Expenditures (7/1/98 – 6/30/99)	260,872.73
Project Balance:	7,289,792.27

Previously known as the Institutional Conservation Project, this program will provide assistance and services related to the delivery of technical assistance and energy conserving capital improvements to schools and hospitals. Division staff will manage and bring satisfactory conclusion to all existing grants/contracts to ensure compliance with state and federal regulations.

Current Status: Project phased out as mandated by Federal Law. Remaining funds were transferred to the following new programs as authorized by DOE: Clean Technology Demonstration, Local Government Buildings, & Public School Energy Improvement.

Residential Heat Exchanger Evaluation

Project Allocation:	.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	.00

This project will develop the specifics of an evaluation of the transferability of a technology proven effective in automobiles into equipment used to cool houses. Electric utility representatives, equipment manufacturers, and component suppliers will work to combine existing central air conditioning equipment with the technology of the automobile industry. The units will be assembled in new energy efficient houses and monitored for performance against control houses.

Current Status: Project Completed.

Small Business Center Energy Conservation Project

Project Allocation:	382,737.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	382,737.00

This project will be structured similar to the CFC program with the objective of addressing the needs of the small business operations through low-interest loans. The project will provide implementation funds for the deployment of economically feasible energy conserving measures identified through technical analyses prepared by registered professionals. The division will contract with a lender to initiate and service low-interest loans to businesses and industries in North Carolina.

Current Status: Inactive Project, under evaluation for termination.

Sustainable Community Development

Project Allocation:	300,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	300,000.00

The target audiences in this project are communities and their stakeholders who aim to promote the principles and practices of sustainable development. To increase the community's awareness and importance of sustainable community development focusing on economic well-being, environmental health, and overall quality of life through approved implementation strategies.

Current Status: Contract negotiations for "Project Impact" are underway. Interagency agreement with FEMA signed 12-16-99.

INDUSTRIAL

Alternative Cooling Technologies

Project Allocation:	87,914.00
PVE Expenditures (7/1/98 – 6/30/99)	8,715.37
Project Balance:	79,198.63

Workshops will be conducted in the following areas: 1) evaporative cooling and desiccant dehumidification and 2) absorption and gas-fired chillers. The goals are to educate the designers and engineers on the economic justification for the application and convince smaller industrial firms of the benefits of these technologies.

Current Status: Workshops were conducted. Project scheduled to be completed by 6/30/00.

Aquaculture Promotion Project

Project Allocation:	2,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	2,000.00

The project proposes to continue to promote aquaculture development in North Carolina through co funding the aquaculture conference in the state. Co-funding of the annual Aquaculture Development Conference which will provide an excellent opportunity to present to the Target Audience the Division's involvement in the development of state's aquaculture industry.

Current Status: Annual re-curing Event; conference was conducted in January.

Boiler Efficiency Technical Assistance

Project Allocation:	198,340.00
PVE Expenditures (7/1/98 – 6/30/99)	65,900.00
Project Balance:	132,440.00

The general premise of this program is to instruct plant personnel on how to solve boiler efficiency problems and promote state-of-the-art equipment to maintain optimum boiler efficiency. There will be a series of "Improving Boiler Efficiency" workshops held across the state. These workshops will be supplemented with technical on-site surveys which will determine level of efficiency, identify causes of boiler inefficiency and

develop a plan for corrective action. An advanced workshop will also be conducted providing more in-depth and technically sophisticated concepts of boiler operation and optimization. As part of energy and environmental management, waste reduction surveys will be conducted. These surveys will promote source reduction, pollution prevention and recycling through an analysis of facility's current waste production and handling strategies. The surveyors will develop a plan, as well as, recommend course of corrective action.

Current Status: Continuing program of regional Workshops and Surveys.

Center for Energy Research and Technology

Project Allocation:	770,000.00
PVE Expenditures (7/1/98 – 6/30/99)	32,822.67
Project Balance:	737,177.33

The purpose of this Project is to expand the activities of the Center for Applied Energy Research and Technology (CERT), an energy institute at North Carolina A&T University that provides education, training, research, demonstration, and technical assistance on energy and environmental technologies. CERT consists of interdisciplinary faculty members and students both at the undergraduate and graduate levels. The faculty members and students will be drawn mainly from the schools of agricultural, architectural, chemical, electrical, industrial, and mechanical engineering. However, faculty members and students from the departments of housing research and the school of business will also be members of the team. CERT activities will fall under three (3) main areas: 1) Technical Transfer (Outreach), 2) Demonstration and Applied Research, and 3) Manufactured Housing.

Current Status: Project is funded through 8/31/00 with the expectation that it will become a continuing effort. University has approved installation of manufactured housing to support the project.

Cost Effective Control Strategies

Project Allocation:	174,726.00
PVE Expenditures (7/1/98 – 6/30/99)	32,274.44
Project Balance:	142,451.56

Workshops on each of the following subject areas: 1) energy management and control systems (EMCS), 2) specialized ventilation system controls, particularly air washer controls, 3) energy management and control systems, 4) specialized ventilation systems controls, 5) advanced energy management systems, 6) advanced air washers, 7) boiler condensing heat exchangers, 8) hydronics, 9) advanced lighting, 10) air quality, 11)

indoor air quality. Companion workbooks for each of the subject areas will also be developed for use in the workshops. Ten (10) on-site surveys and evaluation of control systems for interested attendees of the workshops shall be conducted. The goals are to educate the target audience on the economic justification for the application of computerized control systems to reduce energy consumption while maintaining good indoor air quality. Also, to convince the smaller industrial firms of the benefits of these technologies and the effects that they can have on the "bottom line" of the companies financial statements.

Current Status: Active Project; workshops conducted and project expected to complete 6/30/00.

Direct Application of Steam Turbines

Project Allocation:	18,219.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	18,219.00

This is a continuation of a project that demonstrates the direct coupling of steam to power an industrial air compressor, which saves on conversion losses associated with electricity production. Through preliminary workshops conducted as a part of the Energy Management Technology program and on-going facility surveys, the target audience is being made aware of this technology. The workshops were called "Alternatives to Cogeneration: The Direct Application of Steam Turbine Power".

Exhibition of the technology is particularly appropriate for this technology. Experience has proven that the target audience is more receptive to a new application of technology when there exists a comparable example for inspection and evaluation. Although applied in some large industrial facilities, a display of the technology in use within a smaller facility would provide the target audience with the opportunity to evaluate it in a setting more comparable to their own.

Current Status: Project complete and awaiting final closure.

Energy Management Technology and Technical Assistance

Project Allocation:	820,775.00
PVE Expenditures (7/1/98 – 6/30/99)	497,514.88
Project Balance:	323,260.12

The general premise of this program is to provide direct technical services to directly assist and add to the skills of managers and maintenance personnel in areas directly impacting energy consumption. There will be a series of fundamental workshops held across the state dealing with the topics of: Preventative Maintenance; HVAC; Air Compressors; Chillers and Cooling Towers; Lighting; Motors and Steam Traps. These workshops will be supplemented with technical on-site surveys in each of the subject areas. Note: Steam Trap Surveys designed to compliment the steam trap workshop will be offered through a separate Stream Trap Survey program. More advanced coverage of energy management approaches will be addressed in a series of workshops covering the following topics: HVAC Control Strategies; Certified Energy Management Review; Advanced Energy Concepts in HVAC; Efficient Operation of Cooling Towers; Using Emergency Generation for Peak Electrical Demand Reduction. A general review of facilities operations will be under taken with the preliminary energy surveys

Current Status: Continuing project funded through 6/30/00. 30 Workshops and 47 surveys conducted during the reporting period.

Energy Production from Bermuda Grass and Poultry Litter

Project Allocation:	100,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	100,000.00

This project will demonstrate the use of bermuda grass and poultry litter in a cogeneration facility located at either a feed mill or meat packing plant. Use of poultry litter and coastal bermudagrass stems for energy is a promising option for helping to assure the environmental sustainability of waste disposal from the highly concentrated poultry and swine industries and at the same time provide economical steam and electricity for the processing components of these industries. A recently completed prefeasibility study in North Carolina identified the Primenergy gasification/staged combustion technology as a promising option for co-producing steam and electricity, but further testing and demonstration are needed. Poultry litter, a mixture of manure and wood chips or rice hulls, is both a threat to water quality and a potential feedstock for emerging energy conversion technologies. Both the problem and the opportunity stem from efforts to dispose of the manure in areas with a high concentration of poultry operations such as southeast North Carolina, northwest Arkansas, and northeast Oklahoma. Using poultry litter for energy is a promising alternative to land application. In addition to reducing phosphorus contamination of surface waters, using poultry litter for energy would concentrate phosphorus in the ash, improving the economics of transporting surplus phosphorus to other regions where the ash has significant fertilizer value.

Current Status: Active with contract in place. Expected to complete by early 2001.

Landfill Gas Use in Greenhouse

Project Allocation:	125,000.00
PVE Expenditures (7/1/98 – 6/30/99)	78,686.56
Project Balance:	46,313.44

This project will demonstrate the use of landfill use from an abandoned landfill in Yancey County, which is located in western North Carolina. The main contractor will be the Blue Ridge Resource Conservation & Development Council, Inc (BRRCDC). BRRCDC has completed a study of the feasibility of capturing methane gas from two abandoned landfills - the Yancey/Mitchell County landfill and the Avery County landfill - with the assistance of EPA's Methane Outreach Program and SCS Engineers of Reston, VA. This study showed that methane could be economically recovered from both these landfills. BRRCDC is planning the development of the wells and piping to recover the landfill gas from the Yancey/Mitchell landfill. The gas will be used to heat greenhouses

for the use by Mayland Community College, local high schools, and individuals wanting to start new greenhouse businesses.

Current Status: Phase I complete; project will continue through mid 2000.

Methane Recovery/Livestock

Project Allocation:	55,263.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	55,263.00

Funding will support the research, selection, and installation of a new cover for the covered lagoon anaerobic digestion system at Carroll's Foods.

Current Status: Project complete and pending final closure.

Motor Challenge VideoTape

Project Allocation:	20,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	20,000.00

The purpose of this project is to provide a training tool to facilitate energy conservation to commercial and industrial building owners in promoting efficient alternating current electric motors. This project is supplemental to the original motor challenge videotape project funded under DOE. Tape topics consist of Electric Motors; Power Sources; Power Factor; Test Equipment; Electric Motor Efficiency; Motor Manager Strategies, and Evaluation of Existing Installation.

Current Status: Project complete and pending final closure.

NC Aquaculture Project

Project Allocation:	40,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	40,000.00

This project will demonstrate the feasibility of an all electric water treatment system for intensive aquaculture recirculation fish production system. The project will demonstrate the use of an electric-ionization/magnetic separation water purification & filtration system in intensive recirculating aquaculture fish production systems.

Current Status: Active project involving hybred striped bass and yellow perch. Project will operate through mid 2001.

NC Climate Wise Support

Project Allocation:	150,000.00
PVE Expenditures (7/1/98 – 6/30/99)	14,744.49
Project Balance:	135,255.51

The objective of this project is to provide industrial companies with the tools required to invest in energy efficiency/pollution prevention technologies and processes. The Industrial Efficiency Partnership is a cooperative effort of the U.S. Department of Energy, U.S. Environmental Protection Agency, the Energy Division of the North Carolina Department of Commerce and the Office of Waste Reduction of the N.C. Department of Environment, Health and Natural Resources (DEHNR). The Industrial Efficiency Partnership is innovative in its development, design and delivery, while building upon the existing efforts of the aforementioned entities. It uses a model that can be adapted to a variety of circumstances and needs. The partnership focuses on specific goals, audiences, delivery mechanisms and marketing channels.

Current Status: Continuing Active Project

North Carolina Industries of the Future

Project Allocation:	150,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	150,000.00

This project will introduce, promote and provide methodology for these representatives to enhance their competitiveness through improved energy and environmental performance. The project will accomplish its objective through conducting six individual statewide

conferences for representatives from each one of the IOF's and a follow-up conference summit to include, but not limited to, industry officials and representatives, industry associations, and related state and federal regulatory agencies. The purpose of the summit will be for the creation and implementation of a North Carolina specific Vision of energy efficiency and environmental performance and the development of a Technology Roadmap outlining the details of the crosscutting technologies benefiting all industries.

Current Status: Project scope and work are under evaluation. Regional collaboration efforts are in progress.

Post Harvest Handling and Storage

Project Allocation:	23,220.00
PVE Expenditures (7/1/98 – 6/30/99)	10,757.61
Project Balance:	12,462.39

The objective of this activity is to continue to educate a wide spectrum of the agricultural community and those associated with the industry about efficient postharvest management technologies of fresh produce in North Carolina. This project will offer technical assistance to growers and packers in developing appropriate systems, financial analysis of cooling and handling facilities. Strong emphasis will be placed on energy conservation in the long-term storage of various horticultural crops.

Current Status: Project Complete

Post Harvest Promotion

Project Allocation:	2,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	2,000.00

This project proposes to promote energy efficient postharvest handling and cooling of fruits and vegetables through CoSponsoring the North Carolina Vegetable and Fruit Expo. This project will also continue to educate a wide spectrum of the agricultural community about efficient postharvest management technologies of fresh produce through distribution of publications and speaker presentations at the Vegetable and Fruit Expo.

Current Status: Re occurring annual event co-sponsored by the Energy Division.

Southeast Waste Exchange

Project Allocation:	130,227.00
PVE Expenditures (7/1/98 – 6/30/99)	15,657.98
Project Balance:	114,569.02

This project will educate industrial personnel about proven markets for industrial surpluses, wastes and by-products.

Current Status: Continuing Project

Wood Waste Evaluation for North Carolina

No PVE allocation 1998-1999

Project Allocation:	15,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	15,000.00

The target audiences for the project are plant managers. An inventory of North Carolina's wood waste resource will be compiled. The project objective is to evaluate the wood waste resource in North Carolina and make this resource more available to industry. Specific objectives include evaluating the amount of wood waste available from primary and secondary manufacturers, fuel types available, fuel moisture content, market prices, and current fuel uses (including energy production).

Current Status: Project complete and closed. Report on hand.

UTILITIES

Biogas Fuel Cell Project

No PVE allocation 1998-1999

Project Allocation:	$50,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	$50,000.00

This project will investigate the viability of alternative electric power generation using new fuel cell and micro-turbine technologies. These technologies can provide distributed, high quality electric power from a variety of fuel sources. The fuel cell project will demonstrate the performance of a residential fuel cell operation utilizing a commonly available hydrogen rich gas fuel source. The microturbine project will demonstrate the performance and operational parameters necessary for commercial use of microturbines for base load and/or peaking power generation. Demonstration sites for both projects will offer workshops and tours.

Current Status: Project revised to include fuel cell and microturbine technology. Contract negotiation in progress.

Data Analysis and Forecasting

Project Allocation:	$51,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	$51,000.00

The project will provide timely data on historical and forecasted energy consumption. This project will also provide North Carolina with an energy model with built-in databases for energy information, projections, as well as modeling/simulation capabilities.

Current Status: Project Complete. Final payment of $47,400.00 made 7/20/99.

Energy Emergency Preparedness

Project Allocation:	$30,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	$30,000.00

Along with the workshops and surveys, statewide meetings and interaction with the industry are implementation strategies. The intent of this project is to provide the State of North Carolina with a comprehensive and up-to-date energy emergency preparedness program including an energy emergency plan to be implemented in the event of an energy crisis.

Current Status: On-going in-house project. Portion of funding will be used for EM2000 software.

Energy Emergency Preparedness Promotion

Project Allocation:	$5,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	$5,000.00

The Winter Fuel Conference will provide information and answer questions regarding world energy markets, anticipated weather conditions, storage levels, price outlook, and specific North Carolina market conditions.

Current Status: Project postponed in 98-99 program year due to mild weather conditions and positive supply condition of heating fuels. Money currently under contract in 99-00 program year.

Energy Emergency Simulation

Project Allocation:	$34,500.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	34,500.00

This training will provide a forum for industry, state and local officials to test their plans in a nonemergency setting and will allow for enhancement of communications between these entities. Staff, emergency management, DOE Office of Energy Emergencies, and Industry/Associations are the target audiences. Along with training, other implementation strategies will be simulation, scenario workbook, and response activities.

Current Status: This is a follow-up training to Emergency Simulation held in December 1997. "Petroleum Set-Aside" program training scheduled for 99-00 program year.

Geothermal Heating and Cooling

Project Allocation:	125,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	125,000.00

The object of this activity is to promote and assist the advancement of ground source heat pumps (GSHP) as a heating and cooling system for both the commercial and residential sectors. This will be achieved through a series of exhibits, training sessions and a demonstration of geothermal heat pump technology for modular buildings.

Current Status: Active project with demonstration project and education project in progress. Completion by end of 2000.

Greenhouse Gas Mitigation Strategies

Project Allocation:	50,000.00
PVE Expenditures (7/1/98 – 6/30/99)	.00
Project Balance:	50,000.00

This project will identify strategies to reduce North Carolina's greenhouse gas emissions (GHG's) through energy efficiency measures, energy conservation, and renewable energy sources. This work will be coordinated with Appalachian State University, who is conducting a study that will make GHG reduction strategy recommendations in a report to the U.S. EPA. The goal of the project is to reduce North Carolina's GHG's by 7% from 1990 levels by the year 2010. The report will estimate the energy, environmental, and economic effects of the measures recommended.

Current Status: Active project. Final report is complete with full closure expected by 6/30/00.

North Carolina Solar Center

Project Allocation:	431,090.00
PVE Expenditures (7/1/98 – 6/30/99)	217,005.60
Project Balance:	214,084.40

The objective of this project is to provide a range of solar information services through a "solar center." The North Carolina Solar Center is an educational, information disseminating and referral organization responsible for addressing the primary issues which affect the implementation of solar technology. The center's programs are designed to reach both the professional community and the general public statewide. The Solar Center operations combine the resources of the University (NCSU Solar House), state government (Energy Division), and private industry (NCSEA). The Solar Center has demonstrations of photovoltaic and thermal solar technologies at the NCSU Solar House and at an adjoining test site. The Solar Center also offers a range of technical & educational services as well as publications and audio-visual materials explaining solar technologies.

Current Status: Continuing project.

Utilization of Biomass – Military

Project Allocation:	75,000.00
PVE Expenditures (7/1/98 – 6/30/99)	32,000.00
Project Balance:	43,000.00

The Contractor will develop the parametric testing and monitoring protocol to evaluate the performance and efficiency of the wood gasification technology. The technical objective of the project is to demonstrate the technical, economic, and environmental feasibility of using biomass as the primary fuel for an engine/generator used for electrical generation. This project will have the long-range effect of establishing proven means of utilizing biomass as a fuel for small-scale innovative energy conversion technologies. The project will show the effective use of new biomass energy technologies capable of contributing to improved air quality and resource utilization.

Current Status: Project is essentially complete. Final payment under negotiation.

Alliance To Save Energy

Project Allocation:	10,000.00
PVE Expenditures (7/1/98 – 6/30/99)	10,000.00
Project Balance:	00

Participation of the North Carolina Department of Commerce, Energy Division, (NCDC) in a public service advertising campaign comprised of two television and two radio announcements that acknowledge the NCDC as a sponsor. The project was coordinated by the Alliance To Save Energy.

Current Status: Project is complete.

Institute Of Cultural Affairs

Project Allocation:	2,757.39
PVE Expenditures (7/1/98 – 6/30/99)	2,757.39
Project Balance:	00

A series of meetings were held in Hertford County, North Carolina to develop a comprehensive plan for the County's future economic prosperity using the four "building blocks" for rural economic progress. One hundred residents from Hertford County have been invited to attend the event. The Energy Division and the Division of Community Assistance have each agreed to share the professional services cost item in the budget.

Current Status: Project is complete.

Rebuild America

Project Allocation:	441,551.00
PVE Expenditures (7/1/98 – 6/30/99)	223,683.00
Project Balance:	217,317.00

In North Carolina, the Rebuild America program has led to the creation of partnerships that have brought to various towns and municipalities invaluable services to the communities. Although the services differ by community, the benefits brought about by Rebuild America generally have brought great improvements to the housing stock in the various communities and have led to a more competitive and viable business community.

Current Status: Active Project. Six established partnerships are currently funded with several more in the negotiation stage.

Rondeli – Energy Management Technology and Technical Assistance

Project Allocation:	9,994.12
PVE Expenditures (7/1/98 – 6/30/99)	9,994.12
Project Balance:	00

Contract to perform upgrades to an anaerobic digester that will improve its operation at thermophilic temperature.

Current Status: Project is complete.

Alliance To Save Energy

Project Allocation:	10,000.00
PVE Expenditures (7/1/98 – 6/30/99)	10,000.00
Project Balance:	00

Participation of the North Carolina Department of Commerce, Energy Division, (NCDC) in a public service advertising campaign comprised of two television and two radio announcements that acknowledge the NCDC as a sponsor. The project was coordinated by the Alliance To Save Energy.

Current Status: Project is complete.

Institute Of Cultural Affairs

Project Allocation:	3,500.00
PVE Expenditures (7/1/98 – 6/30/99)	2,757.39
Project Balance:	742.61

A series of meetings were held in Hertford County, North Carolina to develop a comprehensive plan for the County's future economic prosperity using the four "building blocks" for rural economic progress. One hundred residents from Hertford County have been invited to attend the event. The Energy Division and the Division of Community Assistance have each agreed to share the professional services cost item in the budget.

Current Status: Project is complete.

Rebuild America

Project Allocation:	800,000.00
PVE Expenditures (7/1/98 – 6/30/99)	223,683.00
Project Balance:	576,317.00

In North Carolina, the Rebuild America program has led to the creation of partnerships that have brought to various towns and municipalities invaluable services to the communities. Although the services differ by community, the benefits brought about by Rebuild America generally have brought great improvements to the housing stock in the various communities and have led to a more competitive and viable business community.

Current Status: Active Project. Six established partnerships are currently funded with several more in the negotiation stage.

Rondeli – Energy Management Technology and Technical Assistance

Project Allocation:	50,000.00
PVE Expenditures (7/1/98 – 6/30/99)	9,994.12
Project Balance:	40,005.88

Contract to perform upgrades to an anaerobic digester that will improve its operation at thermophilic temperature.

Current Status: Project is complete.

Summary Of PVE Funds

		Commerce Allocation Balance as of 6/30/99	Trust Fund Balance As of 6/30/99 (Including Commerce Allocation)
Exxon			
	8002	$ 13,897,984.00	
	8006	$ 33,304.00	
Total Exxon		$ 13,931,288.00	$ 15,832,425.88
Warner			
	8007	$ 137,311.00	
Total Warner		$ 137,311.00	$ 318,523.12
Diamond Shamrock			
	2647	$ 2,468.96	
	4425	$ 55,062.00	
Total Diamond Shamrock		$ 57,530.96	$ 1,846,395.57
Stripper Well			
	8003	$ 1,441,713.66	
	4424	$ 395,795.00	
Total Stripper Well		$ 1,837,508.66	$ 12,520,880.24
Occidental		$ -	$ 543,687.55
Total Occidental		$ -	$ 543,687.55
Amoco II		$ -	$ 70,846.39
Total Amoco II			$ 70,846.39
Total PVE Funds		$ 15,963,638.62	$ 31,132,758.75
Less Commerce Allocation			$ 15,963,638.62
Unallocated Trust Fund Balance			$ 15,169,120.13

PY99 PROJECTS

Bioremediation of Swine Waste

The overall objectives of the study will be to evaluate a greenhouse system to determine its ability (and capacity) to bioremediate swine wastes. This will include monitoring and evaluation of: 1) plant growth and fruit production, 2) CO2 enrichment and waste heat utilization, 3) odor and air quality, 4) pathogen cross-contamination and 4) the economics of both the greenhouse and swine operations. This project will support objective #2. Monitoring the CO2 and waste heat production from the biogenerator will require the addition of CO2, temperature and flow sensors to the outputs of the generator and inputs to the greenhouse. The biogenerator is cooled via water-jacket, and insertion of appropriate thermocouples at the entrance and exit as well as flow meter should present minimal problems. Data will be analyzed to determine the waste heat and CO2 capacity of the biogenerator as a function of time-of-year and weather. That will be compared to the needs (and actual utilization) of the greenhouse operation to predict the ability of the system to support expansion.

Carolina Recycling Association Conference and Trade Show

The Energy Division proposes to provide $5,000 to co-sponsor the Carolina Recycling Association Conference & Trade Show in March 2000, in Asheville, NC. The funds will help cover general expenses (fees and travel costs) incurred for speakers for key addresses and concurrent sessions. An amount of $1,500 will be used to process photos to update the division's static display for use at the trade show.
The three-day event is organized by the regional recycling association that serves 625 individual, business and governmental members in North and South Carolina. The conference offers the Energy Division an opportunity to interact with professionals in waste reduction, recycling, and manufacturing of "green" building products.
The Energy Division will receive recognition on all printed materials (with our logo) including the newsletter, conference program, and membership directory. Also, staff will monitor the conference and exhibits and network with association members.

Clean Cities Raleigh/Triangle

This project will promote and introduce the use of alternative transportation fuels to the public and private fleet management sectors of the Triangle (Raleigh, Durham, Chapel Hill) area of North Carolina. This project will accomplish its objective through developing a coalition and group of stakeholders who will develop a plan for incorporating AFV's into the Triangle area.

Clean Cities Triad

This project will promote and introduce the use of alternative transportation fuels to the public and private fleet management sectors of the Triad (Greensboro, Winston-Salem) area of North Carolina. This project will accomplish its objective through developing a coalition and group of stakeholders who will develop a plan for incorporating AFVs into the Triad area.

Clean Technology Demonstration (99)

Utilizing North Carolina's extensive network of universities and colleges of the University of North Carolina system, the Energy Division will pursue partnerships for demonstrations of clean energy technologies such as fuel cells, biomass, wind, solar, geothermal in applied research applications. This is a continuation of already existing efforts and contractual arrangements, only more strategically focused.

Energy Reduction through Industrial Partnership

Identify opportunities for industrial, commercial, and institutional facilities to save energy through establishing partnerships for the reuse of materials, water, and energy. Working with the Contractor's existing database, local manufacturing directories, and local economic development and chamber of commerce staff, the project will identify clusters of nearby industries that would be possible candidates for resource reuse partnerships. The geographic area covered by the project will be Chatham, Durham, Johnston, Lee, Orange, and Wake Counties. An example of one of these industrial clusters is one in Moncure, where the following industries are neighbors: Weyerhaeuser, Willamette Industries, Neste Resins, CP&L, Allied Signal, and Cherokee Sanford. From among these industrial clusters, the project will choose eight to twelve clusters to work with during the project year. Criteria used in selecting clusters will include past interest in industrial ecology, general level of energy use, type of energy use, variety of types of manufacturing, and geographic distribution.

The project will convene meetings of each of these clusters to discuss material, water, and energy flows into and out of each facility and to identify potential opportunities for resource-reducing partnerships between facilities. In addition to working with cluster groups, the project will work with individual cluster participants to diagram these flows in advance of group meetings, thus making the most productive use of time spent together in group meetings with neighboring industries. The project will document potential partnerships identified by cluster participants, conduct a preliminary cost analysis of these potential partnerships, and report potential reduction in BTU use due to the potential partnerships.

During the project year, the project will also make local presentations as appropriate regarding project findings. Examples might include presentations at local chamber of commerce meetings or at industrial extension workshops.
A final project report will summarize the foregoing information.

Ethanol from Swine Waste

This project will investigate the application of gasification technologies to the treatment of swine waste, a major environmental factor in NC, and production of fuel grade ethanol. The objectives will be to determine animal management methods that produce an appropriate feedstock, to survey producers' attitudes regarding altered management practices, to establish the feasibility of gasification and fermentation technologies for the swine waste/bedding feedstock, to characterize the end products of gasification and their potential markets, and to conduct an economic feasibility analysis of the entire system.

Evaluation of Motor Oils

The implementation strategies include fuel consumption and emissions studies. The performance advantages and disadvantages of three types of engine oil being considered for use in state vehicles will be evaluated. The proposed work will provide an impartial scientific evaluation based on approved Society of Automotive Engineers testing procedures of the performance advantages of three types of oil being considered for use in vehicles owned by the State of North Carolina. One motor oil being considered is a synthetic oil with a proprietary additive. The main objective is to provide scientific evaluation based on the performance of the three types of motor oil. The test sequence will determine the motor oil's effect on engine exhaust emissions (smoke, NO, CO, CO2), brake specific fuel consumption, and engine wear.

Flood Recovery Technical Assistance

The floods following Hurricane Floyd are having a devastating impact on citizens and industry in eastern North Carolina. In response to the ruin left by the receding floodwaters, this project is an effort to help residents and businesses rebuild.

1. Help industry recover from flood water damage to equipment and plant. This activity is called the NC Industrial Rebuilding Plan (40%)

2. Assist builders, HVAC contractors and homeowners deal with problems in residential and small commercial building that were inundated over the past weeks. This effort is called the Healthy Buildings Resource Center (60%).

Improving Energy Efficiency and Indoor Air Quality in Restaurants

Restaurant owners and restaurant facility managers are the target audiences. Project will showcase four air conditioning technologies have emerged which allow higher ventilation rates while lowering energy consumption and utility bills. these technologies are:

Thermophilic Anaerobic Digester

This project will demonstrate thermophilic anaerobic digestion (TanD) of hog wastes. Using high temperatures of 120-130 degrees, this process will allow for the breakdown of hog wastes in approximately 1 week as opposed to 20 days for temperatures in the 95-105 degree range. This project will also use a solid sweeper method of moving the wastes as opposed to a water flushing method. Far less water will be used.
The objectives of this project are to construct and monitor a TanD system for a functioning finishing pig operation. The methane produced will be used to maintain the heat required by the system.

Utilization of Biomass – Military

The Contractor will develop the parametric testing and monitoring protocol to evaluate the performance and efficiency of the wood gasification technology. The technical objective of the project is to demonstrate the technical, economic, and environmental feasibility of using biomass as the primary fuel for an engine/generator used for electrical generation. This project will have the long range effect of establishing proven means of utilizing biomass as a fuel for small scale innovative energy conversion technologies. The project will show the effective use of new biomass energy technologies capable of contributing to improved air quality and resource utilization.

Use of Landfill Gas in the Incineration of Biomedical/Radioactive Waste

East Carolina University (ECU) is in the process of building a new $3.8M incinerator/waste facility with extensive air pollution control devices at the University Health Systems campus. The state of the art facility is designed to handle more than 1.5 million pounds of biomedical waste per year and all of the low-level radioactive waste generated at Pitt County Memorial Hospital (PCMH) and the School of Medicine. This proposal covers adding two new interesting and unique projects to the development of the facility. The added new dimensions will provide opportunities in energy use and efficiency along with environment technology education. The two specific projects are:

- Use of an available and sustainable supply of landfill gas as an additional energy source for the waste incinerator; and

- Using the facility in the development of an academic environmental technology program in conjunction with School of Industry and Technology.

Table 9. PVE Funding History At-A-Glance

	Chevron	Warner Amendment	Exxon	Stripper Well	Diamond Shamrock
Funding Distribution	$25 million, 1981	$200 million, 1983	$2.1 billion, 1986	$1.5 billion, 1986	$48.6 million, 1986
Allowable Uses	Ride-sharing, public transportation, building energy audits, grants or loans for weatherization and energy conservation equipment installation, energy assistance programs, highway and bridge maintenance and repair, airport maintenance and improvement, reduction in airport user fees, energy conservation research.	SECP, EES, Weatherization Assistance Program, Institutional Conservation Program, Low-Income Home Energy Assistance Program Block Grant. No administrative expenses.	Same programs as Warner Amendment. No administrative expenses.	Same programs as Warner Amendment and Chevron settlement or any program approved by DOE's Office of Hearing and Appeals. Up to 5% for administrative expenses. Can be used as nonfederal match for Federal grant funds.	Same as Stripper Well. Any amount, up to entire refund, for administrative expenses not to exceed 5% of states total PVE receipts. Can be used as nonfederal match for Federal grant funds.
Regulations/ Reporting Requirements*		All regulations and reporting requirements for the applicable Federal programs apply.	Same as Warner Amendment. State required to submit annual report to DOE and the Court 30 days after close of State's fiscal year.	If State puts funds into Federal program all regulations and reporting requirements apply. State required to submit annual report to DOE and the Court 30 days after close of State's fiscal year.	Same as Stripper Well.
Regulations/ Reporting Requirements*		Funds cannot be spent outside the grant programs.	Funds cannot be spent outside the grant programs.	For funds spent outside the grant programs: States send proposals to DOE Headquarters and the Court. Headquarters committee reviews State proposals for consistency with settlement agreement. DOE notifies State whether proposal is consistent. DOE Headquarters sends copies of all correspondence with States (with copies of proposals) to appropriate RSO.	For funds spent outside the grant programs; States are not required to notify DOE before spending funds.
Approval Process	RSOs must approve all PVE funds put into the State Plans, regardless of source, as part of the State Plan for the applicable program.				

* States may file one annual report to DOE and the court covering Exxon, Stripper Well, and Diamond Shamrock funds.

Appendix A: PVE Funding History

Petroleum Violation Escrow Funds

Beginning in 1983, additional funds became available to the States as a result of alleged oil company violations of the Federal oil pricing controls in place from 1973 to 1981. These funds are known as Petroleum Violation Escrow (PVE) funds or oil-overcharge funds.

PVE funds must be used to provide indirect restitution to energy consumers through a variety of energy-related programs. Each State determines how it wishes to allocate the funds across eligible programs. The States may use these funds and the interest earned on them to finance SEP activities. PVE funds allocated to the SEP are treated as appropriated funds and are subject to program requirements. They are not, however, subject to the cost-sharing requirement or the 20% limitation on equipment purchases under SEP.

PVE funds became available to the States through several mechanisms:

- Settlements (for example, Chevron, Diamond Shamrock, and Stripper Well).
- Legislation (the Warner Amendment).
- Other court actions (Exxon).

Chevron Settlement

The first major case, involving the Standard Oil Company of California (Chevron), was settled in the fall of 1981. This case is important for two reasons. The *Chevron Consent Order* was the first major settlement to use the method of indirect restitution that would be used in the other major cases to follow. Also, the *Chevron Consent Order* specified nine general categories of allowed expenditures that were related to energy use. These categories were:

- Ride-sharing.
- Public transportation.
- Building energy audits.
- Grants or loans for weatherization and energy conservation equipment installation.

- Energy assistance programs.
- Highway and bridge maintenance and repair.
- Airport maintenance and improvement.
- Reduction in airport user fees.
- Energy conservation research.

Under the *Chevron Consent Order*, the States received approximately $25 million, according to a formula based on the estimated volume of the product sold by Chevron within each State during the period of the price controls.

Warner Amendment

In 1983, the *Warner Amendment to the Further Continuing Appropriations Act* (P.L. 95-105) affected a one-time appropriation of $200 million. The Federal government distributed these PVE funds to the States using a formula based on the estimated volume of covered oil product sold within the State during the period of price controls. The *Warner Amendment* required these funds be used by the States "as if received" under one or more of the following five Federal energy programs:

- State Energy Conservation Program (SECP).
- Energy Extension Service (EES).
- The Institutional Conservation Program (ICP).
- The Weatherization Assistance Program (WAP).
- The Low-Income Energy Assistance Block Grant (administered by the Department of Health and Human Services).

The *Warner Amendment* directed that States cannot use funds for administrative purposes.

DOE issued *Ruling 1983-1* in February 1984 to outline the procedures for implementing the *Warner Amendment*. Among other things, *Ruling 1983-1* established that, once a State allocated *Warner Amendment* funds to a program, all the rules, regulations, and reporting procedures governing that program would apply. The one exception, however, is that State matching requirements for SECP and EES were waived for the PVE funds.

The Exxon Case

A U.S. District Court decision in 1983 found Exxon Corporation liable for overcharges on domestic crude oil. In March 1986, after several years of litigation, the decision of the District Court was upheld, and the Exxon case was settled. The court directed the Exxon Corporation to pay DOE $2.1 billion, which was disbursed to the states under a formula similar to the one used in the *Warner Amendment* case. The Exxon court order adopted the terms specified in the *Warner Amendment* and directed States to use these funds in any or all of the five programs previously listed. No funds were to be used for administrative expenses. The court stated DOE *Ruling 1983-1* also applied to the use of Exxon funds and States should file an annual report with DOE and the court describing how the funds had been used during the course of the year.

Stripper Well Agreement

In July 1986, the U.S. District Court in Kansas issued its *Opinion and Order Approving Multidistrict Litigation (MDL) 378*, the *Stripper Well Agreement*. DOE, the States, petroleum refiners and resellers, and others involved with the issue agreed to the settlement, which covered 42 separate oil-overcharge cases. With a few specific exceptions, the agreement provided terms and conditions for all future crude oil overcharge cases.

The *Stripper Well Agreement* broadened the scope of activities eligible for funding beyond the *Warner Amendment*. (Particular restrictions based on the circumstances of each case may apply.) The agreement allows the States a much greater degree of flexibility in how the funds can be used. Stripper Well funds can be used in:

- Any program that falls into the nine major categories listed in the *Chevron Consent Order*.
- Any of the five Federal programs listed in the *Warner Amendment*.
- Any program approved by DOE's Office of Hearings and Appeals.

The agreement does require the States to notify DOE and the court 30 days before any money is spent and to file an annual report with DOE and the court describing how the funds were used during the year. The agreement also allows States to use up to 5% of the funds for administrative costs.

On March 6, 1987, DOE's Economic Regulatory Administration issued a memorandum outlining DOE's opinion that PVE funds received under the terms of the *Stripper Well Agreement* are not considered Federal funds. States can use PVE funds as "nonfederal" match for Federal grant funds.

Diamond Shamrock

In 1986, the Diamond Shamrock case was also settled, sending $48.6 million to the States. The provisions of the *Diamond Shamrock* settlement regarding allowable use of the funds are nearly identical to the *Stripper Well Agreement*. One significant difference is that States can use any amount, up to their entire Diamond Shamrock refund, for administrative expenses, as long as that amount does not exceed 5% of the State's total PVE receipts. Diamond Shamrock funds can also be used by the States as a "nonfederal" match for Federal grant funds.

SEP Projects

FUNCTION/*Activity Title*	EXXON	DOE	Stripper Well	Stripper Well Match	WARNER	TOTAL PROJECT FUNDING
ADMINISTRATION						
ARES 98	$ 25,000.00					$ 25,000.00
Financial Audit & Compliance	$ 60,000.00					$ 60,000.00
GENERAL EDUCATION						
Awareness and Marketing	$ 34,750.00	$ 25,000.00				$ 59,750.00
National Energy Education Development Project	$ -					$ -
Technology/Education Transfer System		$ 40,365.00				$ 40,365.00
TRANSPORTATION						
Alternative Fuel Project		$ 350,304.00				$ 350,304.00
Car Care Clinics	$ 40,000.00					$ 40,000.00
EV Challenge/High School Project		$ 49,505.00				$ 49,505.00
NC State Government Telecommuting Project	$ 85,000.00					$ 85,000.00
BUILDINGS						
Business Energy Improvement Project	$ 1,935,028.00		$ 888,504.00			$ 2,823,532.00
Cold Air HVAC Distribution	$ 24,800.00					$ 24,800.00
Cost-Effective Energy Codes			$ 9,528.00			$ 9,528.00
Institutional Building Project	$ 7,073,374.00		$ 217,450.00		$ 259,841.00	$ 7,550,665.00
Residential Heat Exchanger Evaluation	$ -					$ -
Small Business Center Energy Conservation Project	$ 373,613.00	$ 9,124.00				$ 382,737.00
Sustainable Community Development	$ 300,000.00					$ 300,000.00
INDUSTRIAL						
Alternative Cooling Technologies	$ 87,914.00					$ 87,914.00
Aquaculture Promotion Project	$ 2,000.00					$ 2,000.00
Boiler Efficiency Technical Assistance	$ 198,340.00					$ 198,340.00
Center for Applied Energy Research and Technology	$ 770,000.00					$ 770,000.00
Cost Effective Control Strategies	$ 174,726.00					$ 174,726.00
Direct Application of Steam Turbines	$ 18,219.00					$ 18,219.00
Energy Management Technology and Technical Assistance	$ 514,491.00			$ 306,284.00		$ 820,775.00
Energy Production from Bermuda Grass and Poultry Litter	$ 100,000.00					$ 100,000.00
Landfill Gas Use in Greenhouses	$ 125,000.00					$ 125,000.00
Methane Recovery/Livestock	$ 55,263.00					$ 55,263.00
Motor Challenge Video Tape	$ 20,000.00					$ 20,000.00
NC Aquaculture Project	$ 40,000.00					$ 40,000.00
NC Climate Wise Support	$ 150,000.00					$ 150,000.00
North Carolina Industries of the Future	$ 150,000.00					$ 150,000.00
Post Harvest Handling and Storage	$ 23,220.00					$ 23,220.00
Post Harvest Promotion	$ 2,000.00					$ 2,000.00
Southeast Waste Exchange	$ 130,227.00					$ 130,227.00
Wood Waste Evaluation for North Carolina		$ 15,000.00				$ 15,000.00
UTILITIES						
Biogas Fuel Cell Pilot		$ 50,000.00				$ 50,000.00
Data Analysis & Forecasting	$ 51,000.00					$ 51,000.00
Energy Emergency Preparedness	$ 30,000.00					$ 30,000.00
Energy Emergency Preparedness Promotion	$ 5,000.00					$ 5,000.00
Energy Emergency Simulation	$ 34,500.00					$ 34,500.00
Geothermal Heating and Cooling	$ 125,000.00					$ 125,000.00
Greenhouse Gas Mitigation Strategies	$ 50,000.00					$ 50,000.00
North Carolina Solar Center	$ 431,090.00					$ 431,090.00
Utilization of Biomass - Military	$ 75,000.00					$ 75,000.00
	$ 13,314,555.00	$ 539,298.00	$ 1,115,482.00	$ 306,284.00	$ 259,841.00	$ 15,535,460.00
SPECIAL PROJECTS						
Alliance To Save Energy	$ -					$ 10,000.00
Institute of Cultural Affairs	$ -					$ 3,500.00
Rebuild America				$ -		$ 800,000.00
Rondeli - Energy Management Technology and Technical Assistance	$ -					$ 50,000.00

Summary Of PVE Program Support and Contractual Expenditures
RECAP and SEP
As of 6/30/99

Funding Source	Program Support	Contractual Expenditures	Total Expenditures
Exxon			
8002	285,795.68	1,195,094.72	1,480,890.40
8006	0.00	0.00	0.00
Total	**285,795.68**	**1,195,094.72**	**1,480,890.40**
Warner			
8007	0.00	117,372.20	117,372.20
Total	**0.00**	**117,372.20**	**117,372.20**
Diamond Shamrock			
2647	110,579.04	0.00	110,579.04
4425	17,937.27	0.00	17,937.27
Total	**128,516.31**	**0.00**	**128,516.31**
Stripper Well			
8003	0.00	9,526.27	9,526.27
4424	0.00	1,796,533.07	1,796,533.07
Total	**0.00**	**1,806,059.34**	**1,806,059.34**
Occidental	0.00	0.00	0.00
Amoco	0.00	0.00	0.00
Total	**414,311.99**	**3,118,526.26**	**3,532,838.25**

LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program provides for the purchase and installation of weatherization materials in the homes of low income, elderly, and handicapped citizens in order to make those homes more energy efficient. Agencies receive a single 12-month contract funded by four separate sources (USDOE, LIHEAP, and Stripper Well/Exxon overcharge funds).

FY 98-99 ANNUAL CONTRACT AWARDS FROM ALL FOUR SOURCES ARE AS FOLLOWS:

	FY 98-99 WX CONTRACT	WX UNITS	FY 98-99 HP CONTRACT	HARRP UNITS
ALAMANCE COUNTY	151,403	72	31,647	12
Alamance County				
Caswell County				
BLUE RIDGE COMMUNITY	249,998	115	52,255	27
Alexander County				
Burke County				
Caldwell County				
Catawba County				
BLUE RIDGE OPPORTUNITY	198,387	93	34,739	26
Alleghany County				
Ashe County				
Wilkes County				
CARTERET COMMUNITY (COASTAL)	296,501	146	61,975	52
Carteret County				
Onslow County				
Duplin County				
CADA	210,844	103	44,071	37
Bertie County				
Halifax County				
Hertford County				
Northampton County				
CHARLOTTE AREA FUND	342,285	159	71,545	42
Union County				
Mecklenburg County				
CUMBERLAND	260,781	119	54,509	4
Cumberland County				
Sampson County				
EASTERN BAND/CHEROKEE INDIANS	45,003	21	9,406	7
Cherokee Indian Reservation				
ECONOMIC IMPROVEMENT COUNCIL	191,640	90	40,057	21
Camden County				
Chowan County				
Currituck County				
Dare County				
Hyde County				
Gates County				
Pasquotank County				
Perquimans County				
Washington County				
Tyrrell County				

State of North Carolina

Office of State Budget and Management

James B. Hunt Jr.
Governor and Director
of the Budget

Marvin K. Dorman, Jr.
State Budget Officer

June 14, 2000

TO: Senator R.L. Martin, Co-Chair, Appropriations Subcommittee on Natural & Economic Resources
Representative Stan Fox, Co-Chair, Appropriations Subcommittee on Natural & Economic Resources
Representative Bill Owens, Co-Chair, Appropriations Subcommittee on Natural & Economic Resources

FROM: Tom Newsome, Budget Administrator TN
Office of State Budget and Management

SUBJECT: Report on Department of Commerce Energy Division

At the March 9, 2000 meeting of the Natural and Economic Resources Subcommittee of the Joint Appropriations Committee, the Department of Commerce was directed to request the Office of State Budget and Management to study the Energy Division.

Under cover of this memorandum you will find a copy of this report, conducted by the Management and Productivity Section of the State Budget Office.

If you have further questions or require additional information at this time, please don't hesitate to contact me.

Attachment

cc: Rick Carlisle, Secretary of the Department of Commerce
Leza Aycock, Assistant Secretary for Administration, Department of Commerce
Cleveland Simpson, Assistant Secretary, Community Assistance, Department of Commerce
Jennifer Hoffman, Fiscal Research Division
Marvin K. Dorman, Jr., Director, Office of State Budget and Management
J.W. Reel, Budget Administrator, Office of State Budget and Management
Jim Nowell, Office of State Budget and Management
Anne Bander, Office of State Budget and Management

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OSBM

MANAGEMENT STUDY

ENERGY DIVISION

June, 2000

Office of State Budget and Management

INTRODUCTION

Scope

The Management Section of the Office of State Budget and Management was requested to study the Energy Division of The Department of Commerce. The purpose of the study was to:

- Determine whether the 1995-97 recommendation to abolish the division was a valid one
- If the Division or its functions were to continue, what organizational and staffing alternatives exist, such as placing staff in regional offices closer to the programs they are monitoring
- And if the Division or its functions were to continue, what is the required staffing level

Methodology

To carry out this study, OSBM requested staff to estimate the time they spent carrying out their various functions. Independent of this, OSBM reviewed files, travel records, personnel statistics, statutes, funding requirements and project histories. The analysts conducting the study also looked at other agencies that had related or similar functions to see if there were possibilities of coordinating to reduce administrative costs and increase the amount of money going to provide services.

FINDINGS

The mission and goals originally set out in the enabling legislation are quite clear. They direct the Energy Policy Council to develop:

- An Energy Conservation Plan to address building code changes, recommend appliance operating efficiencies, and to make recommendations regarding state government purchase of supplies, vehicles, and equipment
- An Energy Management Plan that documents patterns of consumption, looks at long and short term forecasts of production and consumption, as well as future energy sources, and proposes policies that can be carried out by executive order
- An Energy Emergency Plan, focusing on utility curtailment plans, emergency allocation plans, and contingency plans
- Review and coordinate state government research, education, and management programs
- Educate the general public

A summary, with citations, is shown in the chart on the following page.

CHART 1

GENERAL REQUIREMENTS OF THE ENERGY POLICY COUNCIL AND DIVISION

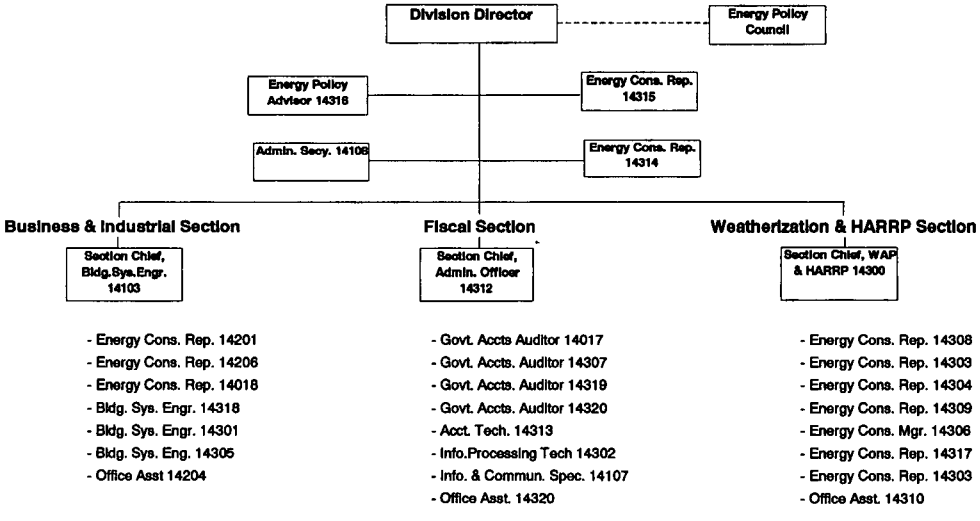
The mission of the Energy Policy Council, staffed by the Energy Division of the Department of Commerce, is to:

1. Coordinate energy policy at all levels of government to minimize duplication (G.S. 113B-6 (2))
2. Assess energy use in the state (G.S. 113B-6 (2))
3. Develop long range state energy policies to manage current and future supplies by developing:
   - Energy Management Plan that documents patterns of consumption, contains long and short term forecasts of production, the impact of national energy policies on North Carolina, future energy sources (G.S. 113B-6 (1))
   - Energy Conservation Plan every 2 years (G.S. 113B-6 (1))
   - Emergency energy plan, revising as necessary (G.S. 113B-6 (1))
4. Review and coordinate state government research, education and management programs (G.S. 113B-6 (3))
5. Educate the general public (G.S. 113B-6 (3))
6. Prepare an annual report to the Governor and the legislature recommending legislation, policy needs, plans and programs (G.S. 113B-6 (4))

To assist in the work of the Council, the Energy Division was established in the Commerce Department to provide staff support. The division has 31 positions, of which 24 are filled. Of those 24 positions, 22 are actually working for the Division; one of the others is working for the federal government, and one is working for the Management Information Systems Division of Commerce.

CHART 2

THE ENERGY DIVISION ORGANIZATION



The Business and Industrial Section is primarily responsible for what is called the State Energy Program (SEP). The unit oversees development, implementation, and maintenance of contracts to carry out projects that the division proposes and that the federal government approves. These projects, most of which go to non-profit and university groups, are the result of staff initiative, contractor initiative, or federal DOE initiative. There are no public hearings held prior to making the determination, nor a competitive bid process as a routine matter. A few projects are actually conducted by staff within the division, but this is the exception, not the rule. Staff of this section are either Building Systems Engineers or Energy Conservation Representatives. They currently have approximately 50 projects, either active or being planned with an allocated value of approximately $20 million.

The Weatherization Section, comprised of Energy Conservation Representative positions, distributes funds to non-profit community agencies throughout the state, who either provide or contract for making improvements to eligible residences to conserve energy and/or to replace or repair home heating appliances. The section staff also are charged with visiting 10-15% of the homes that were repaired to ensure the work was completed in compliance with the fund restrictions; they also review the requests for payment to ensure they are for items within the guidelines. They are currently distributing $8.8 million to 31 community agencies. There have been problems in the past couple years with monitoring, but as of the end of this fiscal year, they anticipate being fully compliant with all program and fiscal monitoring requirements. This has been done with three program staff and two-three fiscal staff.

The Fiscal Section provides staff support to the Division. The majority of its work at present goes in support of the Weatherization Section. It reviews the fiscal records of the non-profit community agencies receiving the Weatherization (WAP) and Heating Appliance Repair & Replacement Program (HARRP) funds, and codes and processes the requests for payment after the program staff have approved them as to their content. In addition, the Fiscal Section staff process requests for payment by SEP contractors, but they are not doing any fiscal monitoring of the contractors such as they are doing for Weatherization. The staff also oversee the other accounting related to the variety of funds and work closely with Departmental fiscal staff and the federal DOE reports. The staff is a mix of Administrative Officer, Governmental Accounting Auditors, Information Processing Technician, and Accounting Technician. The Information and Communications Specialist for the Division is also located in the Fiscal Section.

The Director's staff consist of two Energy Conservation Representatives (one of which is currently vacant) which have provide staff support to the Energy Policy Council, and oversee the mandated Emergency, Management, and Conservation Plans. In addition, the position on loan to the federal government is located on the Director's staff.

All sections have office assistant positions as well.

Budget, Expenditures, and Funding Sources

The Division is funded through a combination of Petroleum Overcharge (PVE) funds, that were awarded to the state, US Department of Energy block grant funds, US Department of Health and Human Services block grant funds, US Department of Energy discretionary funds, and limited other federal discretionary grants. There are currently no state appropriated funds supporting the Division.

A review of the FY98-99 expenditures and revenues, as well as what was originally budgeted revealed the following:

CHART 3

BUDGET, EXPENDITURES, AND FUNDING SOURCES

Purpose	Budgeted Amount	Actual Expenditure	Actual Receipt	Source(s) of Funding
Energy Administration	$ 196,458	$ 116,391	$0	Appropriations (discontinued in this fiscal year)
Weatherization	$8,819,762	$6,583,709	$6,572,526	DHHS, DOE Block Grants, Prior year funds, CCPS, Revenues
Weatherization from PVE (state) funds	$3,149,480	$2,390,536	$2,405,469	Stripper Well, Diamond Shamrock, limited Exxon
State Energy Plan from PVE (state) funds	$20,768,486	$2,520,776	$2,520,776	Exxon, SECP, Stripper Well, 64608, 64610, etc.
State Energy Plan, Discretionary Funds	$809,104	$424,412	$391,582	TVA, DOE, Agriculture, Miscellaneous
TOTAL:	**$33,743,290**	**$12,035,825**	**$11,890,353**	

RECOMMENDATIONS

Based on the workload information that was developed, on a review of the processes and staffing, the funding streams as well as other related information, we believe that the functions prescribed in the legislation can achieve the same or better results, at lower administrative costs, if the following recommendations are put into place. The recommendations are summarized below:

RECOMMENDATION #1: Abolish the Energy Division as it is now constituted.

RECOMMENDATION #2: Transfer responsibility for weatherization (WAP) and heating appliance repair and replacement (HARRP) functions to DHHS/Division of Social Services. Transfer three program positions to monitor, one fiscal position to do fiscal monitoring of the community action agencies, and one fiscal position to process requests for payment and oversee the reporting that is required.

RECOMMENDATION #3: Transfer to the Department of Administration's State Construction Office the functions of the Energy Policy Council and State Energy Program. Alternatively, this function could be transferred to the Department of Administration's Office of the Deputy Secretary for Operations. Transfer a limited number of Division positions to do the following:

- Transfer three positions from the Business and Industrial Section staff, as follows:
  - Policy manager, expert in energy-related matters, in competitive grant program administration, and in leading multi-agency initiatives
  - Two Energy specialists to provide technical staff support to the Energy Policy Council and to prepare, from a variety of data suppliers, the energy consumption and production information, conservation information, state government consumption and conservation initiatives, in order to provide the objective information to the Energy Policy Council for them to carry out their policy advisory role
- Transfer two or three positions from the Fiscal Section as follows:
  - Administrative Officer to serve as grants administrator to oversee distribution of Petroleum Overcharge funds, federal discretionary funds, federal block grant funds, and to review cost proposals from grant applicants
  - Information processing technician position to manage the reporting, process requests for payment and other fiscal matters of the programs
  - One fiscal position to actually monitor/audit the contract recipients
- From among the current Division support staff, transfer two clerical support, one to provide general office support and the other to provide support to the Grants administrator in processing requests for payment, transfer of funds, etc.

RECOMMENDATION #4: The Energy Policy Council's role in carrying out its mandate needs to be more focused on activities over which the state (and the Department of Administration in particular) can assert some authority, such as with state-owned facilities, state purchases, state energy use. It should also focus its efforts on how best to leverage the available funds to achieve meaningful results, through assisting industry and local governments with direct support of energy improvements. And it should focus on how to do that in ways that the available funds can be replenished through direct savings. And in those areas of research, it should focus on ensuring that the state gets the best for its money by administering a competitive research grants program, funded by PVE and/or other sources such as U.S. Department of Energy's discretionary grants.

RECOMMENDATION #5: Abolish all Division positions currently vacant

RECOMMENDATION #6: Do not reissue any contracts for the new fiscal year, other than those that are in process, and do not extend them beyond one year, during which time the Energy Policy Council will have determined what research and education programs it wishes to support through a competitive grants program

RECOMMENDATION #7: Obtain a ruling from Attorney General's Office as to whether the state controls all use of PVE funds without federal approval as long as such funds are kept separate

from other energy-related federal discretionary funds and from the block grant funds for Weatherization and Heating Appliance Repair and Replacement

RECOMMENDATION #8: Create a streamlined budget for all PVE funds to more easily administer them from a central location and allow their distribution to support positions and/or activities in other departments and for grant programs once the Council has proposed its plan of action. Distribution of and reporting about such funds should not be as complicated as it currently is.

CONCLUSION

The Office of State Budget and Management is prepared to assist the Department of Commerce, the Department of Administration, and the Department of Health and Human Services with the development of an effective implementation and transition plan. In addition, the OSBM analysts involved with the project maintain the essential program, financial, and project data for further clarification of the recommendations as required.

Attachment B

Questions from NER meeting on 1/13/2000
Interim Study of DENR

1. Address the issue of decentralization of certain divisions within DENR. The Division of Coastal Management was used as an example for possible decentralization. DENR was directed to look at divisions which may fall into this category.

2. Provide an outline of each division in DENR including,
   - General paragraph on the division's mission and activities,
   - Division Director and phone number,
   - Office location(s), and
   - Chain of command/ O-charts.

3. Provide examples of departmental responsibilities that can be delegated to counties. Specifically, what is involved in delegating responsibilities? Cost? Willingness of counties to accept responsibilities? Pros and cons of delegation?

4. Provide a list of the permits issued by Division.

5. Provide the number of fees charged. Annual amount raised from fees? For what purpose can fees be used? Specifically, can you use fees to pay for technology? What is the flexibility? Who sets permit fees?

6. Submit current schedule of fees. How much are the fees? When was the last time they were changed? Address time requirements on permits (i.e., is a there a required 30-day comment period?) What is the average length of time it takes to issue a permit?

7. Provide an update on the junkyards item in the Hurricane Floyd recovery proposal. Specifically, are junkyards extracting oils/fuels as required? How does DENR know? If not, why and is DENR enforcing it?

8. Submit One Stop Permit report due on Feb. 15. Copies will be mailed to each member in advance of the Feb 24 meeting to review.

This answers #2 on Question sheet Att. B

NCDENR

Mission

To provide leadership, education and advocacy for the responsible stewardship of North Carolina's environment and natural resources.

Vision

North Carolina's abundant natural resources, healthy environment, and vibrant economy make it the best place to live, work, and visit.

Legislative and Intergovernmental Affairs

Richard Rogers, Director
919-715-4152
Laura DeVivo, Legislative Analyst
919-715-4189

Customer Service Center

1-877-623-6748 toll free
919-733-1398
Edythe McKinney, Director

Values

Values are a code of organizational conduct. They indicate the way we work and deal with others. They guide our actions and must cause all employees to continuously be true to them. The Department of Environment and Natural Resources is committed to demonstrating these values in our daily actions to accomplish our mission and achieve our vision.

Trust
We will demonstrate openness, honesty and integrity in all our actions.

Recognition
We will respect and recognize individual as well as team contributions; support employees reaching their full potential and value in a diverse work place.

Communication
We will communicate clearly and effectively, and exchange ideas freely with our customers and throughout DENR.

Accountability
We will take responsibility for what we do and not do.

Innovation
We will encourage new ideas and solutions at all levels to carry out DENR's mission.

Teamwork/Partnerships
We will work cooperatively to reach common goals.

Customer Focus
We will provide quality services and products to our customers while treating each person with dignity and respect.

Commitment
We will show allegiance to our mission and to each other.

Excellence
We will deliver services of the highest quality, showing initiative and a commitment to quality.

Work Ethic
We will honor our role as public servants by demonstrating hard work and productivity in the public trust.

SECRETARY'S OFFICE

Secretary	Bill Holman	919-715-4101
Deputy Secretary, Policy & Programs	Sherri Evans-Stanton	919-715-4103
Deputy Secretary, Operations	Michael Williamson	919-715-4105
Asst. Secretary, Environmental Protection	Robin Smith	919-715-4140
Asst. Secretary, Natural Resources	Dewey Botts	919-715-4131
General Counsel	Daniel McLawhorn	919-715-4146
Public Affairs	Don Reuter	919-715-4112
Administrative Services	Lloyd Inman	919-715-4149

Administrative Offices

Budget, Planning & Analysis	Jane Smith	919-733-8801
Controller	Rod Davis	919-733-4166
Customer Service Center	Edythe McKinney	919-733-0823
Human Resources	Harlan Frye	919-715-4501
Legislative & Intergovernmental Affairs	Richard Rogers	919-715-4152
Information Technology Services	Bill Golden	919-715-0330
Purchase and Services	Laird Davison	919-715-3880

Central Office Location: Archdale Building, Raleigh

DENR DIVISIONS

DIVISION OF AIR QUALITY

Mission: To protect and improve outdoor air quality in North Carolina.

Director:	Alan Klimek	919-715-6233
Deputy Director:	Keith Overcash	919-715-6290

Central Office Location: Parker Lincoln Bldg., Raleigh

Key Permit Contacts:

Small/Synthetic Minor General/Specific	John Evans	919-715-6252
Title V	Don van der Vaart	919-715-6253
Prevention of Significant Deterioration Transportation Facility	Jim Roller	919-715-6262

DIVISION OF AIR QUALITY- cont'd

Regional Office Locations:	Asheville	828-251-6208
	Fayetteville	910-486-1191
	Mooresville	704-663-1699
	Raleigh	919-571-4700
	Washington	252-946-6481
	Wilmington	910-395-3900
	Winston-Salem	336-771-4600

DIVISION OF COASTAL MANAGEMENT

Mission: Provides leadership and guidance in the protection, conservation and management of North Carolina's coastal resources, through a comprehensive planning and resource management program.

Director:	Donna Moffitt	919-733-2293
Assistant Director for Policy & Planning:	Steve Underwood	919-733-2293
Assistant Director for Permits & Enforcement:	Charles Jones	252-808-2808
Central Office Location:	Parker-Lincoln Bldg. Raleigh	
Key Permit Contacts:		
CAMA Major Development Permit	Doug Huggett	919-733-2293
State Dredge/Fill Permit	Charles Jones	252-808-2808
CAMA Minor Development Permit		
Federal Consistence Determination Approval	Steve Benton	919-733-2293
Field Office Locations:	Elizabeth City	252-264-3901
	Morehead City	252-808-2808
	Washington	252-946-6481
	Wilmington	910-395-3900

DIVISION OF ENVIRONMENTAL HEALTH

Mission: To safeguard life, promote human health, and protect the environment through the practice of modern environmental health science, the technology, rules, public education, and above all, dedication to the public trust.

Director:	Linda Sewall	919-733-2352
Deputy Director:	Malcolm Blalock	919-715-0929
Central Office Location:	Parker Lincoln Bldg. Raleigh	919-733-2870

DIVISION OF ENVIRONMENTAL HEALTH – cont'd

Key Permit Contacts:

Water Supply System		
-Plans/Specifications Approval	Wayne Munden	919-715-3237
-Operation	Matthew Cotton	919-715-3215
Water Supply Well Site Approval	Wayne Munden	919-715-3237
WTP Operator Certification	Becky Nelson	919-733-0379
Lodging Facilities Operation	Susan Grayson	919-715-0926
Bed and Breakfast Operation		
Foodservice Operation		
Public Swimming Pool Operation	James Hayes	919-715-0924
Tattooing Business Permit		
Mass Gatherings Permit		
Sanitation in Public/Private Schools (Water, Sewer, etc.)		
Grade "A" Milk Sanitation Permit	Tom Williamson	919-715-0923
Permit for Shellfish Sanitation	George Gilbert	252-726-6827
Permit for Crustacean Sanitation		
Impoundment Permit (Mosquito Control)	Barry Engber	919-733-6407
Bedding Sanitizing License	Carletta Hensley/ Teresa Adams	919-733-6407
Bedding Manufacture License		
On-Site Wastewater		
Subsurface Disposal	Steven Berkowitz	919-715-3271
-Authorization to Construct		
-Operation		
-Improvement		

Regional Office Locations:

Asheville	828-251-6208
Fayetteville	910-486-1191
Mooresville	704-663-1699
Raleigh	919-571-4700
Washington	252-946-6481
Wilmington	910-395-3900
Winston-Salem	336-771-4600
Morehead City (Shellfish Sanitation only)	252-726-6827

DIVISION OF FOREST RESOURCES

Mission: To develop, protect, and manage the multiple resources of North Carolina's forests through professional stewardship, enhancing the quality of life for our citizens while ensuring the continuity of these vital resources.

Director:	Stanford Adams	919-733-2162, x 202
Deputy Director:	Derryl Walden	919-733-2162, x 204
Assistant Director:	Diane Beasley	919-733-2162, x 203
Central Office Location	Archdale Building Raleigh	919-733-2162
Key Permit Contacts:		
Open Burning	Designated Private Vendors & Forestry Staff in Each County; Division Offices	
Regional Office Locations:	Kinston	252-522-4666
	Jordan Lake (Chapel Hill)	919-542-1515
	Asheville	828-251-6509

DIVISION OF LAND RESOURCES

Mission: To promote the wise use and protection of North Carolina's land and geologic resources through scientific investigations and maps of the NC Geological Survey, and through the mining, dam safety, and sedimentation control programs of the Division's Land Quality Section. Public education in the earth sciences, and technical assistance in our regulatory programs, are essential elements of our mission.

Director:	Charles H. Gardner	919-733-4574
Central Office Location:	Archdale Building Raleigh	
Key Permit Contacts:		
Erosion/Sedimentation Control Plan	Bill Noyes	919-733-4574
Mining	Tracy Davis	919-733-4574
Geophysical Exploration Uranium Exploration Drill Exploratory Oil or Gas Well	Rick Wooten	919-733-2423
Dam Construction, Modification, Breach, and Repair	Jim Leumas	919-733-4574

DIVISION OF LAND RESOURCES – cont'd

Regional Office Locations:	Asheville	828-251-6208
	Fayetteville	910-486-1191
	Mooresville	704-663-1699
	Raleigh	919-571-4700
	Washington	252-946-6481
	Wilmington	910-395-3900
	Winston-Salem	336-771-4600

DIVISION OF MARINE FISHERIES

Mission: To maintain, preserve, protect and develop all of North Carolina's marine and estuarine resources.

Director:	Preston Pate	252-726-7021
Deputy Director:	Mike Buhl	252-726-7021
Central Office Location:	Morehead City	252-726-7021

Key Permit Contacts:

Standard Commercial Fishing License Retired Standard Commercial Fishing License Commercial Fishing Vessel Registration Recreational Commercial Gear License Interim Crab License Shellfish License Fish Dealer's License	Janice Fulcher	252-726-7021
Recreational Fishing Tournament License to Sell Fish Ocean Fishing Pier License Spotter Plane License Land or Sell License License to Land Flounder from the Atlantic Ocean Menhaden License for Nonresidents Without a Standard Commercial Fishing License	Janice Fulcher	252-726-7021
Permit to Transplant Oysters from Seed Oyster Mgmt. Areas Permit for Mechanical Harvest of Clams/Oysters on Public Bottoms Permit for Mechanical Harvest of Clams/Oysters on Non-Public Bottoms	Diana Heatwole	252-276-7021

DIVISION OF MARINE FISHERIES – cont'd

Mechanical Gear for Harvesting Shellfish on Deeded, Granted or Leased Bottoms License	Diana Heatwole	252-276-7021
Permit to Take Oysters fro Private Gardens-Private Oyster Lease/Franchise		
Permit to Transplant Shellfish from Polluted Areas		
Aquaculture Collection Permit		
Permit to Introduce or Transfer Marine/Estuarine Organisms		
Scientific Collecting Permit - Collect Marine Organisms	Georgia Mason	252-726-7021
Pound Net Permit	Sue Ann Bay	252-726-7021

Regional Office Locations:	Columbia	252-796-1322
	Elizabeth City	252-264-3991
	Wanchese	252-473-5734
	Washington	252-946-6481
	Wilmington	910-395-3900

DIVISION OF PARKS AND RECREATION

Mission: The North Carolina State Parks System exists for the enjoyment, education, health, and inspiration of all our citizens and visitors. The mission of the state parks system is to conserve and protect representative examples of the natural beauty, ecological features and recreational resources of statewide significance; to provide outdoor recreational opportunities in a safe and healthy environment; and to provide environmental education opportunities that promote stewardship of the state's natural heritage.

Director:	Phil McKnelly	919-733-4181
Central Office Location:	Archdale Building Raleigh	

Key Permit Contacts:

Special Activities State Parks	Adrian McCoig	919-846-9991
Commercial Activity on State Lake		
Research Activity and Collecting	Marshall Ellis	919-715-8692
Initial Construction of Structures (piers, pavilions) on State Lakes	Individual State Park	
Modification of Structures on State Lakes		
Transfer of Permit for Structures on State Lakes		

DIVISION OF PARKS AND RECREATION – cont'd

Regional Office Locations:	Asheville	828-251-6208
	Washington	252-946-6481
	Wilmington	910-350-3900
	Winston-Salem	336-771-4608

DIVISION OF RADIATION PROTECTION

Mission: To reduce radiation exposure to citizens, radiation contamination to the environment, and to protect the public from radiation risks by providing consultative, regulatory, licensing, registrations, inspection and enforcement services, by monitoring and controlling environmental radiation, by responding to radiation accidents and emergencies, and by licensing and regulating the generation, management and practices for disposal of low-level radioactive waste.

Director:	Mel Fry	919-571-4141, x 201
Radiation Protection Manager:	Ed Burt	919-571-4141, x 202
Central Office Location:	3825 Barrett Dr. Raleigh	919-571-4141

Key Permit Contacts:

Radiation Accelerator License Radioactive Material (Specific/General)	Robin Haden	919-571-4141, x 250
X-Ray and Radiation Machines Registration	Beverly Hall	919-571-4141, x 217
Tanning Facilities/Equipment Registration	Amy Sawyer	919-571-4141, x 219
Consultants/Services Registration	Connie Poole	919-571-4141, x 225

DIVISION OF WASTE MANAGEMENT

Mission: To prevent harmful releases of waste to the environment and clean up existing contamination.

Director:	William L. Meyer	919-733-4996, x 202
Deputy Director:	Michael A. Kelly (on loan to DENR Hurricane Response/Redevelopment Ctr.)	
Central Office Location:	401 Oberlin Road Raleigh	919-733-4996, x 0

DIVISION OF WASTE MANAGEMENT – cont'd

Key Permit Contacts:

Solid Waste Landfills/Transfer Stations	Jim Coffey	919-733-0692, x 255
Composting/Septage Mgmt.	Ted Lyon	919-733-0692, x 253
Scrap Tire Collection/Disposal	Paul Crissman	919-733-0692, x 254
Hazardous Waste	Kathy Lawson	919-733-2178, x 229
Treatment/Storage Disposal		
Post Closure		
Research/Development/Demo		
Emergency		
Generator/Transporter ID Number	Jim Edwards	919-733-2178, x 209
Underground Storage Tanks	Annette Parker	919-733-1308

Regional Office Locations:	Asheville	828-251-6208
	Fayetteville	910-486-1191
	Mooresville	704-663-1699
	Raleigh	919-571-4700
	Washington	252-946-6481
	Wilmington	910-395-3900
	Winston-Salem	336-771-4600

DIVISION OF WATER QUALITY

Mission: To preserve, protect and enhance North Carolina's water and groundwater resources through quality monitoring programs, efficient permitting, responsible management, fair and effective enforcement and excellence in public service.

Director:	Tommy Stevens	919-733-7015, x 203
Deputy Director:	Greg Thorpe	919-733-7015, x 204
Central Office Location:	Archdale Building Raleigh	

DIVISION OF WATER QUALITY – cont'd

Key Permit Contacts:

Water Quality Section		
NPDES - Wastewater	Dave Goodrich	919-733-5083, x 517
NPDES - Stormwater	Bradley Bennett	919-733-5083, x 525
Stormwater – State	Jeanette Powell	919-733-5083, x 537
Pump Station/Force Main/Gravity Sewer	Kim Colson	919-733-5083, x 540
Land Application of Sludge/Residuals	Shannon Thornburg	919-733-5083, x 353
Composting of Sludge/Residuals		
Spray Irrigation of Wastewater	Kim Colson	919-733-5083, x 540
Reuse of Wastewater		
Closed Loop/Recycle of Wastewater		
Infiltration Gallery Wastewater Discharge		
Animal Waste Management	Sue Homewood	919-733-5083, x 502
Compliance-Waste & Stormwater	Shannon Langley	919-733-5083, x 516
Compliance-land application, spray etc.	Jeff Poupart	919-733-5083, x 527
401 Water Quality Certification	John Dorney	919-733-9646
Pretreatment Permits	Tom Poe	919-733-5083, x 522
WWTP Certification	Dwight Lancaster	919-733-0026
Groundwater Section		
Well (Water Supply > 100,000 gpd) Construction	Ted Bush	919-715-6172
Well (Groundwater Recovery) Construction		
Well (Injection) Construction		
Well (Groundwater Quality Monitoring) Construction		
Well Pump Installation Contractor's Registration		
Soil Remediation Permit		
Well Contactors Certification Comm.	Woody Barnes	919-715-6698
Laboratory Section		
Wastewater/Groundwater Laboratory Certification	Jim Meyer	919-733-3908, x 207

Regional Office Locations:	Asheville	828-251-6208
	Fayetteville	910-486-1191
	Mooresville	704-663-1699
	Raleigh	919-571-4700
	Washington	252-946-6481
	Wilmington	910-395-3900
	Winston-Salem	336-771-4600

DIVISION OF WATER RESOURCES

Mission: To assure the conservation and productive use of the water resources of North Carolina.

Director:	John Morris	919-715-5422
Central Office Location:	Archdale Building Raleigh	919-733-4064

Key Permit Contacts:

Water Use in Capacity Use Areas	Nat Wilson	919-715-5445
Stream Flow Modification Notification	Jim Mead	919-715-5428
Water Withdrawals Registration (≥ 1 million gal/day)	Kenneth Ashe	919-715-5443
Inter-Basic Transfer Certificate (≥ 2 million gal/day)	Tom Fransen	919-715-0381
Approval of Local 20-yr Water Supply Plan	Tony Young	919-715-0390

DIVISION OF POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE

Mission: To protect the environment and conserve natural resources by providing technical assistance on the elimination, reduction, reuse, and recycling of wastes and pollutants.

Director:	Gary Hunt	919-715-6508
Central Office Location:	Parker-Lincoln Bldg. Raleigh	919-715-6500 800-763-0136

Key Contacts:

Industrial Pollution Prevention Assistance	Sharon Johnson	919-715-6509
Solid Waste Recycling Assistance	Scott Mouw	919-715-6512

DIVISION OF SOIL AND WATER CONSERVATION

Mission: The Division of Soil and Water Conservation cooperates with federal agency and local partners to administer a comprehensive statewide program to protect and conserve the state's soil and water resources. The Division serves as staff for the North Carolina Soil and Water Conservation Commission to help deliver conservation programs at the local level. The Division provides leadership and assistance to the state's 96 local Soil and Water Conservation Districts and their state association in locally-led conservation by providing financial, technical and educational assistance to districts, landowners, agricultural producers and the general public. The Division delivers programs in non-point source pollution management, agricultural best management practices cost share, technical and engineering assistance, conservation easements, and environmental and conservation education.

DIVISION OF SOIL AND WATER CONSERVATION – cont'd

Director:	David S. Vogel	919-715-6097
Assistant Director:	Carroll Pierce (Technical Programs)	919-715-6110
	David Williams (Non-Point Source)	919-715-6103
Central Office Location:	Archdale Building Raleigh	919-733-2302

MUSEUM OF NATURAL SCIENCES

Mission: The Museum of Natural Sciences collects, studies and preserves the state's biological diversity, promotes environmental awareness, and strives to relate the natural sciences to everyday life. The museum pursues these missions in many ways: through exhibits, research, public programs and events, publications, education for students, and training for teachers.

Director:	Betsy Bennett	919-733-7450, x 200
Central Office Location:	102 N Salisbury St Raleigh	919-733-7450

NORTH CAROLINA AQUARIUMS

Mission: Located on Roanoke Island, at Pine Knoll Shores and Fort Fisher, the aquariums were established in 1976 to promote an awareness, understanding, and appreciation, and conservation of the diverse natural and cultural resources associated with North Carolina's ocean, estuaries, rivers, streams and other aquatic environments.

Director:	Rhett White	919-733-2290
Central Office Location:	417 N Blount St. Raleigh	919-733-2290
Aquarium Locations:	Fort Fisher	252-458-8259
	Pine Knoll Shores	252-247-4004
	Roanoke Island	252-473-3494

NORTH CAROLINA ZOOLOGICAL PARK

Mission: To encourage the understanding of and the commitment to the conservation of the world's wildlife and wild places through the recognition of the interdependence of people and nature.

Director:	Dr. David Jones	336-879-7001
Central Office Location:	Asheboro	336-879-7000 800-488-0444

OFFICE OF ENVIRONMENTAL EDUCATION

Mission: Serve those with an environmental education question, need or solution. We're here to collect and provide information and host a forum for the exchange of ideas about environmental education programs and resources. If you're a teacher, students, parent, business representative, college or university faculty member, museum educator or interested citizen, we welcome you and applaud your interest in environmental education.

Director:	Anne Taylor	919-733-0711
Central Office Location:	Archdale Building Raleigh	800-482-8724

One-Stop Permit - item 8 - on Attach. 13.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine, Senators Martin of Pitt, Plyler, Perdue, Odom

DENR STUDY ONE-STOP PERMIT PROCESS

Section 15.10. The Department of Environment and Natural Resources shall study the feasibility and benefits of implementing a one-stop permit system to improve coordination within the Department with respect to processing environmental permit applications, communication with the regulated community, and regulatory compliance. The Department shall consider the State of New Jersey's ONE STOP program, which uses a project team composed of permitting, compliance, and enforcement staff to review the permit application, as a model. No later than February 15, 2000, the Department shall report to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on their findings and recommendations.

Source: House Bill 168
1999 Appropriations Act

NORTH CAROLINA DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES

JAMES B. HUNT JR.
GOVERNOR

BILL HOLMAN
SECRETARY

February 15, 2000

Memorandum

TO: Honorable Bob Martin, Co Chair
NER

Honorable Stan Fox, Co Chair
NER

Honorable Bill Owens, Co Chair
NER

FROM: Bill Holman, Secretary

RE: DENR Study of One Stop Permit Process

Attached is the report by the Department of Environment and Natural Resources on the feasibility and benefits of implementing a One Stop permit system in North Carolina, as required by Chapter 237 of the 1999 Session Laws, Section 15.

Please call me if you have any questions.

1601 MAIL SERVICE CENTER, RALEIGH, NORTH CAROLINA 27699-1601
PHONE 919-733-4984 FAX 919-715-3060 WWW.ENR.STATE.NC.US/ENR/
AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER - 50% RECYCLED/10% POST-CONSUMER PAPER

DENR STUDY ONE STOP PERMIT PROCESS

FEBRUARY 15, 2000

February 15, 2000

ONE STOP PERMIT PROCESS

The Department of Environment and Natural Resources was required by Session Law 1999-237 to "study the feasibility and benefits of implementing a one-stop permit system to improve coordination within the Department with respect to processing environmental permit applications, communication with the regulated community, and regulatory compliance". A study of existing One Stop programs was conducted starting with the State of New Jersey and following leads to other state programs as they were identified. The Department has completed the study and presents its findings in the following report.

New Jersey began a five year pilot program in 1993 on multimedia permits (a permitting team prepared a multi-functional facility wide permit). They completed about ten of those permits, but found it so complex and cumbersome they have abandoned that approach in favor of the coordination program now in use. New Jersey has three permit coordinators in their One Stop program. The program is used by companies moving into New Jersey, a few expansions or relocations, and candidates for brownfield development. The primary function of the coordinator is to bring the applicant together with representatives from each of the applicable permitting areas. The goal is to have the applicant walk away from the pre-application meeting with a list of permits required for the project and a schedule for the submittal of applications along with the expected processing times. The permit coordinator acts as a liaison for the applicant and tries to keep the project on schedule. Approximately thirty projects have been completed in three years. They have had some success in getting permit programs to combine individual permits into a single comprehensive permit (e.g. a combined waterfront development, wetlands, stream encroachment, etc. permit may be issued by the Land Use Division instead of three separate permits by three separate permit writers).

Tennessee recently completed a successful one year pilot program with one permit coordinator working in a regional office. The experience from that program has culminated with the hiring of a state permit coordinator and eight regional environmental coordinators. Tennessee has eight Environmental Assistance Centers (roughly equivalent to our regional offices) and each center has an environmental coordinator. The coordinators are experienced staff with multi-media knowledge that provide a point of first contact for citizens and for potential new business or industry. They are trained to coordinate with permitting programs and to recognize pollution prevention opportunities. They serve as a liaison between applicants and regulators, but all major permits are issued by traditional permitting programs in Nashville. The state permit coordinator functions as a permitting improvement leader and as a training officer for the regional coordinators. This program is new and does not have a track record yet.

South Carolina has a permitting liaison officer that is responsible for coordinating the permits that business and industry need from the traditional environmental program areas. This person "serves as the primary contact and advocate for the regulated community". This program is similar to the New Jersey model but has less involvement after the applicant is introduced to the representatives of appropriate permitting agencies. The single liaison officer is generally limited to working with potential new business and industry.

Oklahoma has a customer assistance program that can provide help with questions about air, water and waste programs. They are not fully staffed but currently have twenty full time employees working in the non-regulatory division. The division is a combination of pollution prevention, small business assistance, compliance assistance, and permit coordination. Mostly new or out-of-state companies use their permit coordination program. When requested, they put a team together to provide information, assess pollution prevention opportunities, and then introduce the customer to relevant traditional permitting representatives if the customer decides to apply for permits.

Permit Reform Initiative

Environmental permitting is strongly influenced by federal laws, regulations and policies. The goals of the National Partnership for Reinventing Government in 2000 are improving citizen satisfaction with government services, expanding internet based services, boosting interagency cooperation and embedding reinvention in the culture of government. We believe these goals are compatible with ours and will continue to monitor and interact with the appropriate federal agencies. The existing federal environmental protection structure makes a true One Stop (single comprehensive) Permit impractical, but allows for cooperation and coordination of programs.

The Department of Environment and Natural Resources (DENR) recognized the need for continuous improvement of its permitting programs and initiated a permit reform study in 1998. The Permit Reform Implementation Team (PRIT) was chartered to review and evaluate permitting activities and to make recommendations for improvement. The team members represented North Carolina Citizens for Business and Industry, Conservation Council of North Carolina, North Carolina League of Municipalities, Manufacturers Chemical Industry Council, North Carolina Environmental Health Supervisors Association, and DENR environmental permitting programs.

The team used surveys, interviews, brain storm sessions, previous team reports, and other available information to identify key issues. Specific issue teams were formed with diverse representation from inside and outside the Department. Those teams were launched to work on the key issues using a quality management problem solving process to define the problem, determine root causes, propose solutions and develop action plans with recommendations for improvement. The final report and recommendations of the Permit Reform Implementation Team were presented to the Department on November 9, 1999. A brief summary of the action plan for implementation of those recommendations is presented here.

Permit Process Flowcharts

The Customer Service Center will work with the environmental permitting programs to complete flow charts for all permits requiring multi-page applications, technical review and public involvement. Fact sheets explaining the process in layman's terms will also be prepared by July 30, 2000.

Permit Performance Measures
A data collection and measurement program will be implemented to provide a better understanding of the permitting activities within DENR. Collection and analysis of appropriate data will provide a sound basis for decisions about work loads, timeliness of permit decisions, staffing levels, and operational changes to respond to peak demands. Information collected will be used to establish performance baselines and improvement goals for each of the permitting programs.

Permit Duplication Identified
The Department will identify areas of duplication and overlap in permitting responsibilities by federal, state and local programs by July 1, 2000. Then use that information to develop strategies to reduce or eliminate duplication of permitting responsibilities, and to coordinate overlapping responsibilities to the maximum feasible extent. For example, the Department will examine the 401 Water Quality Certificate program for possible integration of storm water, wetlands, coastal and sedimentation control requirements. Areas of potential duplication will be identified and steps taken to eliminate them.

Permit Process Improvement
The Department will use the collected permitting data to select three key permit processes for improvement using the methodology developed and piloted by the Permit Reform Implementation Team. A small, focused task group of permit staff, applicants, consultants and interested citizens will be asked to study one permit process and design an improvement plan. The three groups should complete their work by October 30, 2000.

Permit Application Improvement
Each permitting program will improve one of its major permit applications, including clear instructions to the user and a completeness checklist. The format of revised application packages will be coordinated and standardized with Information Technology Services to begin our transition to electronic permitting services.

Permit Tracking
The Department will explore ways to begin an electronic permit tracking database that would provide internet access to information about applications in process. The establishment and routine operation of a department wide permit tracking system is essential for a successful permit coordination program, and would allow for improved efficiencies in application processing whenever multiple permits are needed.

Permit Staff Retention
The Department has begun a study of Human Resources issues and is focusing on an all out effort to improve retention of trained professional staff. The report of the Regulatory Program Staff Retention Team highlighted the retention issue as a major problem for our customers and a source of inefficiency in permit processing. DENR Human Resources is working with the Office of State Personnel to define the problem areas and propose improvements in personnel recruitment and retention.

Permit Reform Oversight

A steering committee of managers will be formed for the purpose of monitoring and shepherding the permit reform strategy based on the report of the Permit Reform Implementation Team. This committee will provide a focus point for quality management of the projects and for accountability.

Customer Service Initiative

In July, 1999 DENR established the Customer Service Center (CSC) as a one stop information point for all environmental and natural resource requirements, services and programs. The Center is part of a larger Customer Service Initiative to increase accountability and provide customer service training to all DENR employees. The goal is to provide prompt, accurate and integrated environmental and natural resources information to citizens, businesses and local governments. It is staffed by three experienced, environmental professionals, who respond to inquiries through a toll free help line and web site. They also research questions, develop information to respond to customer identified needs, create fact sheets and guidance materials, assist in investigating complaints and maintain an information management system to better track and document inquiries.

One of the functions of the CSC is to serve as a one stop permit coordination unit with a contact person to improve communications on complex permits. Permit coordination includes identifying permits for activities or processes requiring a number of permits, arranging pre-application conferences involving several agencies, developing permitting and information timelines cooperatively with permit programs and facilitating communication to identify and resolve problems as early as possible. This coordination is primarily for potential new businesses. The permit coordination function is similar to the New Jersey role, although at this time, New Jersey appears to be focusing on permits related to brownfield development.

The Customer Service Center has been designated as a liaison with the Department of Commerce in an effort to better integrate environmental and natural resource requirements into the State's economic development program. A joint workgroup has been set up to develop business permit guidance materials, establish a process to improve communication and address problems at the front end of the recruiting and siting process. Permit coordination projects brought to DENR by the Department of Commerce will be limited to large projects initially. In addition to potential Commerce projects; businesses, consultants, local economic development officials and citizens may contact the Center directly at the toll free help line or through the web site to obtain assistance and permit coordination. During the first six months of operation, 30 per cent of customer service inquiries were permit related and required varying degrees of coordination and information.

The CSC web site (www.envhelp.org) has been operating since September. This site primarily serves as a central location with links to other divisions' web pages allowing easier access to permitting regulations, applications, forms, and permit fee information. While information on all permits is not yet available electronically, consolidating the available information into one place helps to identify gaps and collect data on permit information needs. Until there is an integrated, compatible system within DENR that links all permitting programs, it is not possible to have a

reliable permit tracking system, electronic filing system and public access to permit applications. Web site linkage provides a quick and affordable way to better catalogue permit information. Better use of the web site improves communication and the sharing of information among DENR programs and makes this information more accessible to business, conservation interests, local governments and the general public. Later this year the CSC will have on its web site a Calendar indicating permit hearings, public meetings and other participation opportunities. A large number of inquiries come via the Internet, showing it to be a permit information tool. Our web site is still at the development stage, but a key to providing better permit information.

The Customer Service Center is a positive step toward improved permit coordination and communication. It establishes a single place to integrate information on the more than 100 permits, licenses and certifications issued through the Department. CSC links have been established with all divisions, and this communication and coordination function will be expanded to regional offices.

Electronic Permitting Initiative

Recent surveys by business associations have identified a need for governments to speed up their work and provide services in "internet time". There is a growing expectation of continuous service provided directly into the offices of business and the homes of citizens using secured connections into government databases. Environmental permitting is often the time determining factor in beginning, expanding or improving a business or other development, and the permitting process is expected to work in a reasonable time frame. One way to make that happen without compromising our commitment to environmental protection is to improve the tools and methods we use so employees can have more time to work on environmental concerns and compliance assistance. The coordination and integration of permitting programs is hindered by the lack of a departmental electronic data warehouse and inability to share electronic files. DENR is working to improve electronic access and to provide permit applications on the internet. The Division of Water Resources has piloted an electronic application package for their Capacity Use Permit, and others are being planned. These basic steps are expected to move us toward an integrated data system with a single facility identifier and shared permitting information so that redundancy and duplication can be reduced or eliminated.

Conclusion

We will continue to improve coordination within the Department and communication with staff, customers and stakeholders in an effort to improve the processing of environmental permit applications. The one-stop coordination approach is only one piece of the puzzle and needs to be combined with other tools to build an efficient and effective permitting program. An ambitious improvement plan is being implemented by the Department to move toward a responsive and predictable permitting process. Overall success depends on support for the entire program because all parts of the plan are interrelated. DENR is committed to continuous improvement and better customer service.

Summary of Environmental Permits

Division of Air Quality
Division of Coastal Management
Division of Land Resources
Division of Waste Management
Division of Water Resources

February 24, 2000

DIVISION OF AIR QUALITY

Permit Name	Statutory or Regulatory Process Time	Average Process Time	Public Participation	Issued From Central or Region	Other Agency Review Req'd
Small/Synthetic Minor	90 days	53 days	In certain cases: notice, hearings	Both	No
General Permits	90 days	37 days	In certain cases: notice, hearings	Both	No
Title V Permit					
Initial	3 years	2.3 years	Yes: notice, sometimes hearings	Central	Yes
New	18 months	1.2 years	Yes: notice, sometimes hearings	Central	Yes
Types of Modifications:					
Significant Modifications/Renewals	18 months	5 months	Yes: notice, sometimes hearings	Central	Yes
502(b)(10) Changes	90 days	38 days	No	Central	No
Administrative Modifications	60 days	49 days	No	Central	No
Permits Issued prior to Title V	90 days	53 days	In certain cases:notice, hearings	Both	No
Prevention of Significant Deterioration	1 year	8 months	Yes: notice, sometimes hearings	Central	Yes
Transportation Facility Permit	90 days	60 days	Yes: notice, sometimes hearings	Central	No

DIVISION OF AIR QUALITY

Permit Name	Fee per permit (1)	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Issued SFY 99	Receipts SFY 99 (3)
Small/Synthetic Minor	$187.50-1500.00	3/8/94	The Water and Air Quality Account shall be applied to the costs of administering the programs for which the fees were collected. The Water and Air Quality Account is a non-reverting account. G.S. 143-215.3A(a); see also G.S. 143-215.3(a)(1c)	EMC (2)	1004	$1,243,718.50
General Permits	$93.75-750.00	3/8/94		EMC (2)	82	Included above
Title V Permit						
Initial	$5895 plus	1/1/00	Title V fees can be used only to implement the Title V program. The Title V Account is a non-reverting account. G.S. 143-215.3 and G.S. 143-215.3(a)(1d); Clean Air Act EPA regulations.	EMC but annual inflation made administratively per rule	29	$7,755,707.15
New	$16.91 per ton				4	
Types of Modifications:	of certain					
Significant Modifications/Renewals	emissions plus				2	
502(b)(10) Changes					7	
Administrative Modifications					13	
Permits Issued prior to Title V					243	
Prevention of Significant Deterioration	Included in Title V fee	1/1/00	See Title V fees	EMC	7	Included in Title V receipts
Transportation Facility Permit	No annual fee	3/8/94	Application fees are part of the Water and Air Quality Account described above.	EMC	7	Application fees included in Non-Title V receipts

(1) Annual fees - There are also several different permit application fees for new facility permits and modifications at the facility's initiative. Most revenue is from the annual fees.
(2) Fees are capped by statute: $500.00 for application, $1500.00 for annual.
(3) Receipts include both annual and application fees.

DIVISION OF COASTAL MANAGEMENT

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued from (Central/Regional)	Other Agency Review Req'd (y/n)	Fee Per Permit
Coastal Area Management Act (CAMA) Major Development Permit	75 day goal; 150 day maximum	96 days	Yes	central	yes	$250
General Permit (expedited CAMA Major Development Permit)	none specifed (reverts to 75 day goal; 150 day maximum)	5 days	Yes	regional	no	$50
Coastal Area Management Act (CAMA) Minor Development Permit	25 day goal; 25 day maximum	12 days	Yes	delegated to local governments	no	$50

DIVISION OF COASTAL MANAGEMENT

Permit Name	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Number Issued SFY 99	Receipts SFY 99
Coastal Area Management Act (CAMA) Major Development Permit	11/1/91	Total funds collected may no exceed 33.3% of total personnel and administrative costs incurred by Division for permit processing. Fees collected shall be applied to the cost of administering regulatory program. see 113A-119.1	Coastal Resources Commission	152	$28,000
General Permit (expedited CAMA Major Development Permit)	11/1/91	Same as above	Coastal Resources Commission	1866	$93,000
Coastal Area Management Act (CAMA) Minor Development Permit	11/1/91	Fees collected shall be applied to the cost of administering the regulatory program.	Coastal Resources Commission	1365	Fees paid directly to local government administering program.

DIVISION OF LA[illegible] RESOURCES

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region	Other Agency Review Req'd (y/n)
Dam Construction, Modification, Breach, and Repair Permit	60 days upon receipt of a complete application	60 days	No	Central	Yes
Drill Exploratory Oil or Gas Well Permit	none	30 days	Yes	Central	Yes
Erosion and Sedimentation Control Plan	30 days upon receipt of a complete plan	20 days	No	Region	No
Geophysical Exploration Permit	none	10 days	No	Central	No
Mining Permit	60 days upon receipt of a complete application	35 days	Yes	Central	Yes
Uranium Exploration Permit	60 days upon receipt of plan	30 days	No	Central	Yes

DIVISION OF LAND RESOURCES

Permit Name	Fee for Permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Number Issue SFY 99	Receipts SFY 99
Dam Construction, Modification, Breach, and Repair Permit	Fees vary according to project (1)	1991	For Program Use Onl	EMC Rules	78	$78,800
Drill Exploratory Oil or Gas Well Permit	$50	1984	None	General Statutes	0	$0
Erosion and Sedimentation Control Plan	Fees vary according to project (1)	1991	For Program Use Onl	Sediment Commission	3579	$709,000
Geophysical Exploration Permit	None	n/a	None	General	0	$0
Mining Permit	Fees vary according to project (1)	1991	For Program Use Onl	Mining Commission	386	$80,600
Uranium Exploration Permit	None	n/a	For Program Use Onl	General Statutes	0	$0

(1) See attached sheet for complete description of fees.

DIVISION OF WA[illegible]MANAGEMENT

Permit Name	Statutory and Regulatory Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Municipal Solid Waste Landfill Permit	None	Three part process Site Study - 180 days Construction Permit - 180 days Operation Permit - 30 days	45 day notice & hearing	Central	Yes
Sanitary Landfill Permit-for Industrial, Construction and Demolition Waste	None	Same as above	45 day notice & hearing	Industrial - Central Construction/Demolition - Region	Yes
Municipal Solid Waste Composting Facility Permit	None	Not Available	No	Central	
Yard Waste Facility Permit		Not Available			
Solid Waste Treatment and Processing Facility Permit	None	180 days	No	MSW - Central C/D - Region LCID - Central	Yes
Solid Waste Transfer Facility Permit	None	90 days	No	Region	Yes
Yard Waste Composting Notification	None	7 days	No	Central	No
Incineration Facility Permit	None	180 days	No	Central	Yes
Scrap Tire Collection License	None	90 days	No	Region	No
Scrap Tire Disposal Permit	None	Three-part process Site Study - 180 days Construction Permit - 180 days Operation Permit - 30 days	No	Region	Yes

DIVISION OF WASTE MANAGEMENT

Permit Name	Fee per permit	Date of Last Increase	Restrcition on Use of Fees	Fees Set By:	Issued SFY 99	Receipts SFY 99
Municipal Solid Waste Landfill Permit	None	n/a	n/a	n/a		$0
Sanitary Landfill Permit-for Industrial, Construction and Demolition Waste	None	n/a	n/a	n/a		$0
Municipal Solid Waste Composting Facility Permit	None	n/a	n/a	n/a		$0
Yard Waste Facility Permit	None	n/a	n/a	n/a		$0
Solid Waste Treatment and Processing Facility Permit	None	n/a	n/a	n/a		$0
Solid Waste Transfer Facility Permit	None	n/a	n/a	n/a		$0
Yard Waste Composting Notification	None	n/a	n/a	n/a		$0
Incineration Facility Permit	None	n/a	n/a	n/a		$0
Scrap Tire Collection License	None	n/a	n/a	n/a		$0
Scrap Tire Disposal Permit	New- $250	n/a	n/a	Statute	None	$0

DIVISION OF WA[illegible] MANAGEMENT

Permit Name	Statutory and Regulatory Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Hazardous Waste Management for Treatment, Storage & Disposal Facility Permit	None	1-2 years	45 day public comment and public hearing	Central	DAQ/DWQ given opportunity to comment
Hazardous Waste Management Post Closure Permit	None	1-2 years	45 day public comment and public hearing	Central	DWQ given opportunity to comment
Hazardous Waste Management Research Development and Demonstration Permit	None	1 year	45 day public comment and public hearing	Central	No
Hazardous Waste Management Emergency Permit	< 5 days	< 5 days	Public notice	Central	No
Management and Disposal of Septage Permit	None	75 days	No	Central	No
Operation of Septage Management Firm Permit	None	15 days	No	Central	No
Management of a Septage Detention Facility Permit	None	45 days	No	Central	No
Land Clearing/Landfill Permit	None	90 days	No	Region	Yes
Underground Storage Tank Registration and Operation Permit	None	2 weeks	No	Central	No
Underground Storage Tank Contaminated Soil Treatment and Disposal Permit	90 days	2 weeks	Notice to County Manager	Region	No

DIVISION OF WA[illegible] MANAGEMENT

Permit Name	Fee per permit	Date of Last Increase	Restrcition on Use of Fees	Fees Set By:	Issued SFY 99	Receipts SFY 99
Hazardous Waste Management for Treatment, Storage & Disposal Facility Permit	Storage - $10,000 Treatment - $15,000 Disposal - $25,000	1987	Use for Hazardous Waste Program Only	Statute	1 (Permit fee submitted in 1998	$1800 from permit modification
Hazardous Waste Management Post Closure Permit	None	n/a	n/a	n/a	Not available	n/a
Hazardous Waste Management Research Development and Demonstration Permit	None	n/a	n/a	n/a	Not available	n/a
Hazardous Waste Management Emergency Permit	None	n/a	n/a	n/a	Not available	n/a
Management and Disposal of Septage Permit	None	n/a	n/a	n/a	Not available	n/a
Operation of Septage Management Firm Permit	$300 - $400	1989	Use for Septage Management Program Only	Statute	415	Not available
Management of a Septage Detention Facility Permit	None	n/a	n/a	n/a	Not available	n/a
Land Clearing/Landfill Permit	None	n/a	n/a	n/a	Not available	n/a
Underground Storage Tank Registration and Operation Permit	$200 - $300 per tan	1997	Use for Leaking UST Cleanup Fund Only	Statute	Not available	Not available
Underground Storage Tank Contaminated Soil Treatment and Disposal Permit	New - $400 Renewals - $200	1993	Use for Leaking UST Cleanup Fund Only	Statute	Not available	Not available

DIVISION OF WATER RESOURCES

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Regio	Other Agency Review Req'd (y/n)
Inter-basin Transfer Certificate	None	see (1) below	yes	Central	yes
Water Use in Capacity Areas Permit	None	54 days	yes	Central	yes

(1) We have not issued a permit yet to verify length of process.

DIVISION OF WATER RESOURCES

Permit Name	Fee for Permit	Date of Last Increase	Restriction on Use of Fees	Fees Set by:	Number Issued SFY 99	Receipts SFY 99
Inter-basin Transfer Certificate	$0	n/a	n/a	n/a	0	$0
Water Use in Capacity Areas Permit	$0	n/a	n/a	n/a	4	$0

Attachment C

FIRST ANNUAL REPORT

North Carolina Water Quality Workgroup
February 10, 2000

First Annual Report of the North Carolina Water Quality Workgroup

Outline

Introduction

- **Duties of North Carolina Water Quality Workgroup**
- **Reporting Requirements**
- **Purpose North Carolina Water Quality Workgroup**

Activities

- **Appointment of Membership**
  - **Chair & Vice-chair**
- **Activities Summarized**

Findings

- **RiverNet**
- **Coordination of White Paper**
- **Research Priorities**

Recommendations

Attachments

- **A** **Minutes**
- **B** **Draft RFP**
- **C** **RiverNet Budget and Project Summary**
- **D** **Membership List**

First Annual Report of the North Carolina Water Quality Workgroup

Introduction

The 1999 Session of the General Assembly established the North Carolina Water Quality Workgroup to initiate a Rivernet System and to identify knowledge gaps in water quality data. The budget provision provided $400,000 for FY 1999-2000 and $400,000 for FY 2000-2001 to evaluate existing data bases and to fund research projects that closes knowledge gaps with regards to the State's water quality in impaired waters. The budget provision also provided $500,000 in funds for equipment and $300,000 for the development and operation of the RiverNet System. This report provides you with an update on use of those funds appropriated as well the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

Duties of North Carolina Water Quality Workgroup

The North Carolina Water Quality Workgroup was established to carry out the following duties:

1. To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy or water quality issues.
2. To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.
3. To maintain a web-based water quality data distribution site.
4. To organize and evaluate existing scientific and State agency water quality databases.
5. To prioritize recognized knowledge gaps in water quality issues for immediate funding.

Reporting Requirements

Pursuant to House Bill 168 (Session Law 1999-237) the Chair of the North Carolina Water Quality Workgroup is required to report annually on January 30 to the following entities:

1. Scientific Advisory Council on Water Resources and Coastal Fisheries Management
2. Environmental Review Commission
3. Co-chairs of the Appropriations Subcommittees on Natural and Economic Resources
4. Chancellor of North Carolina State University or the Chancellor's designee

Purpose

The NCWQW is intended to promote more collaboration between various organizations, companies, state departments and universities i.e. partnerships to fill information gaps.

Activities

The Water Quality Work Group was appointed by NCSU Chancellor Mary Anne Fox and DENR Secretary Bill Holman on November 9, 1999. The appointees are listed below:

Bill Showers	NCSU MEAS
Barbara Doll	UNC Sea Grant
Jay Levine	NCSU CVM
Wayne Skaggs	NCSU CALS
Bill Kreutzberger	CH2M HILL
Jean Spooner	NCSU CALS
Patrick Davis	Triangle J Council of Governments
Jimmie Overton	Division of Water Quality
Jerad Bales	USGS
Ruth Swanek	Division of Water Quality
Ron Lewis	Duke Power
Ken Reckhow	UNC WRRI
Barry Gullet	Charlotte-Mecklenburg Utilities
Joan Willey	UNC-Wilmington
Kerry Smith	NCSU

The Workgroup has met four times since its appointment. The meeting minutes are attached in **Appendix A**.

Bill Kreutzberger of CH2M Hill was elected to serve as Chair and Bill Showers was elected as Vice-Chair of the Workgroup.

The Legislation forming the NCWQW tasks the Workgroup in two areas. The first being the development of the RiverNet program that advances water quality monitoring technologies provides web-based data of impaired waters of the State. The second task of the group is identification of water quality data gaps that exits in current data. The Workgroup is to identify these areas and make grant support available to agency/university research teams so that the gaps can be alleviated resulting in more comprehensive water quality data to provide better fact based decisions regarding public policy.

With regard to RiverNet, the NCWQW has created a subcommittee composed of six members, chaired by Bill Showers, to develop a strategy for implementing the RiverNet Monitoring System that will be review by the entire Workgroup in March. One of the issues the subcommittee is considering is location of the RiverNet system. The funds provided for the RiverNet project will purchase at least 15 monitoring stations. The Pilot monitoring station is being placed in the Neuse River at Seven Springs southwest of La Grange, NC under the SR 1731 bridge just north of Hwy 55. The RiverNet program is working with the Department of Transportation to determine the safest means to fix the monitors to bridge abutments so that the monitors cannot be readily vandalized, will be reasonably secure during extreme flow events, and can be accessed safely. Extreme weather conditions during the past months and the last week have delayed installation; installation for the first pilot station is now scheduled for mid-February. Summary of RiverNet budget and Project attached in **Appendix B**.

The second tasked that has consumed much of the NCWQW time is identifying the knowledge gaps that are critical for quality data to make sound policy decision regarding water quality. The NCWQW is currently developing a request for proposals (RFP) that provides specific criteria for evaluating research proposals as well as knowledge gap priorities that have been identified by the NCWQW. A draft RFP is currently under development and will be finalized and made available to the public in early February. A draft of the RFP is attached in **Appendix C**. One priority identified by the Workgroup is the need for a white paper to identify information gaps in DENR programs.

Findings

The Workgroup is taking a two-prong approach to allocating the research grant funds. Understanding the need to get going on filling data gaps the NCWQW has developed an RFP with research priorities and criteria that will ensure short term results. Proposals are planned to be submitted to the Workgroup by May and awards should be made in June. A second RFP allocating the second year of appropriations is planned for the summer/fall of 2000, after the Workgroup has worked with the various agencies and university system researchers to more clearly focus the additional research on water quality information gaps.

Coordination of White Paper

The Workgroup has recognized the need to identify information gaps in DENR programs and activities. The coordination of a white paper will identify scientific information gaps in key DENR programs/activities that should be the basis for water quality monitoring and research priorities. These scientific research priorities can be identified through a systematic review of current DENR programs and approaches, noting areas where gaps in knowledge may be addressed through new water quality monitoring and research. The outcome of this project will be a white paper that identifies and justifies these monitoring and research needs. NCWQW proposes that one of the research project funded be the coordination of a white Paper. This effort will move forward independent of the RFP process to expedite the study. Once the white paper is completed the NCWQW will review recommendations of the study and base the grant allocation for the 2000-2001 on priorities as recommended by the white paper"

Listing of Research Priorities for RFP. The Workgroup has developed a draft list of research priorities based on the individuals understanding of water quality problems an information gaps. These research priorities are being refined as the RFP is being developed and are as follows:

Buffer Requirements. (Non-Coastal) - Riparian buffer functions in Piedmont and mountain physiographic areas for specific pollutants including sediment, nutrients, and toxicants require additional examination. Key issues include stream type (order) for inclusion of buffers, buffer characteristics (size, vegetation type, etc.), and relationship to other riparian functions such as floodplains, wildlife corridors, etc.

Land Use Patterns and Pollution Problem – How have changes in land uses over the past decade influenced the generation of pollutants in NC's major watersheds? A key dimension of this research would involve a comparison of the economic incentives for land conversion in comparison to the potential for those uses to generate increased residual loading.

Analysis of Cost to Control Pollutants – Develop analyses that are capable of comparing the incremental costs of controlling pollutants from point and non-point sources; these analyses would require integrated evaluation of the effects of soil types, transport systems for the incremental costs measured in terms of the changes in water quality conditions at key locations within NC's major watersheds. These could be compared with the costs of controlling emissions and be used to gauge the relative effectiveness of policies to reduce loading of nutrients and other pollutants into these watersheds.

Source Control vs. Downstream (Storm Water) – Is pollutant control for storm water runoff more effective at the pollutant source or downstream? Factors to consider include effectiveness of land or best management practices (BMPs), cost and environmental risks, level of pollutant treatment, land constrains at the source and/or downstream regulations and maintenance.

Incentive Based Mitigation Practices (Land Use/Buffers) – A comparison of the performance of existing policies as well as new policies in inducing the control of non-point and point source loading; there is a substantial history with voluntary and cost sharing programs to encourage the adoption of BMP practices throughout the state but no evaluation of their effectiveness; there has been some experience with incentive based programs in the Tar-Pamlico "tradable permits" system - but no evaluation of these programs. In addition, efforts to adapt these systems to consider the special problems posed by animal agriculture would be desirable.

Effects of Land-Use Practice on Hydrology and Water Quality – The effect of land use changes and improved management practices on downstream water quality and hydrology require additional quantification. Research needs to include the evaluation of the effectiveness of management practices for pollution control; quantification of the effects of urbanization on pollutant transport and delivery as well as on stream hydrology and stream bank erosion; quantification of the sources and control of sediment in storm water runoff; and effect of land use patterns and management practices on TMDLs.

Development of Hydrologic Case Studies Model Assessment on a Watershed Scale – Case studies on the application and assessment of watershed scale models to predict effects of land uses and management practices on hydrology and pollutant loading are needed to evaluate management strategies..

Pamlico Sound Monitoring (Baseline Data, Hurricane Floyd Impact) – A water quality monitoring program in Pamlico Sound is needed to provide baseline data and to assess the extent of residual impacts from Hurricane Floyd. To address these needs, the monitoring design - that is, the sampling times, locations, frequencies, and water quality parameters should be justified in the proposal.

Characterize the Fate of Nutrients Transported Downstream with a Supporting Model – Instream transformation and transport of nutrients (nitrogen and phosphorus) needs to be understood for effective prediction of the impact of watershed nutrient control measures on downstream water quality in major rivers in North Carolina. Monitoring and/or experimentation is needed to better characterize instream nutrient sources/sinks, with improvement in predictive models as the ultimate objective.

DNA Testing (Build a Data Base Source of Bacteria and other Contaminants) – Genetic testing methodologies are one means to determine specific sources of indicator bacteria for fecal contamination. Studies are needed in a watershed that is considered to be impaired according to North Carolina's 303(d) list to identify the sources of bacteria within that watershed. The sources that are identified can then be used to begin building a database of genetic signatures of specific fecal coliform sources within North Carolina.

GIS Quantification of Water Quality Data - North Carolina has been impacted by extreme flooding events associated with Hurricanes Dennis and Floyd. Data has been collected by different agencies concerning water quality issues and human health concerns. Methods to quantify and analyze this data in a Geographic Information System (GIS) format are required to address the needs of the State to respond quickly to these events.

Application of Chlorophyll a as the Appropriate Benchmark – Chlorophyll a has been used as a water quality standard in NC since the early 1980s based on a consensus opinion of researchers at the time. A broad range of additional monitoring and research has been conducted since this time to re-examine the use of chlorophyll a as the appropriate indicator and/or the levels of chlorophyll a included in the water quality standards. The research project is envisioned to be a detailed literature review and white paper regarding biotic end points which may build-off on-going criteria development being considered by EPA.

Recommendations

The Workgroup is working to get research projects that are cooperative approaches between DENR agencies and the university system, underway quickly. Developing a thorough plan for the deployment of Rivernet followed by rapid implementation of this plan is a second priority for the group. The Workgroup has no specific recommendations at this time.

APPENDIX
A

Minutes
The North Carolina Water Quality Workgroup
November 29, 1999

The meeting was called to order by Richard Rogers, DENR. Present were: Russ Lea, Associate Vice Chancellor, NCSU: Bill Kirby-Smith, School of the Environment Marine Laboratory; Bill Showers, Department of Marine, Earth & Atmospheric Science, NCSU; Barbara Doll, UNC Sea Grant, NCSU; Jay Levine, College of Veterinary Medicine, NCSU; Ronald Lewis, Duke Energy Company; Bill Kreutzberger, CH2M Hill, Consultant, Watershed Issues; Pat David, Triangle J Council of Governments; Ruth Swanek, ENR Water Quality; Donna Davis (representing Barry M. Gullet) Charlotte Mecklenburg Utility Department; Jimmie Overton, ENR – Water Quality.

Mr. Rogers asked Bill Showers to discuss the history behind Legislative House Bill 168 enacted by the General Assembly. Funds from this Bill will be allocated as follows:

Re-occurring funds for the 1999-2000 and the 2000-2001 period were

- $300,000 to NCSU to use for operating costs of the Rivernet monitoring system and pilot project including personnel to maintain the system, archive, and disseminate the data.

- $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to be used for research projects recommended by the North Carolina Water Quality Workgroup. The Workgroup shall consider only new studies that promote collaborative work among the Department of Environment and Natural Resources and any constituent institution of the University of North Carolina to collectively close knowledge policy gaps with regard to the State's water quality and the nutrient levels of impaired waters.

One-time allocation funds for the 1999-2000 period were

- $500,000 for the purchase of monitoring equipment, installation of the data transfer network, and for the installation of the computer hardware and software to archive the data and sustain the web-based data system.

This is intended to promote more collaboration between various organizations, companies, state departments and universities i.e., partnerships to fill information gaps.

The first order of business was to elect a Chair. Bill Showers was nominated. The group decided to keep nominations open and solicit nominations over e-mail during the next two weeks in order to give the entire group a chance to participate in the process. It was decided to elect a Chair and Vice-chair because of all the significant reporting which will be needed from this Workgroup. The individual who receives the highest number of votes will be named Chair and the second highest will be Vice-Chair. Votes will be tallied and the elected Chair will preside over the next meeting.

A Proposed Integrated Water Quality Research Funding System (attached to these minutes) was given to members of the Workgroup for suggestions and input at the next meeting. After discussing the flow chart, it was decided that WRRI should be represented as an ex officio member of the group. It was further suggested that Bob Holman represent WRRI because Ken Reckhow is a member of the Science Advisory Committee, and that Committee may be involved with evaluation of proposals. A discussion followed regarding dovetailing RFPs with WRRI. WRRI has agreed to help the group coordinate peer review and compile comments because they already have in place a number of scientists who regularly review proposals.

Also discussed was enhancing the databases already in place by DNER and filling in gaps. It is imperative that individual PIs collaborate with DNER on projects.

At next meeting Workgroup will focus on the following duties of Bill 168:
(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects; and (5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

In order to meet these objectives and to determine where monitoring activities currently are underway, the next meeting will include presentations of current monitoring efforts and the location of these data sets. Larry Osley of DENR will make a 20 minute presentation of information available from DENR databases. Jerad Bales, US Geological Survey, will also make a similar presentation about the USGS programs. William Showers will describe the current status of the Rivernet program. There will be time for questions at the end of each presentation.

Bob Holman from WRRI will be asked to come to the next meeting.

The next meeting is scheduled for Monday, December 20, 1999, from 1 – 4 p.m. in Room 246, EGRC Building on Centennial Campus. Please park in the parking deck area so that you will not be ticketed.

Do. Bill

Working Group Meeting
12/20/1999
246 EGRC Building
NCSU Campus

Attendees:

Ken Reckhow	UNC WRRI
Bill Showers	NCSU MEAS
Barbara Doll	UNC Sea Grant
Jay Levine	NCSU CVM
Wayne Skaggs	NCSU CALS
Bill Kreutzberger	CH2M Hill
Richard Rogers	DENR
Jean Spooner	NCSU CALS
Patrick Davis	Triangle J Council of Governments
Jimmie Overton	Division of Water Quality
Jerad Bales	USGS
Ruth Swanek	Division of Water Quality
Ron Lewis	Duke Power
June Brotherton	NCSU
Linda Jackson	NCSU

The meeting was chaired by Bill Kreutzberger.

The Chair announced the resignation of Bill Kirby –Smith and the presence of Ken Reckhow of WRRI. There was a brief discussion about Ken's role on the board and it was determined that the appointment of any new member would have to be taken up by Secretary Holman and Chancellor Fox.

A decision on Ken Reckhow's position will be made prior to the next meeting of the NCWQW.

Jean Spooner questioned the role with the Science Advisory Council and wanted to amend the agenda to include some discussion about the relationship. Jean recommended a joint meeting with the Science Advisory Committee

The following presentations were made:

1. Jimmie Overton – a brief outline of data collected by the NC Division of Water Quality. All data collected is retrievable but all of it is accessible available on the web. Biological data can be downloaded from the web. EPA regional based nutrient criteria initiated draft DENR guidelines. The group will be advised once the prototype guidelines are finished and will be allowed to offer comments.

   There are two rapid response teams in the Neuse River and Pamlico areas retrieving data on a daily basis

The members of the NCWQW asked if Jimmie could provide NCWQW with a document providing detailed information about the data base system that he was building for DENR water quality information for review and critique. Jimmie said that because he was so far along with the project that it would be counter productive to have peers review the system, however he would be happy to show individuals the system and answer any questions they may have.

2. Bill Showers – an update of the progress relating to the River Net project

   - it is anticipated that monitors will be mounted to bridge pilings along the Neuse. NCDOT has offered assistance with the installation
   - data will be transmitted nightly via cell phone

- the monitors can be deployed in estuaries, rivers, and ocean environments

Three stated objectives:

A. Investigate reductions mandated by legislature to determine land use
B. Investigate spills – the number of spills in the river, how important are the number of spills per day. Data collected will also detect spills
C. Long term records of nutrient flux

Discussion comments:

Several attendees believed that phosphorous should be measured in the Neuse.

There was discussion of where to locate the monitors. Should there be measurements relating to current land use?

There was discussion of co-locating the monitors with the ambient collection sites.

The first monitor will be installed somewhere in the Goldsboro/Kinston area during January 2000. Dr. Showers agreed to e-mail objectives to the members of the group and solicit comments. He will also seek volunteers to work as a sub-group to refine objectives and report back to the full group.

There was a request by the workgroup for Bill to provide the workgroup with the proposed rivernet objectives and allow the group to provide feedback on other possible objectives or focuses for the project. It was also suggested that those member that would like to work with Bill Showers on refining the Rivernet objectives (priorities) could do so in a subcommittee and report to the full committee.

3. Jared Bales – overview of the USGS website – with the new interface continuous data will be available.

   There are 200 stream gauge sites – 70 sites in conjunction with State ambient monitoring systems
   Most sampling is in conjunction with on going projects

Research Priorities:

1. Fecal coliform issues – fresh water and estuaries
2. DNA – antibiotic testing
3. Loading from homogeneous streams
4. Fecal loads from homogeneous streams
5. Sediment issues
6. Watersheds – land based erosion
7. Flooding and impacts on coastal rivers and estuaries
8. Fish kills and pfiesteria– focus on nutrient sensitive waters
9. Better ways to segregate fish health and human health – recreational human health, tourism
10. Hydrology – coastal areas, nutrient transport, stream restoration

Criteria discussed:

1. Do an everything-is-open list – give ideas of the State needs
2. Pick a few ideas with a quick time success
3. Meaningful to the general public
4. Promote collaboration among DENR and The University of North Carolina
5. Close knowledge gaps with regard to the State's waters
6. Project located in the Eastern part of the State?
7. Short term success

The next meeting was scheduled from 11:00 am – 2:00 pm January 14, 2000 at the same location. Lunch will be provided.

The meeting adjourned at 4:15 pm.

Action Items:

1. A decision on Ken Reckhow's position will be made prior to the next meeting of the NCWQW.

2. Bill Showers will email indentified objects of rivernet project to members and solicit priorities and objects will be organized and discussed by a subcommittee of the group which will bring to the full committee its recommendations. Next meetings?
3. Priorities will be submitted by the NCWQW to Richard Rogers who will compile and group for discussion at the next meeting.
4. Confirm location of meeting – Richard / Russ Lea
5. Draft Agenda

NC Water Quality Workgroup Meeting
1/14/2000 – 11:00 AM – 2:30 PM
246 EGRC Building
NCSU Campus

Present: Patrick Davis, Triangle J Council of Governments
Barbara Doll, UNC Sea Grant
Bill Kreutzberger, CH2M Hill
Russ Lea, NC State
Ronald Lewis, Duke Power
Jimmie Overton, DENR - Water Quality
Ken Reckhow, WRRI, NC State
Bill Showers, MEAS, NC State
Wayne Skaggs, Bio. & Ag Eng., NC State
Kerry Smith, Ag & Resource Economics, NC State
Jean Spooner, Bio. & Ag. Engineering, NC State
Ruth Swanek, DENR – Water Quality
Joan Willey, Chemistry Dept., UNC Wilmington
Richard Rogers, DENR

The meeting was chaired by Bill Kreutzberger. An agenda was handed out for the meeting which is included at the end of the minutes.

The Chair asked for comments on the minutes from the meeting on December 20, 1999. Jean Spooner asked that one word in the minutes be changed. The group agreed to change the word "of" to "with" in the second paragraph so that it reads "with the Science Advisory Council".

The Chair announced that Ken Reckhow of WRRI has been officially appointed to the work group.

A request was made for an updated list of the committee members. An updated list including names, addresses and phone numbers will be sent out by Russ Lea's office.

A report, ***Environmental Assessment of the Lower Cape Fear River System, 1998-99***, was provided by Joan Willey for the groups' review.

Development of Research priorities

Bill Kreutzberger asked that the group compile criteria for research. The list was compiled as follows:

Criteria for Evaluating Research Projects

General Criteria:

Meaningful to Public
Potential for Near-Term Success
University/Agency Collaboration
Identifying Gaps in Existing Data Bases

Financial:

Project Size
Other Funds/In Kind

Other:

Electronic Format - Required
Address Formulation of Policy on Water Quality
Geographic Focus
3-5 Page Proposal with Interview

At this point, the group discussed the issue of project size. A question was asked about whether or not it would be possible to allocate funds for two years. Russ Lea indicated that it was. The question of whether or not overhead would come out of this was also asked. Russ Lea stated that this would be DENR's decision.

Bill Kreutzberger provided the group with a list of issues which he pulled together from the discussion at the last meeting. They were as follows:

Issues/Topics for Priorities

Pollutants

Nutrients
Sediments
Fecal Coliform (Bacteria)
Toxics (Mercury)

Loadings

Homogenous Land Use
Small Watersheds
Transport

Responses

Hydrology
Biotic
Human Health

Project Categories

Evaluation Monitoring and Modeling

Demonstration
Applied Research

At this point there was a brief discussion regarding the General Statute. There was also discussion about the list of topics presented. It was expressed that an exhaustive list may not be the best approach. Bill Kreutzberger suggested that the group compile a list of what it perceived to be knowledge gaps.

Ken Reckhow briefly mentioned that Palmetto Sound is unmonitored and that he sees this as an issue of concern. Ruth Swanek expressed concern about whether some issues should be addressed by RiverNet and/or other groups.

Joan Willey expressed her concern that Albemarle Sound is not focused upon as much as Pamlico. Bill Kreutzberger stated that Albemarle is primarily freshwater and is not as important as a primary nursery area for commercial/sport fisheries as Pamlico Sound.

Barbara Doll stated that she thought very little had been done on sediment, nutrients, and the human health aspect.

Kerry Smith pointed out, as did several others, that the legislation required the research to be focussed on information gaps. He suggested that the workgroup start a process to work with DENR to identify available data and the gaps in this data. Then specific research priorities could be targeted at these gaps. He suggested that this could be a white paper which we could then use as the basis for research solicitations.

After much discussion from individuals about the group's strategy, Bill Kreutzberger commented to the group that it needs to be cautious. He made a suggestion to contrive an effective way of soliciting input from the Department. The emphasis should be getting the RFP out as soon as possible. Several members were concerned about just getting the RFP out without focussing on known information gaps.

Russ Lea stated that the Legislature wants accountability for work performed and that getting the RFP out is critically important. The group spent a short amount of time on a time line.

Time Line is as Follows:

1/14	1/28	1/30	2/1	4/1
Today	**RFP Draft**	**Report to Legis. Staff**	**RFP out**	**White Paper**

5/1 (Interviews)	7/1
Proposals In	**Award**

It was finally suggested that the workgroup was appointed because it had a pretty detailed knowledge of the agencies information gaps and ongoing research being performed by the academic community. It was suggested that we send out two RFPs: the first targeted at gaps that we were sure about, and the second after we had gone through a more rigorous examination of key agency information (and policy) gaps. There seemed to be consensus on this approach. The first RFP would award projects using the first year of funding while the second RFP would use the second year allocation.

The group then began brainstorming a list of research priorities. The group went back through the list of priorities in an attempt to combine and shorten issues. Then each priority was assigned to an individual (not always the person who suggested the topic) to re-phrase the priority into a one or two sentence format that would be suitable for use in an RFP.

The group was asked to submit their re-written priorities to Russ Lea's office by 5:00 p.m. on Tuesday, January 18, for inclusion in the minutes.

The following is a list of the research priorities after input from the group. The original bullet is shown in bold with the rewritten text following in brackets. [Note: The group will have an opportunity to provide additional comments regarding this list of priorities]

Phase I – List of Priorities for RFP:

Buffer Req. (non-coastal) – Bill Kreutzberger. [Riparian buffer functions in piedmont and mountain physiographic areas for specific pollutants including sediment, nutrients, and toxicants require additional examination. Key issues include stream type (order) for inclusion of buffers, buffer characteristics (size, vegetation type, etc.), and relationship to other riparian functions such as floodplains, wildlife corridors, etc.]

Coordination of White Paper – Ken Reckhow. [Scientific information gaps in key DENR programs/activities should be the basis for water quality monitoring and research priorities. These scientific research priorities can be identified through a systematic review of current DENR programs and approaches, noting areas where gaps in knowledge may be addressed through new water quality monitoring and research. The outcome of this project will be a "white paper" that identifies and justifies these monitoring and research needs.]

Land Use Patterns – Pollution Problem – Kerry Smith
[How have changes in land uses over the past decade influenced the generation of pollutants in NC's major watersheds ? A key dimension of this research would involve a comparison of the economic incentives for land conversion in comparison to the potential for those uses to generate increased residual loadings]

Analysis of Cost to Control Pollutants.– Kerry Smith

[Develop analyses that are capable of comparing the incremental costs of controlling pollutants from point and non-point sources; these analyses would require integrated evaluation of the effects of soil types, transport systems for the incremental costs measured in terms of the changes in water quality conditions at key locations within NC's major watersheds. These could be compared with the costs of controlling emissions and used to gauge the relative effectiveness of policies to reduce loadings of nutrients and other pollutants into these watersheds.]

Source Control vs. Down Stream (Stormwater) – Jean Spooner. [Is pollutant control for storm water runoff more effective at the pollutant source or downstream? Factors to consider include effectiveness of land or best management practices (BMPs), costs and environmental risks, level of pollutant treatment, land constraints at the source and/or downstream, regulations, and maintenance.]

Incentive Based Mitigation Practices (Land Use/Buffers) – Kerry Smith
[A comparison of the performance of existing policies as well as new policies in inducing the control of nonpoint and point source loadings; there is a substantial history with voluntary and cost sharing programs to encourage the adoption of BMP practices throughout the state but no evaluation of their effectiveness; in addition there has been some experience with incentive based programs in the Tar Pamlico "tradable permit" system –but no evaluation of these programs. In addition, efforts to adapt these systems to consider the special problems posed by animal agriculture would be desirable.]

Effects of Land-Use Practice on Hydrology and Water Quality – TMDLs – Jean Spooner, Barbara Doll. [The effects of land use changes and improved management practices on downstream water quality and hydrology require additional quantification. Research needs include the evaluation of the effectiveness of management practices for pollution control; quantification of the effects of urbanization on pollutant transport and delivery, as well as on stream hydrology and streambank erosion; quantification of the sources and control of sediment in storm water runoff; and effect of land use patterns and management practices on TMDLs.]

Development of High-Caliber Case Studies Model Assessment on a Water Shed Scale – Wayne Skaggs. [Case studies on the application and assessment of watershed scale models to predict effects of land uses and management practices on hydrology and pollutant loading.]

Pamlico Sound Monitoring – Baseline Data, Hurricane Floyd Impact – Ken Reckhow. [A water quality monitoring program in Pamlico Sound is needed to Provide baseline data and to assess the extent of residual impacts from Hurricane Floyd. To address these needs, the monitoring design - that is, the sampling times, locations, frequencies, and water quality parameters should be justified in the proposal.]

Characterization Fate of Transport of Nutrient in Model Supporting – Ken Reckhow. [In-stream transformation and transport of nutrients (nitrogen and phosphorus) needs to be understood for effective prediction of the impact of watershed nutrient control measures on downstream water quality in major rivers in North Carolina. Monitoring and/or experimentation is needed to better characterize instream nutrient sources/sinks, with improvement in predictive models as the ultimate objective.]

DNA Testing – Build Data Base Source of Bacteria, Contamination – Ruth Swanek. [Genetic testing methodologies are one means to determine specific sources of indicator bacteria for fecal contamination. Studies are needed in a watershed that is considered to be impaired according to North Carolina's 303(d) list to identify the sources of bacteria within that watershed. The sources that are identified can then be used to begin building a database of genetic signatures of specific fecal coliform sources within North Carolina.]

GIS Quantification of Water Quality Data – Bill Showers
GIS Quantitication of Water Quality data and Public Health information related to extreme flooding events associated with Hurricane Floyd.

Sediment as Sources of Metals to H_2O – Unassigned.

Application of Chlorophyll *a* as the Appropriate Benchmark – Bill Kreutzberger. [Chlorophyll a has been used as a water quality standard in NC since the early 1980s based on a consensus opinion of researchers at the time. A broad range of additional monitoring and research has been conducted since this time to re-examine the use of chlorophyll a as the appropriate indicator and/or the levels of chlorophyll a included in the water quality standard. The research product is envisioned to be a detailed literature review and white paper regarding biotic endpoints which may build-off on-going criteria development being considered by EPA. Consideration should be given to Probabilistic criteria].

Bill Kreutzberger was going to work with Bob Holman of WRRI in development of a draft RFP for distribution prior to the next meeting. The decision was made by the group for proposals to be in the NSF format and to be kept brief. Bill Kreutzberger stated that he would get input from the Science Advisory Committee and will review the information at the next meeting.

Rivernet Subcommittee Update

Bill Showers gave some information on a meeting with DOT on January 13. DOT has agreed to provide assistance installing the monitoring equipment along bridges. Russ Lea said that he thought it valuable to report that we are getting cost-sharing from DOT.

Bill indicated that he had several individuals that had volunteered to be on the subcommittee to develop specific plan for Rivernet.

The following list of committee members volunteered to be on the subcommittee:

Bill Showers, Chair
Jerad Bales
David Demaster
Greg Jennings
Ron Lewis
Wayne Skaggs
Jean Spooner

The next meeting will be February 3, at 11:00 in Room 463 of the EGRC building on Centennial Campus (Note: Room 246 was not available—but this is a nice room too).

NC Water Quality Workgroup Meeting
2/3/2000 – 11:00 a.m. – 2:00 p.m.
463 EGRC Building
NCSU Campus

Present: Jerad Bales, US Geological Survey
Barbara Doll, UNC Sea Grant
Steve Jadlocki, Charlotte Mecklenburg Utilities Dept.
Bill Kreutzberger, CH2M HILL
Ronald Lewis, Duke Power Company
Jay Levine, NC State, College of Vet. Medicine
Bob Holman, NC State, WRRI
Richard Rogers, DENR
Bill Showers, NC State, MEAS
Wayne Skaggs, NC State, Bio. & Ag. Eng.
Kerry Smith, NC State, Ag. & Resource Economics
Jean Spooner, NC State, Bio. & Ag. Eng.
Ruth Swanek, DENR – Water Quality
Rick Shiver, UNC Wilmington

The meeting was chaired by Bill Kreutzberger. An agenda was handed out for the meeting which is included at the end of the minutes.

The Chair asked for comments on the minutes from the meeting on January 14, 2000. Barbara Doll asked that the fourth paragraph down on the third page be changed to read as follows: "Barbara Doll stated that nutrients had been researched extensively, whereas very little had been done on sediment, bacteria and toxics. In addition, human health aspects had not been examined as much as aquatic health." A motion was made to approve this correction, and the motion carried.

Bob Holman with WRRI provided a draft RFP to each member of the group for review and finalization.

Bob Holman walked the group through each section of the draft RFP gathering information from the group, making suggestions, and facilitating the creation of the RFP. Bob Holman also agreed that the group could email editorial comments to him [through Wendy Francis]. Bob Holman will finalize the RFP and he along with help from other WRRI staff will edit it for consistency in style.

It was stated that the final RFP will need to go to the Science Advisory Committee for review.

There was a very lengthy discussion on how the White Paper would be handled. The group agreed that the White Paper would be handled separately from the RFP. Bill Kreutzberger stated that the group would need to talk with Russ Lea about the details of the White Paper process.

Bill Showers gave a brief update on the RiverNet subcommittee. Dr. Showers stated that the subcommittee would be meeting within the next couple of weeks. He also stated that the subcommittee will meet with Wayne County DOT as soon as possible.

Richard Rogers passed out a draft of the first annual report of the NC Water Quality Workgroup.

Bill Kreutzberger stated that the annual report would go to the various legislative committees. The NER committee presentation will be on February 24, 2000, the Science Advisory Council will be scheduled for the end of February 2000, and the Environmental Review Committee will be the first week in March.

The next meeting of the NC Water Quality Workgroup will be on Tuesday, March 7, 2000, from 10:30 a.m. to 1:30 p.m., in Room 463 of the EGRC building on Centennial Campus.

The meeting was adjourned.

APPENDIX
B

RiverNet 1998-2000

Category	Budget	Project to date	% Spent
Salaries	$135,275	$79,244.66	59 %
Fringe Benefits	$ 2,5343	$10,553.59	42 %
Supplies	$ 39,462	$35,913.7	91 %
Domestic Travel	$ 14,000	$ 6,882	49 %
Current Services	$ 25,000	$15,663.47	62 %
Equipment	$ 74,000	$69,756.24	94 %
Total Direct Costs	**$314,580**	**$218,013.7**	**70 %**

Summary: Total amount of funds spent for this grant is 70%, with 4 months left there will be no funds remaining when the grant closes out June 30, 2000.

RiverNet Summary 2-9-00

The pilot monitoring station has been fully constructed. The initial monitoring station will be installed on the bridge at Seven Springs on the Neuse River. Delays in installation occurred in getting DOT approval from the Raleigh office and the Wayne County district office. DOT now wants NCSU to fill out encroachment forms prior to installation. Installation is planned for the week of Feb 21. The pilot monitoring station is constructed, tested and ready to install when final DOT approval is given. The Raleigh office has given approval; district approval will be given once encroachment forms are filed in Wayne County.

The WS Oceans nutrient monitor has been converted to fresh water chemistry and is analyzing nitrate with an accuracy comparable to lab ion chromatographs running EPA standards (+/- 0.1 mg/l). The cell phone communication system has been coupled with the Campbell data logger that can store data from the WS Oceans nutrient monitor and the Hydrolab sonde monitor system that measures nutrients with ion selective probes. The hydrolab monitor will measure physical parameters (temp, pH, O2, turbidity, pressure -water depth) and NH4 and NO3 with ion selective probes. These hydrolab probes have been found to drift, but can be corrected for by the measurements taken by WS Ocean ion chromatographic monitor every fifteen minutes. The WS Ocean monitor will have to be serviced on a bi-weekly basis; water will be collected for laboratory measurements at each station during this time. The stations and electronics are put in 12" and 15" galvanized pipes, respectively. The welded pipe system is banded with steel bands and mounts to the inner bridge pilings. A mobile WS Ocean/hydrolab monitoring system has also been constructed and rigged to a 16' jon boat with a portable data logger/computer system. The jon boat will be used to service the stations.

The mobile system will track down spills in the river when they are detected by the river monitoring stations. The data server and the web site are up and running and will archive and distribute the data to the public once the monitor stations are installed. We are just waiting for final DOT approval and are ready to go. DOT has been busy with the recent extreme weather events over the past few weeks, but are eager to help and have indicated that final approval is immanent.

APPENDIX
C

NCWQW FY 1999-2000

WATER QUALITY INFORMATION PRIORITIES

PROPOSAL SOLICITATION

NORTH CAROLINA WATER QUALITY WORKGROUP

DEADLINE DATE: May 1, 2000

NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES/ NORTH CAROLINA STATE UNIVERSITY

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The North Carolina Water Resources Research Institute (WRRI) will administer the projects that are funded through this Call For Proposals (CFP). Information about the CFP can be found at the WRRI Web site at:

http://www.2ncsu.edu/ncsu/CIL/WRRI/

- Location: North Carolina Water Resources Research Institute
  Box 7912, Jordan Hall, Room 1131
  North Carolina State University
  Raleigh, North Carolina 27695-7912

- For General Information: (919) 515-2815

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SUMMARY OF PROGRAM REQUIREMENTS

GENERAL INFORMATION

Program Name: WATER QUALITY INFORMATION PRIORITIES

Short Description/Synopsis of Program:

The North Carolina General Assembly passed House Bill 168 (North Carolina Water Quality Initiative/Rivernet Monitoring System Pilot Program/Research Funds) during the 1999 session. The North Carolina Water Quality Workgroup (NCWQW) was created to address five duties in connection with this bill. One of the five duties assigned to the NCWQW is to identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects. Funds of $400,000 for fiscal year 1999-2000 and again in fiscal year 2000-2001 are held in reserve and used only for research projects recommended by the NCWQW. The NCWQW shall consider only new studies that promote collaborative work among the Department of Environment and Natural Resources and any constituent institution of The University of North Carolina to collectively close knowledge and policy gaps with regard to the State's water quality of impaired waters.

ELIGIBILITY

- Limitation on the categories of organizations that are eligible to submit proposals:

Proposals must be submitted by any of the 16 constituent institutions of The University of North Carolina System and promote close collaboration with agencies of the North Carolina Department of Environment and Natural Resources (NC DENR). Additional collaboration from other state, federal, and local agencies is encouraged.

AWARD INFORMATION

- Type of award anticipated:

Awards will be made up to $75,000 depending upon the number of investigators, the nature of the research activity, and the funds remaining, with a project duration of up to 2 years. It is anticipated that 6 to 10 proposals to be funded through this CFP.

- Number of awards anticipated in FY 1999-2000: Dependent on quality and scope of proposals received

- Amount of funds available: $400,000 will be available for this initiative during the North Carolina Fiscal Year 1999-2000.

- Anticipated date of award: June 15, 2000.

PROPOSAL PREPARATION & SUBMISSION INSTRUCTIONS

- Proposal Preparation Instructions

- Proposal preparation instructions are enclosed

- Budgetary Information

  - Cost sharing/matching encouraged
  - Overhead costs not allowed

DEADLINE/TARGET DATES

- Proposal Deadline: 5:00 PM your local time, May 1, 2000

TIMELINE OF ACTIVITIES

- RFP sent out (February 2000)
- Proposals due (May 2000)
- Interviews with PI of potential proposal to fund (May 2000)
- Award contracts to proposals accepted (June 2000)

PROPOSAL REVIEW INFORMATION

The criteria the North Carolina Water Quality Workgroup will use to evaluate the research proposal include the following elements.

- The proposed project will provide meaningful information to the public
- The project should have the potential for near-term success (1 to 2 yr.) by providing information to better understand and manage existing water quality problems

• • The proposal must clearly define the water quality problem or policy issue important to the state and show how it will improve understanding through a) collaborative approaches between researchers and agencies in DENR and b) the identification of the data/information gaps the project will fill.

****

I. INTRODUCTION

The North Carolina Water Quality Workgroup has developed issues and topics for priorities in the areas of pollutants (nutrients, sediments, fecal coliform, and toxics), loadings (homogenous land use, small watersheds, and transport), responses (hydrology, biotic, and human health), and modeling & monitoring (demonstration and applied research).

II. PROGRAM DESCRIPTION

Specific priorities for the NCWQW FY 1999-2000 Call for Proposals include the following topic and background information:

1. Buffer Requirements. (Non-Coastal) - Riparian buffer functions in Piedmont and mountain physiographic areas for specific pollutants including sediment, nutrients, and toxicants require additional examination. Key issues include stream type (order) for inclusion of buffers, buffer characteristics (size, vegetation type, etc.), and relationship to other riparian functions such as floodplains, wildlife corridors, etc.

2. Land Use Patterns and Pollution Problem – How have changes in land uses over the past decade influenced the generation of pollutants in NC's major watersheds? A key dimension of this research would involve a comparison of the economic incentives for land conversion in comparison to the potential for those uses to generate increased residual loading.

3. Analysis of Cost to Control Pollutants – Develop analyses that are capable of comparing the incremental costs of controlling pollutants from point and non-point sources; these analyses would require integrated evaluation of the effects of soil types, transport systems for the incremental costs measured in terms of the changes in water quality conditions at key locations within NC's major watersheds. These could be compared with the costs of controlling emissions and be used to gauge the relative effectiveness of policies to reduce loading of nutrients and other pollutants into these watersheds.

4. Source Control vs. Downstream (Storm Water) – Is pollutant control for storm water runoff more effective at the pollutant source or downstream? Factors to consider include effectiveness of land or best management practices (BMPs), cost and environmental risks, level of pollutant treatment, land constrains at the source and/or downstream regulations and maintenance.

5. Incentive Based Mitigation Practices (Land Use/Buffers) – A comparison of the performance of existing policies as well as new policies in inducing the control of non-point and point source loading; there is a substantial history with voluntary and cost sharing programs to encourage the adoption of BMP practices throughout the state but no evaluation of their effectiveness; there has been some experience with incentive based programs in the Tar-Pamlico "tradable permits" system - but no evaluation of these programs. In addition, efforts to adapt these systems to consider the special problems posed by animal agriculture would be desirable.

6. Effects of Land-Use Practice on Hydrology and Water Quality – The effect of land use changes and improved management practices on downstream water quality and hydrology require additional quantification. Research needs to include the evaluation of the effectiveness of management practices for pollution control; quantification of the effects of urbanization on pollutant transport and delivery as well as on stream hydrology and stream bank erosion; quantification of the sources and control of sediment in storm water runoff; and effect of land use patterns and management practices on TMDLs.

7. Development of Hydrologic Case Studies Model Assessment on a Watershed Scale – Case studies on the application and assessment of watershed scale models to predict effects of land uses and management practices on hydrology and pollutant loading are needed to evaluate management strategies..

8. Pamlico Sound Monitoring (Baseline Data, Hurricane Floyd Impact) – A water quality monitoring program in Pamlico Sound is needed to provide baseline data and to assess the extent of residual impacts from Hurricane Floyd. To address these needs, the monitoring design - that is, the sampling times, locations, frequencies, and water quality parameters should be justified in the proposal.

9. Characterize the Fate of Nutrients Transported Downstream with a Supporting Model – Instream transformation and transport of nutrients (nitrogen and phosphorus) needs to be understood for effective prediction of the impact of watershed nutrient control measures on downstream water quality in major rivers in North Carolina. Monitoring and/or experimentation is needed to better characterize instream nutrient sources/sinks, with improvement in predictive models as the ultimate objective.

10. DNA Testing (Build a Data Base Source of Bacteria and other Contaminants) – Genetic testing methodologies are one means to determine specific sources of indicator bacteria for fecal contamination. Studies are needed in a watershed that is considered to be impaired according to North Carolina's 303(d) list to identify the sources of bacteria within that watershed. The sources that are identified can then be used to begin building a database of genetic signatures of specific fecal coliform sources within North Carolina.

11. GIS Quantification of Water Quality Data - North Carolina has been impacted by extreme flooding events associated with Hurricanes Dennis and Floyd. Data has been collected by different agencies concerning water quality issues and human health concerns. Methods to quantify and analyze this data in a Geographic Information System (GIS) format are required to address the needs of the State to respond quickly to these events.

12. Application of Chlorophyll a as the Appropriate Benchmark – Chlorophyll a has been used as a water quality standard in NC since the early 1980s based on a consensus opinion of researchers at the time. A broad range of additional monitoring and research has been conducted since this time to re-examine the use of chlorophyll a as the appropriate indicator and/or the levels of chlorophyll a included in the water quality standards. The research project is envisioned to be a detailed literature review and white paper regarding biotic end points which may build-off on-going criteria development being considered by EPA. Consideration should be given to probabilistic criteria.

III. ELIGIBILITY INFORMATION

Proposals must be submitted by The University of North Carolina System (UNC) Institutions The investigators must show previously established, significant expertise and accomplishment in a discipline or field of relevance. Principal investigators are required to form collaborations with NCDENR and a plan for NCDENR/UNC System Institution interaction must be presented in the proposal.

IV. AWARD INFORMATION

Total award size per project can be up to $75,000 per year, depending upon the number of investigators, the nature of the research activity, and the availability of funds, with duration of up to two years. $400,000 dollars is allocated in North Carolina FY 1999-2000 for this initiative. WRRI will review the progress of the projects and promote collaborations at the end of the first year, and at least one investigator from each project will be required to participate. This meeting will facilitate networking among the funded investigators and the development of a balanced and flexible infrastructure for the project.

V. PROPOSAL PREPARATION & SUBMISSION INSTRUCTIONS

A. Proposal Preparation Instructions.

Proposals submitted in response to this program solicitation should be prepared and submitted in accordance with the general guidelines provided in this Call for Proposals. The plan for NCDENR/UNC System Institutions collaboration must be presented in the proposal. The complete text (including electronic forms) is available electronically on the WRRI Web site. Paper copies of the solicitation can be obtained by calling WRRI at 919.515.2815.

Compliance with this requirement is critical to determining the relevant proposal processing guidelines. Failure to submit this information may delay processing.

B. Budgetary Information - Cost sharing is encouraged and overhead cost is not allowed.

C. Proposal Due Dates.

The proposal MUST be submitted by 5:00 PM, your local time, May 1, 2000. Copies of the signed proposal cover sheet must be submitted in accordance with the instructions enclosed.

A proposal may not be processed until the complete proposal (including signed Cover Sheet) has been received by WRRI.

VI. PROPOSAL REVIEW INFORMATION

A. WRRI Proposal Review Process.

Reviews of proposals submitted to WRRI are solicited from peers with expertise in the substantive area of the proposed research or education project. Final peer reviewers for each proposal are selected by NCWQW and WRRI and they are charged with the oversight of the review process. WRRI invites the investigator to suggest, at the time of submission, the names of appropriate or inappropriate reviewers. Care is taken to ensure that reviewers have no conflicts with the investigator(s). Special efforts are made to recruit reviewers from non-academic institutions, minority serving institutions or adjacent disciplines to that principally addressed in the proposal.

Proposals will be reviewed against the following general review criteria. Following each criterion are potential considerations that the reviewer may employ in the evaluation. These are suggestions and not all will apply to any given proposal. Each reviewer will be asked to address only those that are relevant to the proposal and for which he/she is qualified to make judgments.

What is the intellectual merit of the proposed activity?

How important is the proposed activity to advancing knowledge and understanding within its own field or across different fields? How well qualified is the investigator (s) to conduct the project? (If appropriate, the reviewer will comment on the quality of prior work.) To what extent does the proposed activity suggest and explore creative and original concepts? How well conceived and organized is the proposed activity? Is there sufficient access to resources?

What are the broader impacts of the proposed activity?

How well does the activity advance discovery and understanding while promoting teaching, training, and learning? How well does the proposed activity broaden the participation of underrepresented groups (e.g., gender, ethnicity, disability, geographic, etc.)? To what extent will it enhance the infrastructure for research and education, such as facilities, instrumentation, networks, and partnerships? Will the results be disseminated broadly to enhance scientific and technological understanding? What may be the benefits of the proposed activity to society?

Principal investigator(s) should address the following elements in their proposal to provide reviewers with the information necessary to respond fully to the review criteria. NCWQW will give these factors careful consideration in making their funding decisions.

Integration of Research and Education

One of the principal strategies in support of WRRI's goals is to foster integration of research and education through the programs, projects and activities it supports at academic and research institutions. These institutions provide abundant opportunities where individuals may concurrently assume responsibilities as researchers, educators, and students and where all can engage in joint efforts that infuse education with the excitement of discovery and enrich research through the diversity of learner perspectives.

Broadening opportunities and enabling the participation of all citizens -- women and men, underrepresented minorities, and persons with disabilities -- are essential to the health and vitality of science and engineering. WRRI is committed to this principle of diversity and deems it central to the programs, projects, and activities it considers and supports.

Proposals will be evaluated based on the review criteria listed below.

- The level of expertise and accomplishment of the investigator(s) in a discipline or field;

- The degree to which the proposed activity will stimulate cross-disciplinary education through the development of curricula and the involvement of students in the research; and

- The strength of the plans for the required collaboration with NCDENR and other possible support from other state, federal, and local agencies.

Proposal review will be coordinated by WRRI. The selection process will involve NCWQW review to determine intrinsic merit and broad impact. Additional ad-hoc mail reviews may be used as well.

B. Review Protocol and Associated Customer Service Standard

All proposals are carefully reviewed by at least three academic, industrial, government or other experts in the particular field represented by the proposal. Proposals submitted in response to this solicitation will be reviewed by the North Carolina Water Quality Workgroup (NCWQW).

Reviewers will be asked to formulate a recommendation to either support or decline each proposal. The NCWQW will consider the advice of reviewers and will formulate a recommendation. WRRI will be able to tell applicants whether their proposals have been declined or recommended for funding one-month after the due date of the RFP. The time interval begins on the proposal deadline or target date or from the date of receipt, if deadlines or target dates are not used by the program. The interval ends when the North Carolina Science Advisory Board accepts the NCWQW recommendation.

In all cases, after programmatic approval has been obtained, the proposals recommended for funding will be reviewed for financial, and policy implications and the processing and issuance of a grant or other agreement. Investigators are cautioned that only the NCWQW can make commitments, obligations or awards or authorize the expenditure of funds. No commitment on the part of NCWQW should be inferred from technical or budgetary discussions with WRRI Staff. A principal investigator or organization that makes financial or personnel commitments in the absence of a grant or cooperative agreement signed by WRRI does so at its own risk.

VII. AWARD ADMINISTRATION INFORMATION

A. Notification of the Award.

Notification of the award is made to the submitting organization by WRRI. Organizations whose proposals are declined will be advised as promptly as possible by WRRI. Verbatim copies of reviews, not including the identity of the reviewer, will be provided automatically to the Principal Investigator (PI).

B. Grant Award Conditions.

The WRRI grant consists of: (1) the award letter, that includes any special provisions applicable to the grant and any numbered amendments thereto; (2) the budget, which indicates the amounts, by categories of expense, on which WRRI has based its support (or otherwise communicates any specific approvals or disapprovals of proposed expenditures); (3) the proposal referenced in the award letter; (4) the applicable grant conditions are contained in the contract; and (5) the list of deliverable products required for the completion of this contract.

These documents may be accessed electronically on WRRI's Website at:
http://www.2.ncsu.edu/ncsu/CIL/WRRI/
Paper copies may be obtained by calling WRRI at 919.515.2815

C. Reporting Requirements.

For all grants (including both standard and continuing grants), the PI must submit quarterly reports (1-2 pages) and annual report at the required times as indicated on the product list sent to the PI as part of the terms of the contract.

Within 45 days after expiration of a grant, the PI also is required to submit a final project report and budget closeout report within 90 days. Approximately 30 days before expiration, WRRI will send a notice to remind the PI of the requirement to file the final project report. Failure to provide final technical reports delays WRRI review and processing of pending proposals for that PI. PIs should examine the formats of the required reports in advance to assure availability of required data. These reports can be submitted as part of e-mail messages to the WRRI. The format of the text should be in Word for Windows. The final report must be provided to the WRRI in both a hard copy and a 3 ½ computer disk copy.

NCWQW PROPOSAL ELEMENTS

1. Cover sheet [enclosed]

2. Project summary (not to exceed 1 page)

3. Project description to also include project deliverables and timeline (not to exceed 8 pages)

4. References cited

5. Collaboration plan between NCDENR/UNC System Institutions (not to exceed 1 page)

6. Biographical sketches (not to exceed 2 pages each and include from 1-5 samples of recent work)

7. Budget (including budget notes) [enclosed]

8. Further requirements:

    a) Font size 11
    b) Line spacing of 1.5
    c) Margins size of 1 inch
    d) Proposal submitted on 3 1/2 computer disk
    e) Word for Windows format
    f) Budget information as separate file on disk
    g) One paper copy of proposal

APPENDIX D

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Attachment D

EXECUTIVE SUMMARY
LEGISLATIVE REPORT
FEBRUARY 2000

William J Showers
Associate Professor
Dept. of Marine, Earth & Atmospheric Sciences

Isotopic Tracers of Nutrient Sources to the Neuse River Basin Surface Waters

The concentration and the isotopic composition of nutrients in surface waters have been monitored for 1 to 3 years at 17 stations in the Neuse River Basin. New analytical methods have been developed to rapidly process isotopic samples for the analysis of multiple isotopes. The isotopic composition of river nitrate varies with river discharge. During low discharge periods the isotopic composition of river nitrate is similar to point source nitrate. When river discharge rises, the isotopic composition of river nitrate decreases, indicating non-point source nitrogen is dominated by fertilizer runoff. Most of the nitrogen flux to our estuaries and sounds occurs during high discharge. One of the important results of the isotope tracer program is that the character of this high discharge nutrient loading has changed during the last decade.

Over the past 10 years the isotopic composition of the high discharge end member at the head of the estuary (Streets Ferry Bridge) has become more positive. ^{15}N, the heavier isotope of nitrogen is concentrated in waste, both human and animal. Stations in the upper and middle parts of the basin were monitored to determine where this heavier nitrogen was entering the river during high flow periods. The upper Neuse Basin stations do not show this positive shift during high river discharge, indicating municipal sewage from the upper basin is not the cause. The middle Neuse Basin stations do show the positive shift during high river flow conditions. The central sub-basin is also an area of groundwater recharge and an area of increased density of animal populations, primarily swine. Migration of this animal waste nitrogen is controlled by the residence time of groundwater in the recharge areas. Preliminary data indicates that groundwater residence time in these areas is on the order of 5-30 years. The residence time and groundwater pathways are not well understood, yet this information is crucial for policy changes that will protect our rivers, lakes, and streams. The preliminary data suggests that any changes in land use will not be reflected in surface water chemistry for 5 to 15 years.

More work is clearly required to understand these changes in groundwater chemistry. A collaborative project studying groundwater has been started with the USGS. Monitoring the effect of large animal waste spills indicates that wetlands are extremely efficient at adsorbing excess nitrogen from surface

waters. A GIS analysis of the Cape Fear, Neuse River Basin and Tar Pam River Basins show that the location of animal waste lagoons in the Neuse have the highest overlap with groundwater recharge/discharge areas. In the Neuse there are only 650 animal waste lagoons, but 30% of these lagoons are located in groundwater discharge areas, as opposed to 5% of the 1350 lagoons in the Cape Fear and 12% of the 200 lagoons located in the Tar Pamlico River Basin. Watersheds that have an overlap of dense animal populations with groundwater recharge/discharge areas will be compared to watersheds that do not have an overlap during the RiverNet program (see below).

Long term nutrient fluxes in the Neuse Basin are related to El Nino/La Nina (ENSO) climate cycles, because most of the loading comes from these non-point sources that are active during high discharge periods. It has been established that these cycles control precipitation in North Carolina (we currently are in a La Nina cycle). Increased precipitation leads to increased river discharge and increased nutrient fluxes. Hurricanes during non-ENSO years can also have a large and variable impact on river discharge and nutrients. From 1950 to 1970 the cooler La Nina periods had the largest impact on river discharge. After the 1970's, the warmer El Nino periods have had the largest impact. Since 1972 the "Super El Ninos" (1972, 1982, 1997) have the largest impact of all other climate variations. Number of fish kills is related to changes in river nutrient flux to the estuary. When hurricanes and events occur back to back, the most severe water quality events occur.

Recommendations:

- Wetlands preservation and reconstruction is important for surface water protection from excess nutrients in addition to riparian buffers.

- Animal waste lagoon buyout/relocation plans should consider groundwater recharge areas as well as location of flood plains.

- Nutrient changes in surface water will vary with land use changes modulated by groundwater residence time and ENSO cycle precipitation changes. Long term nutrient monitoring is important to understand these changes on a watershed scale.

- Point source reductions are a viable approach to immediately reduce nutrient river loads over the short term. Biological dentirification system greatly reduces the point source load to our rivers.

Isotopic Tracers of the Source of Atmospheric Deposition of Ammonium in Rainfall

Multi-year wet deposition records have been analyzed for 6 stations at Raleigh, Goldsboro, Kinston, New Bern, Morehead City, and the Eastern Farm Site in Sampson County near Faison. Studies have shown that ^{14}N, the lighter isotope of nitrogen, is concentrated in the ammonia that is volatilized from waste lagoons. Rural areas have higher concentrations of NH_4 in rainfall, while urban areas have higher concentrations of NO_x. Atmospheric deposition of nitrogen (ADN) rates are heaviest in the central Neuse basin on an annual basis. In the central Neuse basin, highest rates of ADN occur in the late summer and early fall when temperatures are highest. Highest rates of ADN ammonium at the farm site also occur in the late summer and early fall period. The isotopic composition of rainfall ammonium is different from the urban areas (Raleigh) and the rural areas (Sampson County) allowing source differences to be determined. The rainfall ammonium isotopic composition indicates that animal waste ammonium affects the central Neuse basin during the entire year, and is deposited in the coastal areas periodically during the late summer and early fall period.

Recommendations:

- Expand ADN monitoring network to find the maximum extent of the effects of the summer/fall animal waste NH_3 emissions
- Monitor organic nitrogen as well as inorganic forms
- Alternative technologies may be able to reduce emission rates of ammonia by increasing emission rates of molecular nitrogen using biological denitrification systems. When these systems are in place monitor the rate and isotopic composition of volatilized ammonia.

RiverNet Monitoring Stations

Ion chemistry nutrient sensors (WS Ocean) have been compared to Ion Selective probes (Sonde). The ion chemistry nutrient sensors perform well at low nutrient concentrations found in most river surface waters. The ion selective probes were found to drift significantly at the low nutrient concentrations. Fixed monitoring stations with cell phone data transmission have been designed and the prototype built. The data transfer system using cell phones and an NT server has been tested and is in place. The first RiverNet monitoring station will be installed on the Neuse River at Seven Springs on the SR1731 Bridge during the week of February 28 to March 3, 2000. DOT Raleigh gave preliminary approval for this installation in January, 2000. DOT District 4 (Wayne County) review the application and required a bridge encroachment form to be submitted. After review by the staff engineer, approval was given on February 24, 2000.

Severe flooding in the basin after Hurricane Floyd and during the winter of 1999-2000 has prevented a fixed station deployment. A mobile monitoring station that can move up and down the river for spill detection has been constructed and been used to monitor Floyd flood waters. Data indicate that there was not a significant nutrient dilution in Floyd floodwaters in the river basin compared to Fran. The nitrogen associated with Floyd is also isotopically heavier than particulate nitrogen measured during in the river during Fran. This is the result the extensive flood damage during Floyd as opposed to wind damage during Fran. Fixed monitoring stations will be deployed when final DOT approval is given at sites recommended by the NC Water Quality Workgroup. Four more stations will be installed by June, 2000 and 10 stations will be installed during the following summer.

North Carolina Water Quality WorkGroup

Secretary Holman DENR and Chancellor Fox NCSU have appointed 15 members to the North Carolina Water Quality WorkGroup. One is from a federal agency (USGS), 8 associated with universities, 2 members are from DENR, and 2 members from other state or local government agencies and 2 are from private industry. The first meeting of this group took place on Nov 29, 1999 on the NCSU Centennial Campus. Since then there have been two more meetings and the fourth meeting is scheduled for March 7, 2000. Bill Kreutzberger CH2M HILL - Charlotte Office was elected Chairperson, Bill Showers Dept. MEAS NCSU was elected Vice Chairperson. Report of the NCWQW activities will be given to the Environmental Review Commission on Feb 24, 2000 as mandated in the legislative statute by Bill Kreutzberger.

Post-Floyd Contaminated Well Study

A GIS study is ongoing geo-locating private wells tested for bacterial contamination after flooding from Hurricane Floyd. This is a joint effort by the NCEM, DEH, NC-SLPH, DENR, NCSU Stable Isotope Lab and the NCSU Center for Earth Observation (GIS). Over 3000 tested wells have been geo-located to date, however an additional 5000 wells have been tested and require geo-location. Once wells are geo-located, the proximity of contaminated wells can be compared to flood extent, flood plain position, and proximity to animal waste lagoons. These proximity studies of fecal E. coli contaminated wells were null for proximity to swine waste lagoons, but were significant for proximity to the flood extent. This GIS effort will aid public and environmental health officials respond to the ongoing relief efforts in the flooded areas of eastern North Carolina.

For more and up-to-date information visit our RiverNet web site at:

www.meas.ncsu.edu/rivernet

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources **February 24, 2000**

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mark Beason	Capital Group
Jim Gulley	D.A.
Joe McCleeS	TDA
[illegible]	DOC
Kathy Sawyer	Commerce
TC Adams	Commerce
Kathy Ashcroft	Commerce
Sharon Stroud	Commerce
Lyle Aycock	Commerce
[illegible]	OSBM
Johnny Gray	"
Wendy Mills	SEANC
Angie McMillan	FNC - NC Chapter
Kim Hibbard	NCLM
[illegible]	[illegible]
Nat Mund	CCNC
Robert Wilson	Sec. of State
Amy Fullbright	Hunton & Williams
Laura DeVico	DENR
Mark Fleming	NC State University

VISITOR REGISTRATION SHEET

NER - Comm — 2/24/2000

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Kathy Sawyer	Commerce
Johnny Gray	OSDBU

Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

April 26, 2000 – 9:30 a.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Wednesday, April 26, 2000 at 9:30 a.m. in Room 423 of the Legislative Office Building. Six House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Frank Mitchell, Carolyn Russell and Nurham Warwick.

Chairman Stan Fox called the meeting to order. He introduced Zoya Trofimenko, a Fiscal Research Intern with NER Staff. Chairman Fox recognized Ms. Jennifer Willis, Fiscal Research Division, and she reviewed agenda, DENR Follow-up Question 2/24/00, Senator Horton's DENR Reorganization Bill Draft, One Stop Environmental Permitting Bill Draft and other issues to be discussed at meeting.

DENR REORGANIZATION

Chairman Fox called upon Senator Horton to discuss the DENR Reorganization bill (ATTACHMENT I). Senator Horton asked the committee to please understand it is only a draft and a work in progress. He received input from Susan Iddings, Bill Drafting Division, and others in putting bill together. Twenty-eight years ago we were trying to get one-stop permitting, and today we are still trying to get one-stop permitting. In 1995 in Chapter 324 of the Session Laws, Governor Hunt's recommendation to eliminate one or more reporting relationships at the middle management and supervisory levels was adopted, but nothing was done. In 1997 Senate Bill 352 continued the organization layer study, and in 1998 the Office of Budget and Management Report disclosed that DENR has done virtually nothing. The DENR supervisory levels then and today are ten. Last Session House Bill 168 required a report by February 15, 2000 on one-stop permitting, and the report on February 15 stated one- stop permitting was impractical. Senator Horton began reviewing DENR Reorganization draft. On page 1, Part 1 can be striped from the bill. This was done in July 1999. On page 13, Part 6 Transfer Division of Soil and Water Conservation to DENR should read "transfer to Agriculture." Not included in bill, but another possibility he would appreciate the committee considering, would be to transfer the Division of Forestry Resources to the Department of Agriculture. DENR has 3,661.3 positions on the organizational chart, and what we are trying to do is make the department more responsive.

Chairman Fox stated the committee will not take any action today in regard to the bill, but it is open for questions or comments. He invited Secretary Bill Holman, DENR, to comment on the proposed bill. Mr. Holman thanked the committee for the opportunity

to respond to Senator's Horton proposal. Senator Horton had shared the draft bill with him and the department. Mr. Holman met with the Governor this morning and discussed briefly the reorganization of DENR. The Governor wanted to convey he strongly opposes a major reorganization of the department in the Short Session. Mr. Holman gave the committee an update in January of DENR's improvement and his pitch was to invest energy and resources into trying to improve DENR or invest energy and resources into a major reorganization. It is impossible to do both in his opinion. His recommendation is we focus on improvements. It will take a substantial amount of time and energy of the committee and department. He knows Senator Horton is concerned about span of control and, with all due respect, eliminating positions in some ways reduces span, but he is concerned proposal weakens DENR's ability to protect public health, the environment and natural resources at a time when public demands on it are greater than ever. The public wants improved services, permits, and inspections, and he has not heard a cry for reorganizing the department. The committee has worked hard to prune DENR and the budget has been cut every year since 1995. In general he would ask Senator Horton to withdraw a major reorganization proposal and let us work with the Co-chairs during the Session and in the appropriations process to make some adjustments to head us in right direction. We agreed with Senator Horton on the transfer of the Equal Employment Opportunity Office and that was done in July 1999.

Secretary Holman continued. Regarding combining the Information Technology Services Division with Purchasing and Services Division, Mr. Holman strongly disagrees. One of the main ways to improve productivity of DENR and its customers is to invest more in technology. Electronic permitting, electronic monitoring and putting information on the web is the wave of the future. All states agencies have separate Information Technology Services and Purchasing and Services Divisions. Representative Owens stated Senator Horton's bill draft is a working document, and he is not talking about eliminating positions but consolidating them to eliminate double administrative staff. Some of the recommendations are good. Mr. Holman stated demand for technical assistance and education is growing. One thing that is better than a one-stop permitting system or streamline system is to have an industry that has such a minimal impact it does not have to have a permit. The Pollution Prevention Program started in 1984 by Governor Hunt, and we were the first state in the country to do this. It would be a mistake to combine it with the technical assistance folks. His experience with the regulating community is when you are dealing with regulators they are not as forthcoming, and there needs to be a place where they can go in confidence to get technical assistance and information. There is a positive wave in the business community where major industries are requiring that their suppliers use these environmental management systems. The Pollution Prevention Division and Department of Commerce are sponsoring some workshops because Ford and General Motors are requiring this. These are folks meeting with business and industry to be sure they can compete. With regard to Forestry, it plays a major role in protecting water quality, providing wildlife habitat, and we support the multiple use concepts. Keeping this agency in DENR keeps it focused on other broader public values. We appreciate the specific suggestions from the committee toward making progress, and we will work with co-chairs and committee to improve efficiency.

Representative Russell asked if the Governor opposes the reorganization in the Short Session, would he also oppose it in the Long Session. Mr. Holman stated his experience is each new Governor wants to shape State Government in a way to carry out his agenda. He thinks a major reorganization of DENR, or any other agency, would be better left to someone with a mandate and time for implementation. Senator Martin suggested that the chairs meet with Secretary Holman and a few others and discuss the ongoing points. We do not expect to decide overnight, and the points and figures Senator Horton has brought out can be studied after the Short Session if everyone agrees. Secretary Holman agreed and stated there are some things that we can do in the Short Session and some issues can be studied. Representative Owens stated a total reorganization with a new Governor coming in may not be the way to go, but the baby step approach is good. There are some good things in the reorganization. Maybe we can try to accomplish one or two things. We think the agency is too complicated, too big and bureaucratic, but we think there is an honest effort by Secretary Holman and staff to try to address some of these issues. Secretary Holman stated a new Customer Service Center is at the Parker Lincoln Building now. Representative Owens asked if anyone is accountable at Parker Lincoln, and he feels the environmental health issue has gone on too long. We need to make a decision if it needs to go to Human Resources Department. A lot of counties want to have this transfer. He would like to hear from Agriculture and Forestry since they are related in many ways. Representative Warren agreed that we need to look at this as a work in progress. Representative Russell asked what assurance do we have from the Chairs and the Secretary that we are doing what we are supposed to be doing. Senator Martin said the Secretary agreed to work with the Chairs and committee to stem some of the complaints we get all the time. Representative Owens stated he would like to have a goal to consolidate and make more efficient two things during the Short Session. He mentioned the underground storage tank program was a total joke, and where it is not perfect now, it has improved, and he thanked Mr. Bill Meyer, Division of Waste Management. The committee agreed to continue working with Secretary Holman and DENR to address issues that have been raised by Senator Horton in his reorganization bill draft.

TITLE V PERMIT

Chairman Fox called upon Ms. Jennifer Willis to review DENR Follow up Questions 2/24/00 (ATTACHMENT II). She stated questions #8 and #9 have been checked off. Laura Butler, Division of Air Quality, addressed question #1. A title V Permit is an operating permit for air quality for industry, and it was commenced in 1990 from the Clean Air Act Amendments. It covers industrial sources such as furniture, textiles, and chemical manufacturing. It is the major air permit. We have about 450 title V permits to issue, and about one fourth of them have been issued. We are behind due to numerous problems such as industry does not want the permits. Most facilities already have air permits from state permits, and now the additional requirement from the federal government puts an extreme burden on industry. Representative Warwick asked if the federal government sent money to help facilitate the permits, and Ms. Butler stated we collect fees from industry to pay for the permit requirements. We estimate the cost to run

the program and industry pays the fees. Senator Martin asked what happens if we do not collect enough fees. Ms. Butler said the program runs more slowly and less efficiently. Representative Owens asked if we have any regulations, other than what we passed last year, dealing with clean air that are greater than what the federal government requires us to do. Ms. Butler said there are no additional requirements, but the format of the permit looks each requirement has to be specified in the permit, and there is also a requirement for public notice and the opportunity for a public hearing. Representative Russell asked what are the state fees for compliance, and for the federal part, is it mandatory and how long do they to actually comply. Ms. Butler said there is a requirement to issue all the permits within five years. The five years have passed and no state in the nation has issued all the permits. Fees are a minimum of $25 per ton of emission. We are collecting the fees and using the money directly for program expenses. Air Quality does not have enough staff to write the permits, and each time we draft a permit the industry finds points of contention that slows down the process. Secretary Holman stated we have outsourced the drafting of permits where the Division of Air Quality has contracted with folks to help draft the permits. We are waiting to see if this pilot will work. Representative Warwick asked what might happen at the federal level now that time has run out and no state in the nation has completed all its permits. Ms. Butler expressed concern that environmental groups will sue our agency because we have not met all the requirements. Secretary Holman said we are about "average" with Title V. Representative Warwick asked if others departments are aware of what is going on and are they advised we are behind with the permits and is there potential danger from withholding of highway funding from federal government. Ms. Butler said one of the sanctions could be the withholding of highway funding. The federal government could step in and take over the program. The EPA would be the agency, but it does not have the staff or funding to take over the program, and this is not likely. We think the time will be extended, but the requirement is a federal statute. EPA is right now letting the issue slide. Representative Warwick asked if our Congressional Delegation is aware of the situation. Ms. Butler said we have had several public hearings for Carolina Power and Light and Duke Power and the utilities do not want the permits, and the environmental groups requesting the hearings do not think we should issue the permits either. The Title V permit is a better permit than the state permit. It has the record keeping requirements specifically spelled out and industry knows exactly what has to be done, but environmental groups say that is not good enough. We are just butting heads with each agency. The industry does not have an option.

DENR ORGANIZATION

Chairman Fox called upon Chairman Owens to preside the rest of the meeting. Chairman Owens recognized Jennifer Willis who addressed question #4 (ATTACHMENT III) and reviewed the compilation organization charts. Senator Horton said it would have been helpful to have the charts ahead of time, and the chair suggested committee study the information and plan to revisit the information if we need to sometime during the Short Session.

SUBCOMMITTEE STUDYING ENERGY DIVISION REPORT

Chairman Owens reported on the subcommittee meeting dealing with the Energy Division that met earlier today. Earlier the committee asked Ms. Leza Aycock, Commerce Department, to write to the State Budget Management Office what the Governor had recommended in 1995-97 about abolishing the Energy Division. We had discussed the pros and cons, and had asked the Office of Budget and Management to do a study regarding their personnel. An audit was done, and it was reported they did not have enough staff. In going back and reviewing, that is not exactly correct. What the subcommittee would like to recommend to the full committee is to ask Department of Commerce and Energy to put a voluntary freeze on hiring employees. They have about a 25 percent vacancy as of last month. The study will be back around May 31, 2000. Then we will look at where the staffing levels need to be and what we need to do. Once we hear from the Office of State Budget, then we make a decision. We need to ask them to look into developing a plan and spending a minimum of $1,000,000 a year of actually making state buildings more energy efficient. The recommendation of subcommittee is to tell Commerce and Energy we want a voluntary freeze, let study come back to find out where their staffing levels should be after State Budget studies it, and then we can put a special provision in the Budget Bill to address the issue. Representative Warwick asked if there needs to be any "wiggle" room for the department in case of emergency situations. The Chair feels the division had time and would have filled the position if it were necessary. Senator Martin moved to accept the subcommittee's recommendation, and Representative Warwick seconded it. A vote was taken, and the motion carried.

ONE-STOP PERMITTING SYSTEM

Chairman Owens stated Secretary Holman advised him the Department is voluntarily trying to put in a One-Stop Permitting System, and this is music to his ears. There are pros and cons, and there is some resistance from business people. The manufacturers and chemical people and some others have come to him and expressed concern that the process would be slowed down because it would take away staff from doing the permits. The committee's intent is to speed up process and make it better. There is one component the Department does not have, and it is we have to have time requirements met in a timely manner. Senator Martin stated he received some letters stating they were told perhaps by the agency that it would take longer to get a permit. Somewhere a rumor has gotten out it will take longer with the one-stop system. We may have to reallocate resources. It is important that business and industry be handled in a timely and efficient manner. New Jersey's system has not worked well, but Tennessee's has, and we need to learn from them. Secretary Holman is recommending a voluntary one-stop program. Big companies have staff to handle the permits, but the medium and small companies have problems with handling all the permits. The voluntary process would be good until the bugs are worked out. The Chair called upon Ms. Willis to address question #5 One-Stop permit concept. Permit Reform in the Department of Environment and Natural Resources (ATTACHMENT IV), Environmental Permits by

Tiers (ATTACHMENT V) and draft legislation for One-Stop Environmental Permitting (ATTACHMENT VI) were provided for the committee's information and review. Emily Johnson, Bill Drafting Division, was called upon to discuss One Stop Environmental Permitting draft legislation. Chairman Owens stated one problem he has with the whole permitting system is that one person or personality or an interpretation can stop the whole process. Ms. Johnson stated if committee is familiar with simplified business licensing office, it is the model used in drafting the legislation. Section one creates an environmental permit information office within DENR. The office has a salaried full time director, and it has rule making authority. The first function is a clearinghouse function and the functions are listed on page three of draft. The whole system is optional and/or the applicant can go directly to each agency issuing the permits. On page 3, line 18, Clearinghouse functions are listed. The agency would provide information about permits and provide forms and would document client base, who is using permits, how much permits are, what is average time period and office would be required to document how many of a particular type of permit is issued, people receiving the permits (small business, farmers, sophisticated industries, etc.). The agency also is to provide a permit coordination service to assist applicants and to provide a case worker to keep applicants up to date, what status of permit is, where it is going, and any problems with it. The legislation would afford the applicant to find out what the problems are and what needs to be done to help them.

The draft bill requires office to develop a master application system and a master template (computer form if filing electronically) or a master check-off list. An issue to consider when thinking of one-stop permitting is who actually issues the permit. On page 2, lines 16-30, the way bill defines environmental permit would probably cross departmental lines, and other departments would be involved. Sections 2, 3 and 4 address time frame issues. Chairman Owens stated this is a draft document, and he called upon Secretary Holman to address the committee. Mr. Holman stated DENR has a number of permit reform activities underway. Work on improving the permitting process has included extensive input from the regulating and conservation communities and local governments. We have tried to shorten the permitting process. We have different kinds of customers. The larger industries are very sophisticated, and sometimes their permitting staff once worked for DENR. They may know system better than our own staff. Small to medium size businesses without legal or engineering staffs look at the chart, and they need help getting through the system. We are trying to design the one-stop program to help small to medium size business to negotiate the system. Making the program voluntary would satisfy everyone. We have a team reporting to us the middle of May, and we can come back go committee when it is in session and give you an update. Our goal is to have a one-stop pilot up and running in a regional office by July 1, 2000 and have it in all the regional offices soon thereafter. We envision the one-stop effort being based in the regional offices to be coordinated with the DENR Customer Service Center based in Raleigh. System is designed primarily to focus on applicants who need multiple permits. We think this is a good idea. We envision some technology needs. Virginia has invested $11,000,000 in information technology for their permitting system. Some of our folks have seen their system, and it is impressive. This gives us a direction to head in as we learn from experiences in other states. We are interested in delegating

some of our programs to local governments. We went through our programs and identified areas where we already have power to delegate to local governments, and we have talked to the League of Municipalities and the County Commissioners' Association about these issues and they are interested. We are trying to work with the Legislative Environmental Review Commission on a bill to give DENR additional authority to delegate, and we will keep you posted on our progress. A major focus and concern of DENR is recruiting and retaining engineers. It is a big challenge if the permit engineer has less experience than the applicant applying for the permit. Representative Warwick had requested information about tiers, and ATTACHMENT V addresses his request. Standardization of the tier model might be a good long-term project to work on. There are over 100 state and federal permits.

Secretary Holman thanked the committee for its support of the new Museum of Natural Sciences. It has received international attention. It is a world class facility, and we are proud of it. There will be a reception for legislators on May 10, and he encouraged members to visit the Museum as soon as possible. The Roanoke Island Aquarium will open on May 19, and members will also be proud of it.

Chairman Owens thanked Secretary Holman for his report. He stated the draft legislation has time requirements that DENR does not have. One of the reasons DENR is so bogged down and overloaded is that it deals with the same people over and over. Cutting down time will cut the amount of staff work. We do not want to hurt the environment. We work for taxpayers, we want to give them timely service, and we appreciate what DENR does.

Representative Mitchell asked, with regard to Virginia's technology, if our regional offices are hooked up with computers. Secretary Holman stated we have e-mail, and we can send files back and forth; but Virginia has made its permit processing electronic, and this would be easier to track than paper files. Standardizing permits would be a big help. Chairman Owens suggested we merge ideas together and add a time frame. If DENR would do this, it might not require legislation and that would be fine. If we need a special provision to take care of some legal requirements, we will do it. We will be having another meeting to deal with the budget. Representative Mitchell said process is so complicated, and we need to simplify the process. The Chair asked Ms. Johnson and the staff what we could do to pull this together. Ms. Willis stated we need to make sure we understand the wishes of the committee. It is that DENR will use the draft bill as a guide while it is developing the one-stop proposal, and it will report back to committee in the Short Session. Ms. Johnson said it sounds like DENR is using the State of Tennessee as its model, and the draft bill does not address the regional office concept. Chairman Owens suggested that the committee's report to the Short Session be kept as general as possible. The agency is working toward the one-stop permitting system, and committee has concerns as to details. Chairman Owens asked Secretary Holman, if we leave it very broad with latitude, will he continue working as he is right now working toward the one-stop permitting system, trying to get less bureaucratic in the way it is done, simpler and better for the consumer. And, in a timely manner, will you pledge to us today that you will work towards that and give us a report back as to what you will do.

Secretary Holman said he would work on it. Representative Warwick said he is encouraged about DENR's work and he asked, if out of the 3,660 positions in DENR, could Secretary Holman find some vacancies or transfer a handful of people to work on this project. It would have to be at a high level. Counties want all the authority and delegation, but they do not want to have to add positions with no money appropriated by the Legislature. He noted we had 176,000 burning permits issued in one year, and do we need that process the same way we needed it 10 or 25 years ago. It may be a good time to disburse some of the authority and resources to the counties. The state cannot be "big brother" to everything. The local level is very concerned that it is over supervised, over permitted and over regulated. Chairman Owens said we have to get together with the counties to discuss the various issues. The best government is government closest to the people.

CONCLUSION

Chairman Owens thanked the NER staff and Ms. Johnson for their work. Ms. Willis expressed appreciation for advice, counsel and hard work of staff and DENR. She noted question #6, which Representative Fox had raised about general questions regarding fees. (ATTACHMENT VII) addresses these questions. Question #7 - delegation of authority issues -was addressed by Secretary Holman in (ATTACHMENT VIII) DENR Organizational Study Report on DENR Progress on Delegation of Authority is included for committee's review. (ATTACHMENT IX) Summary of Environmental Permits is more comprehensive than earlier document presented to committee. Next step as required by law is for staff to submit a report to the General Assembly on the three committee meetings concerning the Energy Division and DENR. We may not meet May 1, 2000 date, but we will have something for chair's approval and/or for committee to review after session starts based upon preference of committee. Chairman Owens thinks as broad as report will be, it will be agreeable to authorize staff to put in a form that we have if committee is agreeable and then we can send all members a copy and if anybody has a problem we can get back together. If there are no comments about the report, we will adopt it. Senator Weinstein made a motion to adopt the recommendations and Representative Warren seconded it. A vote was taken and it carried. Chairman Owens thanked Secretary Holman and his staff for the cooperative effort to work together with committee, and he feels good about working together toward a middle ground. He asked where are we on the Environmental Health issue, and Secretary Holman said he and Dr. David Bruton, Secretary of Health and Human Services Department, have discussed the issue, and both came to conclusion "our plates are full." We do not want to open this "can of worms" this Session. His recommendation is to not deal with it this Session. Chairman Owens said the issue is not getting a lot of complaints and seems to have calmed down. Copy of a letter to Vehicle Parts Supplier from Bill Holman and Rick Carlisle (ATTACHMENT X) was shared for the committee's information.

With no further business, the committee adjourned at 11:45 a.m.

Representative Stan Fox, Co-Chair Presiding

Mary Capps, Clerk

Representative Bill Owens, Co-Chair Presiding

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, April 26, 2000
Representative Stan Fox, Presiding
9:30 a.m.

1. Chairman's comments

2. Follow Up DENR Questions from Previous Meeting

Jennifer Willis, Fiscal Research

Bill Holman, Secretary
Department of Environment and Natural Resources

3. Committee Discussion

Consideration of One-Stop and Reorganization proposals
Final meeting – date and report

4. Adjourn

ATTACHMENT I
LEGISLATIVE
APR 2 6 2000
DRAFTING

DRAFT
FOR REVIEW ONLY

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S D

99-LD-171B(3.7)
(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)

Short Title: DENR Reorganization. (Public)

Sponsors: Senator Horton.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO CONDUCT A PARTIAL REORGANIZATION OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND TO TRANSFER THE DIVISION OF SOIL AND WATER CONSERVATION TO THE DEPARTMENT OF AGRICULTURE.

The General Assembly of North Carolina enacts:

PART 1. TRANSFER EQUAL EMPLOYMENT OPPORTUNITY DUTIES TO DIVISION OF PERSONNEL.

Section 1. All functions, powers, duties, and obligations of The Office of Equal Employment Opportunity of the Department of Environment and Natural Resources shall be conducted by the Division of Personnel and Human Resources of the Department of Environment and Natural Resources. All positions within the Office of Equal Employment Opportunity of the Department of Environment and Natural Resources are eliminated, and the Office of Equal Employment Opportunity of the Department of Environment and Natural Resources is abolished.

PART 2. TRANSFER DUTIES OF INFORMATION TECHNOLOGY SERVICES DIVISION TO DIVISIONS OF GENERAL SERVICES.

Section 2. All functions, powers, duties, and obligations of the Division of Information Technology Services of the Department of Environment and Natural Resources shall be

conducted by the Division of General Services of the Department of Environment and Natural Resources. All positions within the Division of Information Technology Services of the Department of Environment and Natural Resources are eliminated, and the Division of Information Technology Services of the Department of Environment and Natural Resources is abolished.

PART 3. TRANSFER POSITIONS WITHIN POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE (PPEA) IN DENR TO OTHER DIVISIONS, ABOLISH PPEA, AND MAKE CONFORMING CHANGES IN THE STATUTES.

Section 3. (a) Positions within the Division of Pollution Prevention and Environmental Assistance of the Department of Environment and Natural Resources are transferred as follows:

XXXXXXX

Section 3. (b) The Division of Pollution Prevention and Environmental Assistance of the Department of Environment and Natural Resources is abolished.

Section 3. (c) G.S. 113-8.01 reads as rewritten:

"~~§ 113-8.01. Pollution Prevention Pays Programs.~~

~~There is established within the Department a non-regulatory technical assistance program to be known as the Pollution Prevention Pays Program. The purpose of this program is to encourage voluntary waste and pollution reduction efforts through research and by providing information, technical assistance, and matching grants to businesses and industries interested in establishing or enhancing activities to prevent, reduce, or recycle waste. The Pollution Prevention Pays Program shall coordinate its activities with the appropriate regulatory agencies.~~"

Section 3. (d) G.S. 130A-309.63(b) reads as rewritten:

"(b) Use. -- The Department may use revenue in the Account only as authorized by this section. The Department may use up to fifty percent (50%) of the revenue in the Account to make grants to units of local government to assist them in disposing of scrap tires. To administer the grants, the Department shall establish procedures for applying for a grant and the criteria for selecting among grant applicants. The criteria shall include the financial ability of a unit of local government to provide for scrap tire disposal, the severity of a unit of local government's scrap tire disposal problem, the effort made by a unit of local government to ensure that only tires generated in the normal course of business in this State are provided free disposal, and the effort made by a unit of local government to provide for

scrap tire disposal within the resources available to it. The Department may use up to forty percent (40%) of the revenue in the Account to make grants to encourage the use of processed scrap tire materials. These grants may be made to encourage the use of tire-derived fuel, crumb rubber, carbon black, or other components of tires for use in products such as fuel, tires, mats, auto parts, gaskets, flooring material, or other applications of processed tire materials. These grants shall be made in consultation with the Department of Commerce, the ~~Division of Environmental Assistance and Pollution Prevention of the~~ Divisions of Waste Management and Radiation Protection Department, and, where appropriate, the Department of Transportation. Grants to encourage the use of processed scrap tire materials shall not be used to process tires."

Section 3. (e) G.S. 130B-16(c) reads as rewritten:

"(c) In the event that revenues exceed all costs set out in subsection (b) of this section and all other costs and charges for which the Commission is liable, such excess funds shall be paid into the General Fund. It is the intent of the General Assembly that such excess funds be appropriated for the following purposes:

(1) Funding of a portion of the State's share of the costs for remediation of inactive hazardous sites under Part 3 of Article 9 of Chapter 130A of the General Statutes and under CERCLA/SARA; and

(2) Funding of a portion of the cost of ~~the Pollution Prevention Pays Program,~~ the waste minimization program administered by the Technical Assistance and Support Unit of the Division of Waste Management of the Department, other programs which foster multimedia waste prevention, reduction, reuse, and recycling, and programs which provide assistance to small quantity generators."

Section 3. (f) G.S. 130B-22(a) reads as rewritten:

"(a) To assist the Commission in the performance of its responsibilities under this Chapter and to advise the General Assembly, there is created the Inter-Agency Committee on Hazardous Waste (herein called the 'Committee'). The members shall be: the Secretary or the Secretary's designee; the Director of the Division of Waste Management of the Department or his designee; the Chief of the Hazardous Waste Management Section of the Division of Waste Management or his designee; one additional representative of the Division of Waste Management with expertise in CERCLA/SARA capacity assurance requirements appointed by the

Director of the Division, the Chairman of the Commission or his designee; one additional member of the Commission appointed by the Chairman of the Commission; the Executive Director of the Commission; ~~the Director of the Pollution Prevention Pays Program;~~ four representatives of the Department of Environment and Natural Resources with expertise in geology, groundwater, water quality, and air quality; the representative of the Attorney General's office who provides legal services to the Commission; and a representative of the Attorney General's office who provides legal services to the Division of Waste Management designated by the Director of the Division of Waste Management with the approval of the Attorney General. The Secretary or the Secretary's designee shall serve as the Chairman of the Committee, and the Division of Waste Management of the Department shall provide professional and clerical support to the Committee."

Section 3. (g) G.S. 136-28.8(g) reads as rewritten:

"(g) On or before October 1 of each year, the Department shall report to the ~~Division of Pollution Prevention and Environmental Assistance of the~~ Divisions of Waste Management and Radiation Protection Department of Environment and Natural Resources as to the amounts and types of recycled materials that were specified or used in contracts that were entered into during the previous fiscal year. On or before December 1 of each year, the ~~Division of Pollution Prevention and Environmental Assistance~~ Division of Waste Management and Radiation Protection Department of Environment and Natural Resources shall prepare a summary of this report and submit the summary to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Transportation Oversight Committee, and the Environmental Review Commission."

Section 3. (h) G.S. 143-58.2(d) reads as rewritten:

"(d) The Department of Administration, in cooperation with the ~~Division of Pollution Prevention and Environmental Assistance of the~~ Department of Environment and Natural Resources, shall identify materials and supplies with recycled content that meet appropriate standards for use by State departments, institutions, agencies, community colleges, and local school administrative units."

Section 3. (i) G.S. 143-58.2(f) reads as rewritten:

"(f) On or before October 1 of each year, each State department, institution, agency, community college, and local school administrative unit authorized to purchase materials and supplies shall report to the ~~Division of Pollution Prevention and Environmental Assistance of the~~ Department of Environment and

Natural Resources, the amounts and types of materials and supplies with recycled content that were purchased during the previous fiscal year and its progress toward reaching the goals under G.S. 143-58.3. On or before December 1 of each year, the ~~Division of Pollution Prevention and Environmental Assistance~~ Department of Environment and Natural Resources shall prepare a summary of these reports and submit the summary to the Joint Legislative Commission on Governmental Operations and the Environmental Review Commission."

PART 4. TRANSFER THE OFFICE OF ENVIRONMENTAL EDUCATION IN DENR AND MAKE CONFORMING CHANGES IN THE STATUTES.

Section 4. (a) Seven positions selected by the Secretary of Environment and Natural Resources are eliminated within the Office of Environmental Education of the Department of Environment and Natural Resources. The remaining positions within the Office of Environmental Education of the Department of Environment and Natural Resources are transferred to North Carolina State Museum of Natural Sciences of the Department of Environment and Natural Resources. All functions, powers, duties, and obligations of the Office of Environmental Education of the Department of Environment and Natural Resources shall be performed by the North Carolina State Museum of Natural Sciences of the Department of Environment and Natural Resources. The Office of Environmental Education of the Department of Environment and Natural Resources is abolished.

Section 4. (b) Part 4B of Article 7 of Chapter 143B of the General Statutes is repealed.

Section 4. (c) Part 29 of Article 7 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-344.24. Museum of Natural Sciences; environmental education.**

(a) The North Carolina State Museum of Natural Sciences shall encourage, promote, and support the development of programs, facilities, and materials for the purpose of environmental education in North Carolina.

(b) The objective of grants and awards made under the provisions of this section shall be to promote the further development of local and regional environmental education and information dissemination to aid especially, but not be limited to, school-age children. The North Carolina State Museum of Natural Sciences shall recommend each year to the Governor recipients for the Project Tomorrow Award, which the Governor

shall award for outstanding environmental projects by elementary schools in North Carolina.

(c) The Superintendent of the Department of Public Instruction shall identify an environmental education liaison within the Office of Instructional Services of the Department of Public Instruction to coordinate environmental education within the State curriculum and among the Department and other State agencies.

PART 5. COMBINE THE DIVISIONS OF RADIATION PROTECTION AND WASTE MANAGEMENT IN DENR AND MAKE CONFORMING CHANGES IN THE STATUTES.

Section 5. (a) The Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources is created. The Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources shall have no more than one position of Director of the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources and no more than one position of Deputy or Assistant Director of the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources. All functions, powers, duties, and obligations of the Division of Radiation Protection of the Department of Environment and Natural Resources are transferred to the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources. All functions, powers, duties, and obligations of the Division of Waste Management of the Department of Environment and Natural Resources are transferred to the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources. All employees other than Director and Deputy or Assistant Directors of the Division of Radiation Protection of the Department of Environment and Natural Resources are transferred to the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources. All employees other than Director and Deputy or Assistant Directors of the Division of Waste Management of the Department of Environment and Natural Resources are transferred to the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources. The Division of Radiation Protection of the Department of Environment and Natural Resources is abolished. The Division of Waste Management of the Department of Environment and Natural Resources is abolished.

Section 5. (b) G.S. 104E-8(c) reads as rewritten:

"(c) The 10 ex officio members shall be appointed by the Governor, shall be members or employees of the following State agencies or their successors, and shall serve at the Governor's pleasure:

(1) The Utilities Commission;
(2) The Commission for Health Services;
(3) The Environmental Management Commission;
(4) The Board of Transportation;
(5) The Division of Emergency Management of the Department of Crime Control and Public Safety;
(6) The Division of Waste Management and Radiation Protection of the Department;
(7) The Department of Labor;
(8) The Industrial Commission;
(9) The Department of Insurance;
(10) The Medical Care Commission."

Section 5. (c) G.S. 104E-9(b) reads as rewritten:

"(b) The ~~Radiation Protection Division~~ Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources shall develop a training program for tanning equipment operators that meets the training rules adopted by the North Carolina Radiation Protection Commission. If the training program is provided by the Department, the Department may charge each person trained a reasonable fee to recover the actual cost of the training program."

Section 5. (d) G.S. 104G-22(a) reads as rewritten:

"(a) To assist the Authority in the performance of its responsibilities under this Chapter and to advise the General Assembly, there is created the Inter-Agency Committee on Low-Level Radioactive Waste (herein called the "Committee") consisting of 10 members. The members shall be composed of: the Secretary or the Secretary's designee; ~~the Chief of the North Carolina Radiation Protection Section;~~ the Chairman of the Commission's Low-Level Radioactive Waste Management Committee; the Chairman of the Authority; the Chairman of the Authority's Technical Committee; three representatives of the Department of Environment and Natural Resources with expertise in geology, groundwater, and air quality; and the two representatives of the Attorney General's office who provide legal services to the Authority and the Commission. The Secretary or the Secretary's designee shall serve as the Chairman of the Committee, and the ~~Radiation Protection Division~~ Division of Waste Management and

Radiation Protection of the Department shall provide professional and clerical support to the Committee."

Section 5. (e) G.S. 120-70.33(3) reads as rewritten:

"(3) To evaluate actions of the Radiation Protection Commission, the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources, and of any other board, commission, department, or agency of the State or local government as such actions relate to low-level radioactive waste management;"

Section 5. (f) G.S. 143B-279.3(c) reads as rewritten:

"(c)(1) There is created a division within the environmental area of the Department of Environment and Natural Resources to be named the Division of Waste Management and Radiation Protection. All functions, powers, duties, and obligations of the Radiation Protection Section of the Division of Facility Services of the Department of Health and Human Services are transferred in their entirety to the ~~Radiation Protection Division~~ Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources.

~~(2) There is created a division within the environmental area of the Department of Environment and Natural Resources to be named the Division of Waste Management.~~ All functions, powers, duties, and obligations of the Solid Waste Management Section of the Division of Health Services of the Department of Health and Human Services are transferred in their entirety to the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources.

(3) There is created a division within the environmental areas of the Department of Environment and Natural Resources to be named the Division of Environmental Health. All functions, powers, duties and obligations of the Division of Environmental Health of the Department of Environment and Natural Resources are transferred in their entirety to the Division of Environmental Health, Department of Environment and Natural Resources."

Section 5. (g) G.S. 166A-6.1(b) reads as rewritten:

"(b) Every person, firm, corporation or municipality who is licensed to construct or who is operating a fixed nuclear facility for the production of electricity shall pay to the Department of Crime Control and Public Safety, for the use of the ~~Radiation Protection Division~~ Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources, an annual fee of eighteen thousand dollars ($18,000) for each fixed nuclear facility which is located within this State or has a Plume Exposure Pathway Emergency Planning Zone of which any part is located within this State. This fee shall be applied to the costs of planning and implementing emergency response activities as are required by the Federal Emergency Management Agency for the operation of nuclear facilities. Said fee is to be paid no later than July 31 of each year."

Section 5. (h) G.S. 130A-291 reads as rewritten:

"§ 130A-291. Division of Waste ~~Management.~~ Management and Radiation Protection.

(a) For the purpose of promoting and preserving an environment that is conducive to public health and welfare, and preventing the creation of nuisances and the depletion of our natural resources, the Department shall maintain a Division of Waste Management and Radiation Protection to promote sanitary processing, treatment, disposal, and statewide management of solid waste and the greatest possible recycling and recovery of resources, and the Department shall employ and retain qualified personnel as may be necessary to effect such purposes. It is the purpose and intent of the State to be and remain cognizant not only of its responsibility to authorize and establish a statewide solid waste management program, but also of its responsibility to monitor and supervise, through the Department, the activities and operations of units of local government implementing a permitted solid waste management facility serving a specified geographic area in accordance with a solid waste management plan.

(b) In furtherance of this purpose and intent, it is hereby determined and declared that it is necessary for the health and welfare of the inhabitants of the State that solid waste management facilities permitted hereunder and serving a specified geographic area shall be used by public or private owners or occupants of all lands, buildings, and premises within the geographic area, and a unit of local government may, by ordinance, require that all solid waste generated within the geographic area and placed in the waste stream for disposal, shall be delivered to the permitted solid waste management

facility or facilities serving the geographic area. Actions taken pursuant to this Article shall be deemed to be acts of the sovereign power of the State of North Carolina, and to the extent reasonably necessary to achieve the purposes of this section, a unit of local government may displace competition with public service for solid waste management and disposal. It is further determined and declared that no person, firm, corporation, association or entity within the geographic area shall engage in any activities which would be competitive with this purpose or with ordinances, rules adopted pursuant to the authority granted herein."

Section 5. (i) G.S. 130A-301(f)(1) reads as rewritten:

"(1) The Department shall file the Notice of Open Dump in the office of the register of deeds in substantially the following form:

'NOTICE OF OPEN DUMP

The Division of Waste Management and Radiation Protection of the North Carolina Department of Environment and Natural Resources has determined that an open dump exists on the property described below. The Department provides the following information regarding this open dump as a public service. This Notice is filed pursuant to G.S. 130A-301(f).

Name(s) of the record owner(s):

Description of the real property:

Description of the particular area where the open dump is located:

Any person who has questions regarding this Notice should contact the Division of Waste Management and Radiation Protection of the North Carolina Department of Environment and Natural Resources. The contact person for this Notice is: _____ who may be reached by telephone at _____ or by mail at _____.

Requests for inspection and copying of public records regarding this open dump may be directed to _____ who may be reached by telephone at _____ or by mail at _____.

Secretary of Environment and Natural Resources by

Date: _____.'"

Section 5. (j) G.S. 130B-5(c) reads as rewritten:

"(c) The Governor is authorized to enter into interstate agreements for the management of hazardous waste. Such agreements shall provide for access to suitable facilities for management of hazardous waste; encourage reductions in the volume or quantity and toxicity of hazardous waste; distribute the costs, benefits, and obligations of hazardous waste management equitably among the party states; and provide for protection of human health and the environment in a manner that is both ecologically and economically sound. In negotiating such agreements, the Governor may request such assistance as he deems appropriate from the Attorney General, the Division of Waste Management and Radiation Protection of the Department, and the Commission. The Governor shall submit any such agreement to the General Assembly for its approval, and no such agreement shall be effective until approved by the General Assembly."

Section 5. (k) G.S. 130B-7(a(1)) reads as rewritten:

"(1) Shall (i) with the assistance of the Division of Waste Management and Radiation Protection of the Department, periodically review current and projected hazardous waste generation from all sources within the State, the current and projected effect of efforts to minimize and reduce the generation of hazardous waste, the potential for further reductions in the generation of hazardous waste, current and projected availability and adequacy of facilities for the management of hazardous waste within and outside the State, whether and to what extent private enterprise will provide needed hazardous waste facilities, and capacity assurance requirements under CERCLA/SARA, (ii) determine whether additional facilities for the management of hazardous waste may be needed in this State, and (iii) make appropriate recommendations to the Governor and the General Assembly;"

Section 5. (l) G.S. 130B-16(c)(2), as amended by Section 3(e) of this act, reads as rewritten:

"(2) Funding of a portion of the cost of the waste minimization program administered by the Technical Assistance and Support Unit of the Division of Waste Management and Radiation Protection of the Department, other programs which foster multimedia

waste prevention, reduction, reuse, and recycling, and programs which provide assistance to small quantity generators."

Section 5. (m) G.S. 130B-22(a), as amended by Section 3(f) of this act, reads as rewritten:

"(a) To assist the Commission in the performance of its responsibilities under this Chapter and to advise the General Assembly, there is created the Inter-Agency Committee on Hazardous Waste (herein called the "Committee"). The members shall be: the Secretary or the Secretary's designee; the Director of the Division of Waste Management and Radiation Protection of the Department or his designee; the Chief of the Hazardous Waste Management Section of the Division of Waste Management and Radiation Protection or his designee; one additional representative of the Division of Waste Management and Radiation Protection with expertise in CERCLA/SARA capacity assurance requirements appointed by the Director of the Division, the Chairman of the Commission or his designee; one additional member of the Commission appointed by the Chairman of the Commission; the Executive Director of the Commission; four representatives of the Department of Environment and Natural Resources with expertise in geology, groundwater, water quality, and air quality; the representative of the Attorney General's office who provides legal services to the Commission; and a representative of the Attorney General's office who provides legal services to the Division of Waste Management and Radiation Protection designated by the Director of the Division of Waste Management and Radiation Protection with the approval of the Attorney General. The Secretary or the Secretary's designee shall serve as the Chairman of the Committee, and the Division of Waste Management and Radiation Protection of the Department shall provide professional and clerical support to the Committee."

Section 5. (n) G.S. 143-439(b) reads as rewritten:

"(b) The Pesticide Advisory Committee shall consist of: three practicing farmers; one conservationist (at large); one ecologist (at large); one representative of the pesticide industry; one representative of agribusiness (at large); one local health director; three members of the North Carolina State University School of Agriculture and Life Sciences, at least one of which shall be from the area of wildlife or biology; one member representing the North Carolina Department of Agriculture and Consumer Services; one member representing the Department of Environment and Natural Resources; the State Health Director or his designee; one representative of a public utility or railroad

company which uses pesticides; one representative of the Board of Transportation; one member of the North Carolina Agricultural Aviation Association; one member of the general public (at large); one member actively engaged in forest pest management; and one member representing the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources. Each State agency represented [representative] on the Committee shall be appointed by the head of the agency. Other members of the Committee shall be appointed by the Board."

Section 5. (o) G.S. 159I-3(6) reads as rewritten:

(6) "'Division' means the Division of Waste Management and Radiation Protection of the Department of Environment and Natural Resources and any successor of the Division of Waste Management."

PART 6. TRANSFER DIVISION OF SOIL AND WATER CONSERVATION TO DENR.

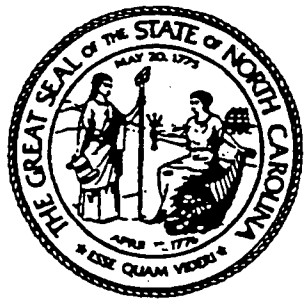
Section 6. The Division of Soil and Water Conservation of the Department of Environment and Natural Resources is transferred to the Department of Agriculture. This transfer is a Type II transfer.

PART 7. EFFECTIVE DATES.

Section 7. This act becomes effective July 1, 2000.

Study of DENR Reorganization
Creating Two Departments

As Directed by Senate Bill 352, Section 15.35
Enacted During 1997 Session



STATE OF NORTH CAROLINA
Office of State Budget and Management
Management and Productivity Section
Raleigh, North Carolina

March, 1998

INTRODUCTION

Senate Bill 352, Section 15.35 passed in 1997 directs the Office of State Budget and Management (OSBM) to conduct a study to determine the desirability of reorganizing the Department of Environment and Natural Resources (DENR) so as to create two separate departments with one department that would manage and protect the State's natural resources and with a separate department that would protect the environment and contain regulatory programs. The legislation directs OSBM to determine the following:

1) A proposal for allocating existing administrative operating support and personnel between these two departments;

2) Any additional personnel that would be needed in association with creating these two separate departments and the projected cost of these personnel;

3) Any additional equipment that would be needed in association with creating these two separate departments and the projected cost of this equipment;

4) Any additional office space that would be required and its projected cost;

5) What programs, divisions, boards, commissions, councils, and committees should be in a department of natural resources, which programs, divisions, boards, commissions, councils, and committees should be in a department of environment, and which programs, divisions, commissions, councils, and committees, if any, should be in other departments;

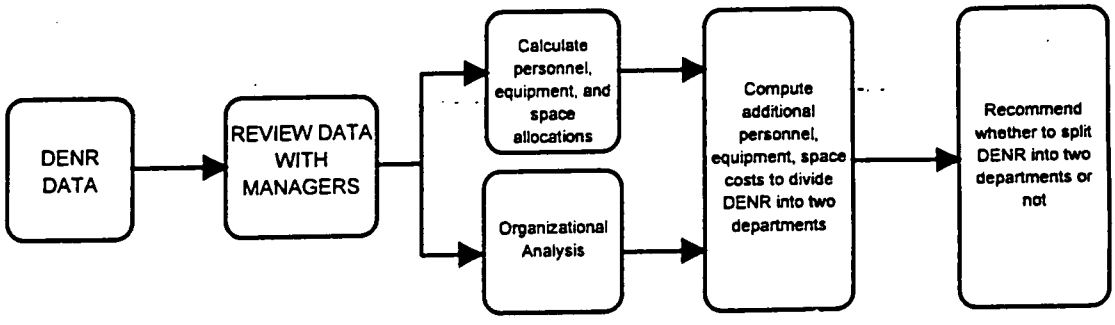
6) Any additional factors and costs that should be considered were the Department of Environment and Natural Resources reorganized so as to create two separate departments; and,

7) The total costs of reorganizing the Department of Environment and Natural Resources so as to create these two separate departments.

Finally, OSBM should recommend whether the Department of Environment and Natural Resources should be reorganized so as to create two separate departments, with one department that would manage and protect the State's natural resources and with a separate department that would manage and protect the environment and contain regulatory programs. OSBM was instructed by the legislation to report on the above by March 15, 1998, to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division. (A copy of the legislation is contained in Appendix A)

METHODOLOGY

The study proceeded via the following process:



DENR DATA included, but were not necessarily limited to, the following departmental documents:

- most recent cost allocation plan
- expenditure reports
- fixed asset ledger
- space report
- organization charts
- departmental and divisional plans
- program reviews
- current budget
- resource allocation sheets prepared by divisional staff

The organizational analysis included the review of program missions and structures; a determination of which divisions were more closely aligned to one another whether for statutory, resource, operational, or other reasons; a determination of services provided by administrative divisions to program divisions; a determination of the point at which program divisions "handed off" administrative transactions to administrative divisions; a review of organizational structures of environmental protection and natural resources functions in other states as compared to our current organizational structure; and interviews with administrative and program managers.

The following pages present the seven items detailed by Senate Bill 352, Section 15.35 as well as the requested recommendation.

DETERMINATIONS

Allocation of Existing Administrative Personnel

DENR is currently organized into two program sections, the Environmental Protection Divisions and the Natural Resources Divisions, with each section of divisions reporting to an Assistant Secretary. The divisions included in each section are listed below with their number of positions in parenthesis:

Environmental Protection Divisions

Air Quality (280)
Coastal Management (62)
Land Resources (78)
Pollution Prevention (8)
Radiation Protection (53)
Waste Management (161)
Water Quality (529)
Water Resources (32)
Environmental Health (190)

Natural Resources Divisions

North Carolina Aquariums (52)
Environmental Education (10)
Forest Resources (674)
Marine Fisheries (208)
Museum of Natural Sciences (69)
Parks and Recreation (309)
Soil and Water (59)
North Carolina Zoological Park (279)

The Executive and Administrative Divisions provide support services to these program divisions. Listed below is the allocation of existing personnel between what would be a separate department of environmental protection and what would be a separate department of natural resources. This chart summarizes a set of more detailed spreadsheets contained in Appendix B which present the allocations to the division level.

Table 1

	Current Staff Allocation		
Executive/Administrative Division	Environ. Protection	NR	Total
Office of the Secretary	3.67	2.33	6.00
Office of the Deputy Secretary	0.87	1.13	2.00
Office of the Chief of Staff	0.53	0.47	1.00
Office of the Asst. Secretary for Natural Resources	0.11	1.89	2.00
Office of the Assistant Secretary for Environ. Protection	2.00	-	2.00
Office of the Assistant Secretary for Administration	1.49	1.51	3.00
Office of Legislative Affairs	7.97	3.03	11.00
Public Information Office	4.91	3.09	8.00
Office of the General Counsel	1.77	1.23	3.00
Office of the Controller	14.49	19.51	34.00
Division of Budget, Planning, & Analysis	4.45	3.60	8.05
Division of Personnel/Human Resources	7.08	8.88	15.96
Division of General Services	10.44	11.56	22.00
Information Technology Services	13.37	10.71	24.08
Office of Equal Opportunity	0.86	1.14	2.00
Executive/Admin. Sub-Total	**73.99**	**70.10**	**144.09**
Asheville Regional Office	11.55	0.45	12.00
Fayetteville Regional Office	7.80	1.20	9.00
Mooresville Regional Office	9.23	0.77	10.00
Raleigh Regional Office	8.35	0.65	9.00
Washington Regional Office	10.95	3.05	14.00
Wilmington Regional Office	7.86	1.14	9.00
Winston-Salem Regional Office	10.88	1.62	12.50
Regional Office Admin. Sub-total	**66.61**	**8.89**	**76.50**
Executive/Admin. Total	**140.60**	**78.99**	**219.59**

The administrative personnel allocated at the regional offices report to the Assistant Secretary for Administration.

Additional Staff Requirements

When two departments are merged there are economies to be gained by the consolidation of the separate executive and administrative functions. Conversely, when a big department separates into two smaller departments, some executive and administrative economies are forfeited. Obviously, there are certain core administrative services that must be provided regardless of size. Based on our analysis of the services being provided by the current executive and administrative units, there would be a need for about forty-two (42) additional administrative and executive personnel to maintain the level of services being provided at present - a 19% increase in those areas. Directors/managers of the new executive and administrative areas account for one-third of the positions recommended with the balance going to core services. No increases of staff are anticipated for program divisions on the assumption that the program functions will remain the same. The following chart presents the proposed allocation of executive and administrative staff between Environmental Protection and Natural Resources:

Table 2

Executive/Administrative Division	Estimated Administrative Allocation				
	Environ. Protection	NR	Total	% Incr.	Addtl. Staff
Office of the Secretary	4	4	8	33%	2.00
Office of the Deputy Secretary	2	2	4	100%	2.00
Office of the Chief of Staff				-100%	(1.00)
Office of the Asst. Secretary for Natural Resources		2	2		-
Office of the Assistant Secretary for Environ. Protection	2		2		-
Office of the Assistant Secretary for Administration	2	2	4	33%	1.00
Office of Legislative Affairs	10	4	14	27%	3.00
Public Information Office	6	4	10	25%	2.00
Office of the General Counsel	2	2	4	33%	1.00
Office of the Controller	20	24	44	29%	10.00
Division of Budget, Planning, & Analysis	5	5	10	24%	1.95
Division of Personnel/Human Resources	9	11	20	25%	4.04
Division of General Services	14	15	29	32%	7.00
Information Technology Services	17	14	31	29%	6.92
Office of Equal Opportunity	2	2	4	100%	2.00
Executive/Admin. Sub-Total	**95**	**91**	**186**	**29%**	**42**
Asheville Regional Office	12		12		
Fayetteville Regional Office	9		9		
Mooresville Regional Office	10		10		
Raleigh Regional Office	9		9		
Washington Regional Office	14		14		
Wilmington Regional Office	9		9		
Winston-Salem Regional Office	12.5		12.5		
Regional Office Admin. Sub-total	**75.5**		**76.5**		
Executive/Admin. Total	**170.5**		**261.5**	**19%**	

As the chart shows, no additional administrative personnel for the regional offices is recommended. The Natural Resources divisions have only a small representation of employees at the regional offices making it difficult to justify a separation. We would instead recommend that the administrative personnel at the regional offices be organizationally located in the Environmental Protection Department (if separated) continuing to provide services to those Natural Resources staff members, but on a cost recovery basis. The estimated forty-two additional staff in the executive and administrative divisions would require an additional annual recurring expenditure of approximately $2.4 million in salaries and benefits and over $600,000 in

non-personnel expenditures (purchased services, supplies and materials, etc.). Salaried costs are estimated by using the mid-point of the salary grades of the new positions, whereas, non-personnel costs are pro-rated from 1997-98 budgeted expenditures in the executive and administrative areas.

Additional Equipment Requirements

The equipment needs to create two separate departments mainly are related to the increase in staff, such as personal computers, telephones, furniture, etc., however there are some "department specific" equipment requirements as well, such as a local area network (LAN) for the administrative and executive divisions of the additional department. *(For informational purposes, a schematic of DENR's current information system network is included in Appendix C).* Below are those one-time, non-recurring expenditures for equipment needed to get the additional department functioning:

Equipment:

Position Specific Equipment, i.e., computers, furniture, etc.	
42 positions @ $6,000 each	$252,000
Department Specific Equipment	
Administrative LAN	35,000
Telephone System	25,000
Other: faxes, copiers, etc.	50,000
Total Equipment Costs	$362,000

Additional Office Space Requirements

Just as equipment, the additional space requirements are generally related to the increase in positions, however, space also is included for conference rooms, a hearing room, a mailroom and receiving area, and common areas (halls, reception, etc.). The executive and administrative functions of the current DENR occupy, not including common areas, about 50,000 square feet of floor space. Based on the Office of State Property Guidelines for office space, we project that the need for additional space required when creating two separate departments will be approximately 15,000 square feet. At $15.00 per square foot per year (Wake County), the recurring cost for this space will be $225,000 annually.

Make-up of Two Departments

The organizational analysis suggests that if DENR were to be split into two separate departments, it should be split along the lines of the two sections of divisions that now exists in DENR with one exception, the Division of Marine Fisheries. We would recommend that, since its mission is predominately regulatory, that the Division of Marine Fisheries would be a better organizational fit in a department of environmental protection. However, if DENR remains one department, Marine Fisheries can continue to operate out of its current section due to the ease of coordination. DENR and the Department of Health and Human Services(DHHS) are currently in negotiations to decide what sections of Environmental Health will stay in DENR and which will go to DHHS. Recommended placement of divisions, if two separate departments are created, follow:

Environmental Protection

Air Quality
Coastal Management
Land Resources
Pollution Prevention
Radiation Protection
Waste Management
Water Quality
Water Resources
Marine Fisheries
Environmental Health

Natural Resources

North Carolina Aquariums
Environmental Education
Forest Resources
Museum of Natural Sciences
Parks and Recreation
Soil and Water
North Carolina Zoological Park

We would recommend that Wildlife Resources, which now has a "dotted line" reporting relationship to DENR executive management, have a "dotted line" reporting relationship to a new department of natural resources, if DENR were separated into two departments.

A review of several other states was conducted on the Internet to determine how they were structured in this area, and what insights they could provide to North Carolina. Four states were then called to explore further. There seem to be two models: one is similar to what North Carolina currently has (with some modifications) and one is similar to that proposed by the legislature for consideration.

In speaking with other states about their organization of the natural resources and environmental functions, several key points emerged:

- Some felt that separating the regulatory type work from the natural resources protection work allowed each to approach their missions from a different perspective, and one state felt it did give each a better focus

- All states contacted made it clear that a key to the dual departments being able to work was whether staff working in related areas would still work with staff in another agency as issues arise. If the organizations that are separate foster this, then this cooperative work flows smoothly; it sometimes is simply more difficult to do it when there are separate structures, or may require structures such as task forces or special committees to be put into place

- The split between regulatory and natural resources protection is not as simple as it sounds, since much of what is done in one area affects the work of the other; therefore, there will always be some overlap between organizations on those issues that do affect each other

- There is a potential of duplication of certain functions when there are separate agencies, because the distinction between certain natural resources functions and certain environmental functions is not as clear as appears on the surface

- There is no cost savings to be derived from having two separate departments

- One state encountered difficulties in splitting grant money going to related programs, when their agencies separated because it was not clear who should have it

- The issue of customer service is one that was mentioned because it is important that taxpayers and people using the services understand which agency does which functions from which they need services

Based on the conversations, as well as a review of the literature, it appears that the other states have had both kinds of organizations, and that all other things being equal, there may not be compelling reasons to change the current structure.

Additional Factors and Costs

Contingencies such as expenses for staff relocation, payroll and PMIS changes, the printing of new letterhead and business cards, the replacement of signs and logos, etc. will arise if DENR is split into two separate departments. We think that five percent of the other costs would be adequate to cover these predictable contingencies as well as other unpredicted costs that will inevitably occur. Five percent is approximately $179,000.

Total Costs for Creating Two Departments from DNR

Table 3 summarizes the total estimated costs involved with creating two separate departments from the Department of Environment and Natural Resources, one department that would manage and protect the State's natural resources and with a separate department that would protect the environment and contain regulatory programs.

Table 3

Cost Item	Recurring	Non-Recurring	Total
Additional Staff - 42 positions - Salary Costs	$ 2,434,132		$ 2,434,132
Additional Non-personnel costs	614,580		$ 614,580
Additional Space Costs - 15,000 sq. ft. @ $15	225,000		$ 225,000
Equipment:			$ -
Position-related, i.e., computer, furniture, etc. - 42 positions @ $6,000		252,000	$ 252,000
Administrative LAN		35,000	$ 35,000
Telephone System		25,000	$ 25,000
Sub-Totals	$ 3,273,712	$ 312,000	$ 3,585,712
Contingencies - 5% of Total			179,286
Grand Total Cost of Reorganization (one year's operation)			$ 3,764,998

As can be seen, first year costs of reorganization would be $3.76 million and subsequent years would be approximately $3.27 million in addition to current DENR expenditures. In fairness to DENR staff in the executive and administrative areas, they estimated the need for an additional sixty-eight (68) positions - 26 more than OSBM - which would escalate recurring costs to about $5.1 million annually and one time, non-recurring costs to approximately $500,000 bringing the total costs, including contingencies, to about $5.9 million for the reorganization and one of operation.

RECOMMENDATION

OSBM recommends that DENR be left in its current form and not be split into two separate departments for the following reasons:

- Costs involved in creating a separate cabinet department without definable benefits
- Complementary missions
- The need for both natural resources divisions and the regulatory divisions to achieve a balanced approach to protecting the natural environment
- The need for cooperation of regulatory agencies for natural resources agencies to provide environmental education effectively
- Communication and necessary linkages existing now between environmental and natural resources divisions would be more difficult to maintain if the divisions were in separate departments.
- When presented with the alternative of separating DENR into two separate departments, one that would manage and protect the state's natural resources and one that would protect the environment and contain regulatory program, both the program division and administrative managers, without exception, preferred to remain as one department.
- Another disruption of services during a transition
- Confusion caused to the public seeking services from two separate departments

COMMENT

Due to time constraints and instructions to OSBM prescribed in the legislation, the appropriateness of current DENR staffing levels in the executive and administrative areas was not a point of analysis.

Based on our review of the organizations both in the program and administrative divisions, indications point to what could be possible economies to be gained in administrative transactions - personnel, accounting, budgeting, purchasing, accounting, etc. - which are initiated in the program divisions and completed in the administrative divisions. An internal review of those transactions is recommended.

APPENDIX A

SENATE BILL 352
SECTION 15.35

APPENDIX B

EXECUTIVE/ADMINISTRATIVE STAFF ALLOCATIONS

(1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
b. State fiscal year 1996-97 itemized expenditures and fund sources;
c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.

(2) Provide to the Fiscal Research Division a copy of the Prevent Blindness, Inc., annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

FEDERAL ABSTINENCE EDUCATION FUNDS

Section 15.34. If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 1997-98 or the 1998-99 fiscal year, or both, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

Requested by: Representatives Carpenter, Mitchell, Baker, Fox, Senators Martin of Pitt, Jenkins, Shaw of Guilford

STUDY DESIRABILITY OF REORGANIZING DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES/TRANSFER OF NORTH CAROLINA NATIONAL PARK, PARKWAY AND FORESTS DEVELOPMENT COUNCIL

Section 15.35. (a) The Office of State Budget and Management shall review the programs, divisions, boards, commissions, councils, and committees currently within the Department of Environment, Health, and Natural Resources and shall conduct a study to determine the desirability of reorganizing the Department of Environment, Health, and Natural Resources so as to create two separate departments with one department that would manage and protect the State's natural resources and with a separate department that would protect the environment and contain regulatory programs. The study shall determine:

(1) A proposal for allocating existing administrative operating support and personnel between these two separate departments;
(2) Any additional personnel that would be needed in association with creating these two separate departments and the projected cost of these personnel;
(3) Any additional equipment that would be needed in association with creating these two separate departments and the projected cost of this equipment;
(4) Any additional office space that would be required and its projected cost;

(5) Which programs, divisions, boards, commissions, councils, and committees should be in a department of natural resources, which programs, divisions, boards, commissions, councils, and committees should be in a department of environment, and which programs, divisions, boards, commissions, councils, and committees, if any, should be in other departments;

(6) Any additional factors and costs that should be considered were the Department of Environment, Health, and Natural Resources reorganized so as to create these two separate departments; and

(7) The total costs of reorganizing the Department of Environment, Health, and Natural Resources so as to create these two separate departments.

(b) The Office of State Budget and Management shall recommend whether the Department of Environment, Health, and Natural Resources should be reorganized so as to create two separate departments, with one department that would manage and protect the State's natural resources and with a separate department that would protect the environment and contain regulatory programs. By March 15, 1998, the Office of State Budget and Management shall report on all matters contained in subdivisions (1) through (7) of subsection (a) of this section to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division.

Section 15.36. (a) All functions, powers, duties, and obligations heretofore vested in the North Carolina National Park, Parkway and Forests Development Council of the Department of Commerce are hereby transferred to and vested in the Department of Environment, Health, and Natural Resources by a Type II transfer, as defined in G.S. 143A-6.

(b) Part 7 of Article 10 of Chapter 143B of the General Statutes, G.S. 143B-446 through G.S. 143B-447.1, is recodified as Part 17A of Article 7 of Chapter 143B of the General Statutes, G.S. 143B-324.1 through G.S. 143B-324.3.

(c) G.S. 143B-324.1, as recodified by subsection (b) of this section, reads as rewritten:

"**§ 143B-324.1. North Carolina National Park, Parkway and Forests Development ~~Council—~~ Council; creation; ~~powers and~~ powers; duties.**

~~There is hereby created the~~ The North Carolina National Park, Parkway and Forests Development Council ~~of~~ is created within the Department of ~~Commerce.~~ Environment, Health, and Natural Resources. The North Carolina National Park, Parkway and Forests Development Council ~~shall have the following functions and duties:~~ shall:

~~The Council shall endeavor~~

(1) Endeavor to promote the development of that part of the Smoky Mountains National Park lying in North Carolina, the completion and development of the Blue Ridge Parkway in North Carolina, the development of the Nantahala and Pisgah national forests, and the development of other recreational areas in that part of North Carolina immediately affected by the Great Smoky Mountains National Park, the Blue Ridge Parkway or the Pisgah or Nantahala national forests. ~~It shall be the duty of the Council to study~~

(2) Study the development of these areas and ~~to~~ recommend a policy that will promote the development of the entire area generally designated as the mountain section of North Carolina, with particular emphasis upon the development of the scenic and recreational resources of the region, and the encouragement of the

D[redacted] Executive and Administrative Divisions
E[redacted]e Offices

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Employee Time Allocation

Instructions:
(1) List functions/tasks in the function/task column.
(2) List operations departments along horizontal axis.
(3) List FTE (full-time equivalent positions) spent on each task allocated by operations department, if possible.
(4) If unable to allocate part or all of the FTE performing a function/task, list the FTE or remaining FTE in the unallocated FTE column.

	Division Allocation - FTE																					
	Environmental Protection										Natural Resources											
Function/Task Description	Air Quality	Coastal Management	Land Resources	Pollution Prevention	Radiation Protection	Waste Management	Water Quality	Water Resources	Environmental Health	Total Environmental Protection	NC Aquariums	Environ. Education	Forest Resources	Marine Fisheries	Museum of Natural Sciences	Parks and Recreation	Soil & Water	NC Zoo	Total Natural Resources	Department Administration	Unallocated FTE	Total FTE
Office of the Secretary	0.26	0.14	0.14	0.12	0.14	0.20	1.47	0.23	0.22	2.92	0.12	0.12	0.51	0.22	0.14	0.35	0.14	0.26	1.86	1.22		6.00
Office of the Deputy Secretary	0.06	0.06	0.06	0.06	0.06	0.09	0.09	0.09	0.09	0.66	0.10	0.10	0.15	0.10	0.10	0.10	0.10	0.10	0.85	0.49		2.00
Office of the Chief of Staff	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.27	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.24	0.49		1.00
Office of the Asst. Sec for Natural Resources							0.10			0.10	0.20	0.20	0.20	0.40	0.10	0.30	0.20	0.20	1.80	0.10		2.00
Office of the Asst. Sec. for Environmental Prot.	0.25	0.15	0.79	0.15	0.03	0.10	0.35	0.05	0.03	1.90										0.10		2.00
Office of the Asst Sec. for Administration	0.12	0.06	0.05	0.04	0.04	0.10	0.23	0.07	0.06	0.77	0.05	0.04	0.15	0.14	0.05	0.12	0.11	0.12	0.78	1.45		3.00
Office of Legislative Affairs	0.85	0.85	1.00	0.15	0.10	0.50	1.85	0.60	0.80	6.70	0.20	0.35	0.50	0.30	0.10	0.55	0.45	0.10	2.55	1.75		11.00
Public Information Office	0.31	0.42	0.77	0.34	0.31	0.26	1.67	0.32	0.20	4.60	0.40	0.57	0.28	0.30	0.24	0.35	0.42	0.34	2.90	0.50		8.00
Office of the General Counsel	0.15	0.15	0.15	0.14	0.20	0.20	0.20	0.20	0.20	1.59	0.12	0.12	0.20	0.15	0.10	0.15	0.15	0.12	1.11	0.30		3.00
Totals	2.03	1.86	2.99	1.03	0.91	1.48	5.99	1.59	1.63	19.51	1.22	1.53	2.02	1.64	0.86	1.95	1.60	1.27	###	6.40	-	38.00

DENR - Executive and Administrative Divisions
Regional Offices

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Employee Time Allocation

Instructions:
(1) List functions/tasks in the function/task column.
(2) List operations departments along horizontal axis.
(3) List FTE (full-time equivalent positions) spent on each task allocated by operations department, if possible.
(4) If unable to allocate part or all of the FTE performing a function/task, list the FTE or remaining FTE in the unallocated FTE column.

Function/Task Description	Division Allocation - FTE																					
	Environmental Protection										Natural Resources											
	Air Quality	Coastal Management	Land Resources	Pollution Prevention	Radiation Protection	Waste Management	Water Quality	Water Resources	Environmental Health	Total Environmental Protection	NC Aquariums	Environ. Education	Forest Resources	Marine Fisheries	Museum of Natural Sciences	Parks and Recreation	Soil & Water	NC Zoo	Total Natural Resources	Department Administration	Unallocated FTE	Total FTE
Ashville Regional Office																						
- Administrative/Clerical Tasks	0.90		1.50			0.30	2.00		3.00	7.70						0.20	0.10		0.30	2.00		10.00
- Administrative/Management Tasks	0.18		0.30			0.06	0.40		0.60	1.54						0.04	0.02		0.06	0.40		2.00
Fayetteville Regional Office																						
- Administrative/Clerical Tasks	0.75		1.13			0.75	1.50		0.75	4.88							0.75		0.75	0.37		6.00
- Administrative/Management Tasks	0.38		0.57			0.38	0.75		0.38	2.46							0.38		0.38	0.16		3.00
Mooresville Regional Office																						
- Administrative/Clerical Tasks	1.50		1.00			0.50	2.00		1.00	6.00							0.50		0.50	1.50		8.00
- Administrative/Management Tasks	0.38		0.25			0.13	0.50		0.25	1.51							0.13		0.13	0.36		2.00
Raleigh Regional Office																						
- Administrative/Clerical Tasks	1.00		0.60			0.50	2.00		1.00	5.10							0.40		0.40	2.50		8.00
- Administrative/Management Tasks	0.13		0.08			0.06	0.25		0.13	0.65							0.05		0.05	0.30		1.00
Washington Regional Office																						
- Administrative/Clerical Tasks	2.00	1.00	1.00			0.33	1.85		0.67	6.85		0.33		1.00		0.25	0.33		1.91	1.75		10.51
- Administrative/Management Tasks	0.66	0.33	0.33			0.11	0.61		0.22	2.26		0.11		0.33		0.08	0.11		0.63	0.60		3.49
Wilmington Regional Office																						
- Administrative/Clerical Tasks	1.00	0.80	0.33			0.33	2.00		0.35	4.81				0.35			0.35		0.70	1.49		7.00
- Administrative/Management Tasks	0.29	0.23	0.09			0.09	0.57		0.10	1.37				0.10			0.10		0.20	0.43		2.00
Winston-Salem Regional Office																						
- Administrative/Clerical Tasks	1.00		0.50			0.50	2.75		2.00	6.75						0.50	0.50		1.00	1.50		9.25
- Administrative/Management Tasks	0.35		0.18			0.18	0.97		0.70	2.38						0.18	0.18		0.36	0.51		3.25
Totals	10.52	2.36	7.86	-	-	4.22	18.16		11.16	54.26	-	0.44	-	1.78	-	1.25	3.90	-	7.37			76.50

DENR - Executive and Administrative Divisions
Office of the Controller

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Employee Time Allocation

Instructions:
(1) List functions/tasks in the function/task column.
(2) List operations departments along horizontal axis.
(3) List FTE (full-time equivalent positions) spent on each task allocated by operations department, if possible.
(4) If unable to allocate part or all of the FTE performing a function/task, list the FTE or remaining FTE in the unallocated FTE column.

Function/Task Description	Division Allocation - FTE																					
	Environmental Protection										Natural Resources											
	Air Quality	Coastal Management	Land Resources	Pollution Prevention	Radiation Protection	Waste Management	Water Quality	Water Resources	Environmental Health	Total Environmental Protection	NC Aquariums	Environ. Education	Forest Resources	Marine Fisheries	Museum of Natural Sciences	Parks and Recreation	Soil & Water	NC Zoo	Total Natural Resources	Department Administration	Unallocated FTE	Total FTE
(1) Accounts Payable	0.06	0.01	0.51	0.06	0.03	0.31	0.72	0.02	0.17	1.89	0.58	0.01	0.26	0.07	0.57	1.46	1.20	0.04	4.19	1.92		8.00
(2) Cash Management/ Capital Improvements	0.12	0.10	0.21	0.01	0.01	0.09	0.38	0.05	0.04	1.01	0.25	0.01	0.48	0.15	0.02	1.72	0.01	0.29	2.93	0.06		4.00
(3) Financial Systems and Reporting	0.10	0.50	0.15	0.15	0.05	0.55	0.45	0.05	0.30	2.30	0.05	0.05	1.20	0.40	0.20	0.40	0.05	0.10	2.45	0.25		5.00
(4) Contracts and Grants	0.15	0.49	0.04	0.46	0.09	0.42	1.00	0.09	0.24	2.98	0.05	0.09	0.10	0.69	0.10	0.31	0.08	0.02	1.44	0.58		5.00
(5) Fixed Assets	0.10	0.10	0.10	-	0.05	0.05	0.15	0.10	0.10	0.75	0.10	-	0.20	0.15	0.10	0.25	0.10	0.20	1.10	0.15		2.00
(6) Payroll	0.21	0.07	0.07	0.04	0.05	0.26	0.43	0.04	0.26	1.43	0.11	0.09	0.56	0.40	0.09	0.25	0.05	0.23	1.78	0.79		4.00
(8) Office/Department Administration	0.23	0.17	0.17	0.36	0.14	0.17	0.41	0.23	0.23	2.11	0.20	0.23	1.02	0.26	0.20	0.48	0.29	0.23	2.91	0.98		6.00
Internal Administrative/Management Tasks																						
Totals	0.97	1.44	1.25	1.08	0.42	1.85	3.54	0.58	1.34	12.47	1.34	0.48	3.82	2.12	1.28	4.87	1.78	1.11	16.80	4.73	#	34.00

DENR - Executive and Administrative Divisions
Division of Budget Planning and Analysis

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Employee Time Allocation

Instructions:
(1) List functions/tasks in the function/task column.
(2) List operations departments along horizontal axis.
(3) List FTE (full-time equivalent positions) spent on each task allocated by operations department, if possible.
(4) If unable to allocate part or all of the FTE performing a function/task, list the FTE or remaining FTE in the unallocated FTE column.

	Division Allocation - FTE																					
	Environmental Protection										Natural Resources											
Function/Task Description	Air Quality	Coastal Management	Land Resources	Pollution Prevention	Radiation Protection	Waste Management	Water Quality	Water Resources	Environmental Health	Total Environmental Protection	NC Aquariums	Environ. Education	Forest Resources	Marine Fisheries	Museum of Natural Sciences	Parks and Recreation	Soil & Water	NC Zoo	Total Natural Resources	Department Administration	Unallocated FTE	Total FTE
(1)Budget Development & Management	0.12	0.12	0.12	0.12	0.12	0.14	0.15	0.11	0.14	1.14	0.09	0.09	0.11	0.10	0.09	0.09	0.09	0.09	0.75	0.11		2.00
(2)Exec. Office/Admin.Div. Accounting																				1.00		1.00
(3) Salary Reserve Management	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.06	0.06	0.51	0.05	0.05	0.07	0.05	0.04	0.06	0.06	0.06	0.43	0.06		1.00
(4)Departmental Planning	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.50	0.05	0.05	0.07	0.05	0.05	0.06	0.05	0.06	0.44	0.06		1.00
(5)Economic Analysis	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.50	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.44	0.06		1.00
(6)Budget Policy Development & Interpretation	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.50	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.44	0.06		1.00
(7)'Internal Administrative/Management Tasks	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.50	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.44	0.06		1.00
Totals	0.40	0.40	0.40	0.40	0.40	0.42	0.44	0.39	0.42	3.66	0.36	0.36	0.42	0.37	0.35	0.38	0.36	0.37	2.94	1.41		8.00

D[redacted]xecutive and Administrative Divisions
D[redacted]of Personnel/Human Resources

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Instructions:
(1) List functions/tasks in the function/task column.
(2) List operations departments along horizontal axis.
(3) List FTE (full-time equivalent positions) spent on each task allocated by operations department, if possible.
(4) If unable to allocate part or all of the FTE performing a function/task, list the FTE or remaining FTE in the unallocated FTE column.

Function/Task Description	Division Allocation FTE: Environmental Protection										Natural Resources											
	Air Quality	Coastal Management	Land Resources	Pollution Prevention	Radiation Protection	Waste Management	Water Quality	Water Resources	Environmental Health	Total Environmental Protection	NC Aquariums	Environ. Education	Forest Resources	Marine Fisheries	Museum of Natural Sciences	Parks and Recreation	Soil & Water	NC Zoo	Total Natural Resources	Department Administration	Unallocated FTE	Total FTE
Employee Services	0.17	0.05	0.06	0.03	0.05	0.14	0.47	0.03	0.17	1.17	0.04	0.01	0.69	0.19	0.07	0.35	0.06	0.24	1.66	0.17		3.00
Employee Relations	0.25	0.03	0.04	0.02	0.03	0.10	0.31	0.02	0.11	0.91	0.03	0.01	0.33	0.12	0.05	0.23	0.04	0.16	0.98	0.11		2.00
Position Management	0.17	0.03	0.04	0.02	0.03	0.10	0.31	0.02	0.11	0.83	0.03	0.01	0.41	0.12	0.05	0.23	0.04	0.16	1.06	0.11		2.00
Salary Administration	0.08	0.02	0.02	0.01	0.02	0.05	0.16	0.01	0.06	0.43	0.01	0.01	0.20	0.06	0.02	0.12	0.02	0.08	0.51	0.06		1.00
Benefits Administration	0.17	0.03	0.04	0.02	0.03	0.10	0.31	0.02	0.11	0.83	0.03	0.01	0.41	0.12	0.05	0.23	0.04	0.16	1.06	0.11		2.00
Training & Development	0.25	0.05	0.06	0.03	0.05	0.14	0.47	0.03	0.17	1.25	0.04	0.01	0.61	0.19	0.07	0.35	0.06	0.24	1.58	0.17		3.00
Workers Compensation/Safety & Health	0.08	0.02	0.02	0.01	0.02	0.05	0.16	0.01	0.06	0.43	0.01	0.01	0.20	0.06	0.02	0.12	0.02	0.08	0.51	0.06		1.00
Internal Admin./Mgmt. Tasks	0.17	0.03	0.04	0.02	0.03	0.10	0.31	0.02	0.11	0.83	0.03	0.01	0.41	0.12	0.05	0.23	0.04	0.16	1.06	0.11		2.00
Totals	1.34	0.26	0.32	0.16	0.26	0.78	2.50	0.16	0.90	6.68	0.22	0.08	3.26	0.98	0.38	1.86	0.32	1.28	8.42	0.90	0.00	16.00

DENR - Executive and Administrative Divisions
Division of General Services

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Employee Time Allocation

Instructions:
(1) List functions/tasks in the function/task column.
(2) List operations departments along horizontal axis.
(3) List FTE (full-time equivalent positions) spent on each task allocated by operations department, if possible.
(4) If unable to allocate part or all of the FTE performing a function/task, list the FTE or remaining FTE in the

Division Allocation - FTE

Function/Task Description	Environmental Protection										Natural Resources											
	Air Quality	Coastal Management	Land Resources	Pollution Prevention	Radiation Protection	Waste Management	Water Quality	Water Resources	Environmental Health	Total Environmental Protection	NC Aquariums	Environ. Education	Forest Resources	Marine Fisheries	Museum of Natural Sciences	Parks and Recreation	Soil & Water	NC Zoo	Total Natural Resources	Department Administration	[illegible]	Total FTE
(1) Purchasing - Commodities	0.35	0.12	0.12	0.03	0.08	0.16	0.54	0.03	0.22	1.65	0.17	0.03	1.20	0.36	0.12	0.53	0.08	0.20	2.69	0.66		5.00
(2) Purchasing - Services	0.22	0.47	0.07	0.21	0.02	0.14	0.28	0.01	0.08	1.50	0.09	0.02	0.42	0.14	0.22	0.24	0.22	0.01	1.36	0.14		3.00
(3) Purchase/Service - Policy, Planning, Admin.	0.10	0.08	0.14	0.10	0.08	0.08	0.22	0.08	0.14	1.02	0.10	0.03	0.26	0.16	0.08	0.16	0.08	0.16	1.03	0.65		2.70
(4) Building Services	0.03	0.03	0.09	0.03	0.01	0.01	0.12	0.04	0.03	0.39	0.03	0.10	0.09	-	0.07	0.06	0.10	0.01	0.46	0.13		0.98
(5) Parking/Telephone Credit Cards	0.02	0.01	0.01	0.01	0.01	0.01	0.03	0.01	0.02	0.13	0.01	0.01	0.04	0.01	0.01	0.03	0.01	0.01	0.13	0.04		0.30
(6) Postal Services	0.46	0.13	0.16	0.13	0.23	0.48	0.86	0.12	0.65	3.22	0.15	0.13	0.34	0.07	0.25	0.53	0.13	0.06	1.66	1.76		6.64
(7) Surplus Propert./Card Keys	0.05	0.01	0.01	0.01	0.01	0.01	0.02	-	0.01	0.12	-	0.01	0.03	-	0.01	0.01	0.01	-	0.07	0.10		0.30
(8) Recycling	0.02	0.02	0.03	0.01	0.10	0.01	0.03	0.01	0.02	0.25	0.01	0.03	0.04	0.01	0.01	0.03	0.03	0.01	0.17	0.04		0.46
(9) Leases and Insurance	0.05	0.06	0.02	0.03	0.03	0.04	0.03	0.02	0.05	0.33	0.06	0.01	0.28	0.19	0.05	0.23	0.02	0.01	0.85	0.22		1.40
(10) Construction Services	-	-	-	-	-	-	-	-	-	[illegible]	0.08	-	0.28	0.18	0.08	0.32	-	0.18	1.12	0.10		1.22
Internal Administrative/Management Tasks																						
Totals	1.30	0.93	0.65	0.56	0.57	0.94	2.13	0.32	1.22	8.62	0.70	0.37	2.98	1.12	0.90	2.14	0.68	[illegible]	9.64	3.84	[illegible]	22.00

DENR - Executive and Administrative Information Technology Services

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Employee Time Allocation

Instructions:
(1) List functions/t...ks in the function/task column.
(2) List operations departments along horizontal axis.
(3) List FTE (full-time equivalent positions) spent on each task allocated by operations department, if possible.
(4) If unable to allocate part or all of the FTE performing

Function/Task Description	Division Allocation - FTE: Environmental Protection: Air Quality	Coastal Management	Land Resources	Pollution Prevention	Radiation Protection	Waste Management	Water Quality	Water Resources	Environmental Health	Total Environmental Protection	Natural Resources: NC Aquariums	Environ. Education	Forest Resources	Marine Fisheries	Museum of Natural Sciences	Parks and Recreation	Soil & Water	NC Zoo	Total Natural Resources	Department Administration	Unallocated FTE	Total FTE
										-									-			-
Systems Development Project Mangement	0.90	0.10					0.90		0.10	2.00				0.95			0.05		1.00	2.00		5.00
Analysis and Programmer	0.50									0.50									-	8.50		9.00
LAN Administration/PC Support	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.80	0.30	0.15	0.15	0.10	0.15	0.30	0.15	0.10	1.40	0.60		2.80
Help Desk Support	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.80	0.10	0.10	0.10	0.10	0.20	0.10	0.10	0.10	0.90	0.10		1.80
Electronic Mail Support	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.41	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.40	0.20		1.01
Telecommunications Support	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.08	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.08	0.04		0.20
Purchasing/Consulting Support	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.08	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.08	0.04		0.20
										-									-			-
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										-									-			-
Internal Administrative/Management Tasks	0.48	0.15	0.15	0.15	0.15	0.15	0.48	0.15	0.15	2.00	0.15	0.15	0.15	0.48	0.15	0.15	0.15	0.15	1.53	0.48		4.00
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Totals	2.12	0.49	0.40	0.40	0.40	0.40	1.63	0.40	0.49	6.66	0.62	0.47	0.47	1.70	0.57	0.62	0.62	0.42	5.39	11.96	-	24.00

DENR - Executive and Administrative Divisions
Office of Equal Employment Opportunity

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Employee Time Allocation

Instructions:
(1) List functions/tasks in the function/task column.
(2) List operations departments along horizontal axis.
(3) List FTE (full-time equivalent positions) spent on each task allocated by operations department, if possible.
(4) If unable to allocate part or all of the FTE performing a function/task, list the FTE or remaining FTE in the unallocated FTE column.

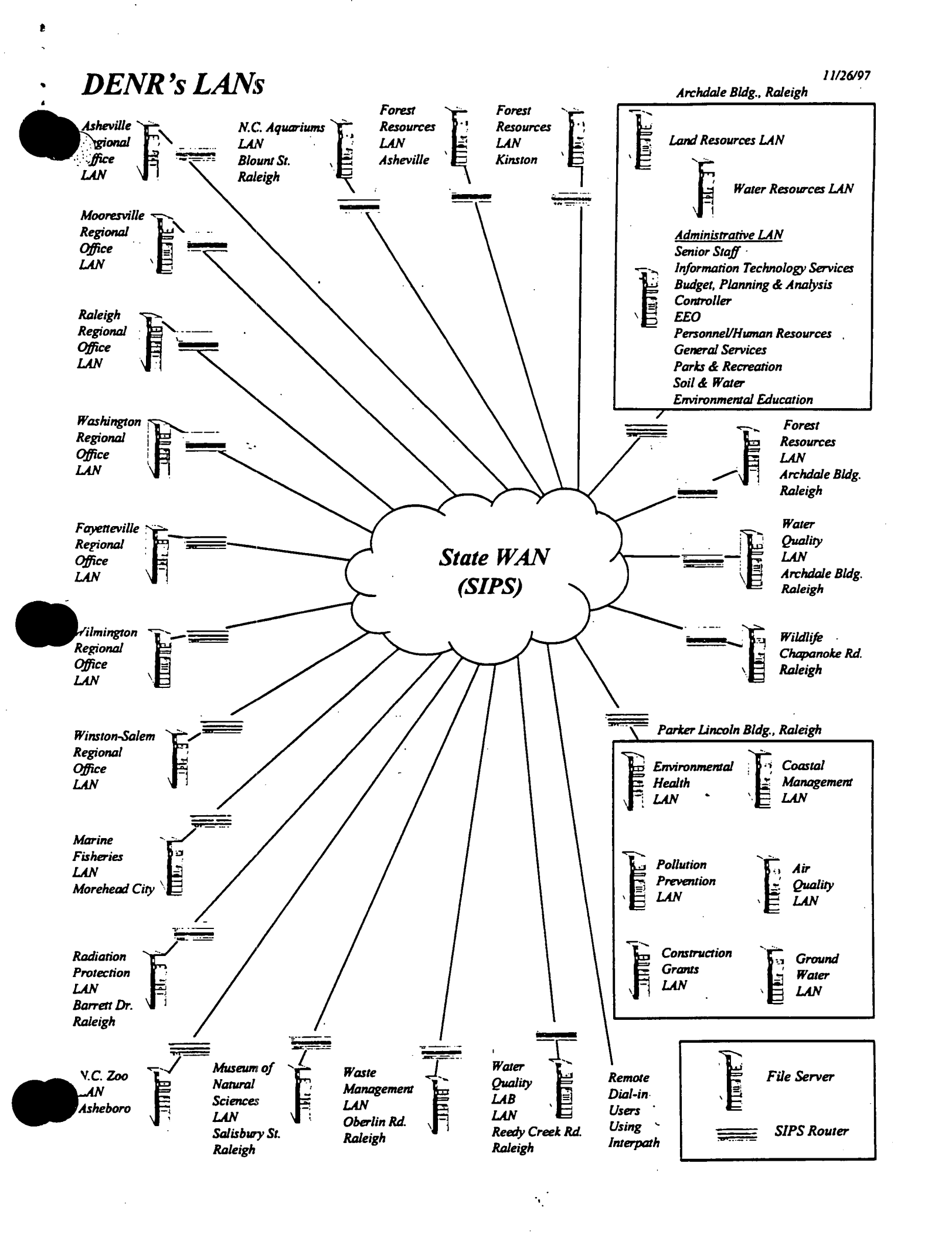
Function/Task Description	Division Allocation - FTE																					
	Environmental Protection										Natural Resources											
	Air Quality	Coastal Management	Land Resources	Pollution Prevention	Radiation Protection	Waste Management	Water Quality	Water Resources	Environmental Health	Total Environmental Protection	NC Aquariums	Environ. Education	Forest Resources	Marine Fisheries	Museum of Natural Sciences	Parks and Recreation	Soil & Water	NC Zoo	Total Natural Resources	Department Administration	Unallocated FTE	Total FTE
Administrative Services	0.03	0.03	0.02	0.02	0.02	0.08	0.09	0.08	0.02	0.39	0.05	0.05	0.09	0.08	0.05	0.09	0.06	0.05	0.52	0.05		0.96
Applicant Review/Selection Process	0.03	0.03	0.02	0.02	0.02	0.08	0.09	0.08	0.02	0.39	0.05	0.05	0.09	0.08	0.05	0.09	0.06	0.05	0.52	0.13		1.04
Totals	0.06	0.06	0.04	0.04	0.04	0.16	0.18	0.16	0.04	0.78	0.10	0.10	0.18	0.16	0.10	0.18	0.12	0.10	1.04	0.18		2.00

APPENDIX C

DENR
INFORMATION SYSTEMS
NETWORK

DENR's LANs

11/26/97



DENR Follow up questions 2/24/2000

1. Title V Permit – What is it? What is it used for? What types of industries are required to obtain a Title V permit (please list by category).

2. Division of Air Quality – Starting with FY 1992-93, using year end actual expenditures and personnel counts, show:
   - actual expenditures
   - actual receipts – distinguish among types of receipts (permit fees, federal funds, other, etc.)
   - actual General Fund appropriation
   - Total positions, broken down into general fund positions and receipted positions. Within receipted positions, distinguish from what source these receipts originate.

3. Can DENR currently require junkyards to take off gasoline/oil tanks? If not, what authority is necessary or is this strictly a local issue? Does/can DENR recommend any legislation?

4. Organization charts. Present your o-charts to show the basics (director, deputy, program heads, and a summary of folks under program heads), as per our discussion on 2/28. This should provide a *general* idea of how the divisions are organized.

5. One-Stop permit concept -

   (a) DENR should organize Commerce and the industry folks Michael talked about (NCCBI, MCIC, etc.) to come in and talk about the permit reform study/process and their participation/comments. Address Rep. Owens' one-stop proposal (caseworker proposal), and the feasibility of completing it, what are the pros and cons, why is this or isn't this feasible?

   (b) Permit reform and departmental needs. What resources does the department need in order to do permit reform or expedite the permitting process? (i.e. making the permitting process better).

   (c) Explore the concept of "tiered" permits. DENR is to review permits and develop a rough draft/concept paper outlining a tiered system, where permits are categorized by level of difficulty (for example, Level 1 being the least difficult/complex, up to Level 3 being the most complex).

   (d) Draft legislation to require the department to implement a one-stop permit process will be prepared for the next meeting.

6. General questions about setting fees – What are the criteria for setting fees? Should fees be increased and how are those decisions made?

7. Delegation of authority issue - Are there any county or other local service delivery systems that could more effectively provide services than DENR? What has DENR done? What are they considering? What stakeholders have been involved? What, if any, decisions have been reached?

8. Span of control issues - proposal for changes from the 2/24/00 meeting:
   - Office of Equal Employment Opportunity – combine with Personnel
   - Information Technology Services – eliminate and move to General Services
   - Land Resources – eliminate and move to DSWC
   - PPEA – eliminate altogether (doing elsewhere)
   - Combine Division Of Radiation Protection and Division of Waste Management
   - Office of Environmental Education – eliminate and move to Museum of Nat Sci.

Proposed legislation will be prepared for the next meeting.

9. Are there other DENR divisions that may be appropriate in other departments? The example of Forestry and Soil and Water transferred to Agriculture was mentioned. The 1998 OSBM report on creating a Department of Environment and Department of Natural Resources is provided for your information. DENR should be prepared to address pro/cons of proposals listed above and comment on other possibilities.

The revised "Summary of Environmental Permits" document is provided for your information. A preliminary document was prepared for February's meeting. This document replaces the February material.

What is a Title V permit?

A Title V permit is a State operating permit that consolidates all Federal and State air quality requirements into a stand along document.

What is it used for?

The purpose of the operating permit program is to ensure compliance with all applicable state and federal air quality requirements and to enhance the state and federal ability to enforce those requirements.

The primary objective of the Title V program is to create an extensive and detailed permitting system to regulate air emissions. The Title V permit will clearly provide both the applicant and the State with an enhanced and precise understanding of all applicable pollution control obligations.

Which industries are required to have Title V permits? (please list categories)

All major industries that emit or will emit 100 tons per year or more of any regulated air pollutant, 10 tons per year or more of any hazardous air pollutant or 25 tons per year or more of any combination of hazardous air pollutants.

Major industry categories include:
Textile
Tobacco
Furniture
Electric/Gas Utilities
Chemical
Paper and Allied Products
Petroleum
Lumber and wood Products

Which industries are scheduled to require them in the near future?

All of the categories listed above if they are considered major facilities.

DIVISION OF AIR QUALITY								
	1993	1994	1995	1996	1997	1998	1999	2000 (3/20/0)
Expenditures								
Budgeted	$10,563,967	$12,581,888	$18,187,687	$20,425,787	$20,406,173	$26,503,320	$29,430,108	$28,751,664
Expended	$8,717,740	$10,262,846	$12,238,491	$15,233,879	$17,720,646	$19,890,753	$21,292,708	$15,248,469
TOTAL REQUIREMENTS								
APPROPRIATION								
Budgeted	$1,928,782	$2,039,220	$1,953,976	$1,708,812	$1,409,411	$991,809	$919,678	$745,968
Expended	$1,747,016	$1,945,409	$1,915,503	$1,579,769	$1,398,443	$988,397	$894,113	$719,117
TOTAL RECEIPTS:								
EPA Grant								
Budgeted	$2,574,140	$2,437,849	$2,072,058	$2,382,595	$2,702,499	$3,241,581	$3,878,863	$3,431,395
Collected	$2,607,856	$2,389,563	$1,901,417	$2,041,075	$2,250,949	$1,790,372	$2,212,732	$1,293,741
Expended	$2,574,140	$2,389,563	$1,901,417	$2,041,075	$2,250,949	$1,790,372	$2,212,732	$1,383,582
I & M FEES								
Budgeted	$413,179	$463,847	$580,087	$616,078	$647,628	$675,060	$740,100	$812,203
Collected	$447,981	$582,616	$569,432	$558,413	$620,272	$636,808	$681,370	$519,131
Expended	$374,572	$377,265	$413,530	$586,991	$424,647	$421,083	$566,871	$422,257
FUEL TAX								
Budgeted			$3,962,896	$6,636,483	$6,131,856	$11,439,715	$11,185,225	$11,811,134
Collected			$3,426,035	$6,834,453	$7,054,378	$7,230,668	$7,570,393	$5,250,091
Expended			$1,387,748	$3,725,833	$5,821,427	$7,835,631	$8,190,942	$6,377,650
AIR PERMITS								
Budgeted	$1,426,280	$2,124,693	$1,588,131	$1,489,565	$1,591,247	$1,598,344	$2,021,644	$1,711,494
Collected	$1,262,001	$1,363,165	$1,484,631	$1,565,000	$1,397,846	$1,323,693	$1,243,690	$870,166
Expended	$1,293,291	$1,778,692	$1,370,540	$1,355,830	$1,381,959	$1,360,785	$1,359,210	$791,318
TITLE V								
Budgeted	$4,221,586	$5,516,279	$7,748,763	$7,310,478	$7,923,532	$8,556,811	$10,684,598	$10,239,470
Collected	$3,933,000	$3,497,560	$6,263,916	$7,949,986	$7,557,509	$7,440,702	$7,939,726	$5,102,519
Expended	$2,728,721	$3,771,917	$5,222,699	$5,932,694	$6,443,221	$7,494,485	$8,068,840	$5,554,545
Transfer from DOT								
Budgeted			$281,776	$281,776				
Collected			$27,054	$11,687				
Expended			$27,054	$11,687				
POSITIONS:								
APPROPRIATION	41	41	39	24	18	17	16	15
RECEIPTS								
I & M Fees	9	9	9	9	9	9	11	11
Fuel Tax				47.75	72.15	62.75	86	87
Air Permits	39	29	27	39	29	44	21	21
Title V	42	109	175	132	119.6	123	125	125
Federal Grants	37	37	34	33	33	31	36	36
	168	225	284	284.75	280.75	286.75	295	295

Question #1 - Can DENR currently require junkyards to take off gasoline/oil tanks?

Answer: Short answer is no. However DENR can require the cleanup of any gasoline/oil that is spilled. DENR regulates spills, discharges and disposals, and can take enforcement action for these activities. DENR does not define or limit how junkyards prevent spills. For example, the tank can be removed or the tank can be emptied and left on the automobile - both would be effectively prevent spills. The method of prevention is chosen by the owner and not dictated by DENR.

Question #2 - If not, what authority is necessary to take off gasoline/oil tanks? Does DENR recommend any legislation.

Answer: Gasoline and oil are the major automobile fluids but antifreeze, power steering, transmission and brake fluids, air conditioning compressor oils, gear oil and grease should also be considered when acting to minimize contamination at auto salvage facilities.

There are two categories of auto salvage facilities with respect to degree of contamination from dismantling activities. The first category includes facilities that have been in operation for a long time. Most auto salvage facilities have been in operation for decades. Eighty to ninety percent of existing facilities have been operating for more than 20 years. In the past these facilities were not operated with emphasis on spills or discharges and are contaminated from indiscriminate pouring on the ground and long term slow drips or leaks.

The second category of facilities includes newer facilities that have been in operation for 10 years or less. These operations have been using a system of Best Management Practices (BMPs) developed by the Automobile/Metal Recycling Association. These practices are based on the simple concept of draining all fluids in a contained area, cleaning up spills and recycling the fluids. After draining, the automobiles are placed on the salvage yard with almost no potential to contaminate. Many older facilities have now implemented BMP's, but past contamination is still present.

One option for addressing potential contamination from auto salvage facilities would be to develop legislative policy to require Best Management Practices at all facilities. The following may be considered as part of that policy:

(1) Authorize development of BMP's based on existing industry standards (it works well and doesn't reinvent the wheel).
(2) Authorize a self implementing process
    (A) Annual certification of BMP's (electronic)
    (B) Notification of spills/releases (electronic, annual notification only unless there is a spill of specified amount that releases to the land)
(3) Authorize development of fee system if oversight resources are needed (limit fees to only cover specific needs for personnel)
(4) Authorize consideration for past contamination such as an assessment as a first step over a 1 to 2 year time.
(5) Authorize reporting to legislative body on implementation of BMP's and assessment to identify any additional policy with particular emphasis on clean up options for older sites.
(6) Authorize prohibition of auto salvage yards in 100 year flood plains.

NC DENR PERMIT REFORM STRATEGY FOR 2000

I. Departmental Issues (Deputy Secretary Lead)

A. A steering committee of managers will be formed for the purpose of monitoring and shepherding the permit reform strategy based on the report of the Permit Reform Implementation Team. This committee will provide a focus point for quality management of the projects and for accountability. Quarterly progress reports will be made to the Secretary beginning March 30, 2000.

B. The Department will explore ways to begin an electronic permit tracking database that would provide internet access to information about applications in process. The establishment and routine operation of a department wide permit tracking system is essential for a successful permit coordination program, and would allow for improved efficiencies in application processing whenever multiple permits are needed. The basic elements of a permit tracker will be defined and preliminary cost scoping completed by April 15, 2000.

C. The Steering Committee will recommend methods to improve and increase opportunities for public involvement in environmental permitting processes. Departmental policies will be reviewed and Divisions will be directed to review their plans for encouraging early notification by applicants and increased opportunities for public involvement. All Public Information Officers will be provided with a statement of intent and general guidelines for implementation by June 30, 2000.

D. The Department has begun a study of Human Resources issues and is focusing on an effort to improve retention of trained professional staff. The report of the Regulatory Program Staff Retention Team highlighted the retention issue as a major problem for our customers and a source of inefficiency in permit processing. DENR Human Resources is working with the Office of State Personnel to define the problem areas and propose improvements in personnel recruitment and retention. This work will continue under high priority status and the Department will use every opportunity to enroll others in the effort.

II. Division Issues (Assistant Secretary Lead)

A. **Permit Process Flowcharts**

The environmental permitting programs will work with the Customer Service Center (CSC) to complete flow charts for all permits requiring multi-page applications, technical review and public involvement. Fact sheets explaining the process in layman's terms will also be prepared by July 30, 2000. Each permitting program should initiate this work and coordinate it with CSC to assure consistency and a uniform product.

B. **Permit Performance Measures**

The data collection and measurement program (permit metrics) will be expanded and refined to provide a better understanding of the permitting activities within DENR. Collection and analysis of appropriate data will provide a sound basis for decisions about work loads, timeliness of permit decisions, staffing levels, and operational changes to respond to peak demands. Each permitting program will add one additional permit each month until all the major permits are being tracked. Information collected will be used to establish performance baselines and improvement goals for each of the permitting programs. An acceptable electronic permit tracking system must be capable of collecting and reporting this data without further data entry or increased work load.

C. **Permit Duplication Identified**

The Steering Committee will identify areas of duplication and overlap in permitting responsibilities by federal, state and local programs by July 1, 2000. Then use that information to develop strategies to reduce or eliminate duplication of permitting responsibilities, and to coordinate overlapping responsibilities to the maximum feasible extent. For example, the Department will examine the 401 Water Quality Certificate program for possible integration of storm water, wetlands, coastal and sedimentation control requirements. Areas of potential duplication will be identified and steps taken to eliminate them.

D. **Permit Process Improvement**

The Steering Committee will use the collected permitting data to select three key permit processes for improvement using the methodology developed and piloted by the Permit Reform Implementation Team. A small, focused task group of permit staff, applicants, consultants and interested citizens will be asked to study one permit process and design an improvement plan. The three groups should complete their work by October 30, 2000.

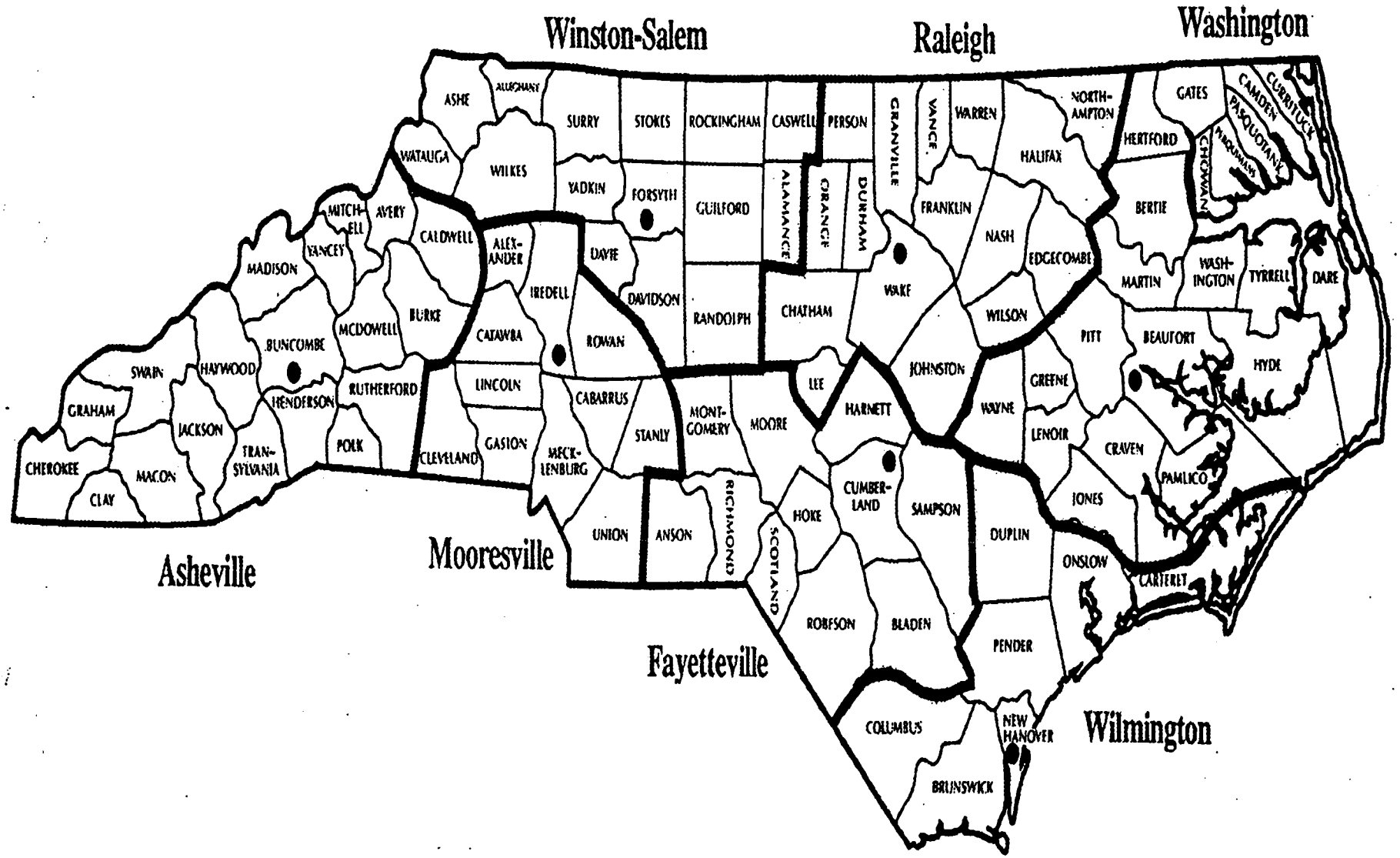
E. **Permit Application Improvement**

Each permitting program will improve one of its major permit applications, including clear instructions to the user and a completeness checklist. The format of revised application packages will be coordinated and standardized with Information Technology Services to begin our transition to electronic permitting services.

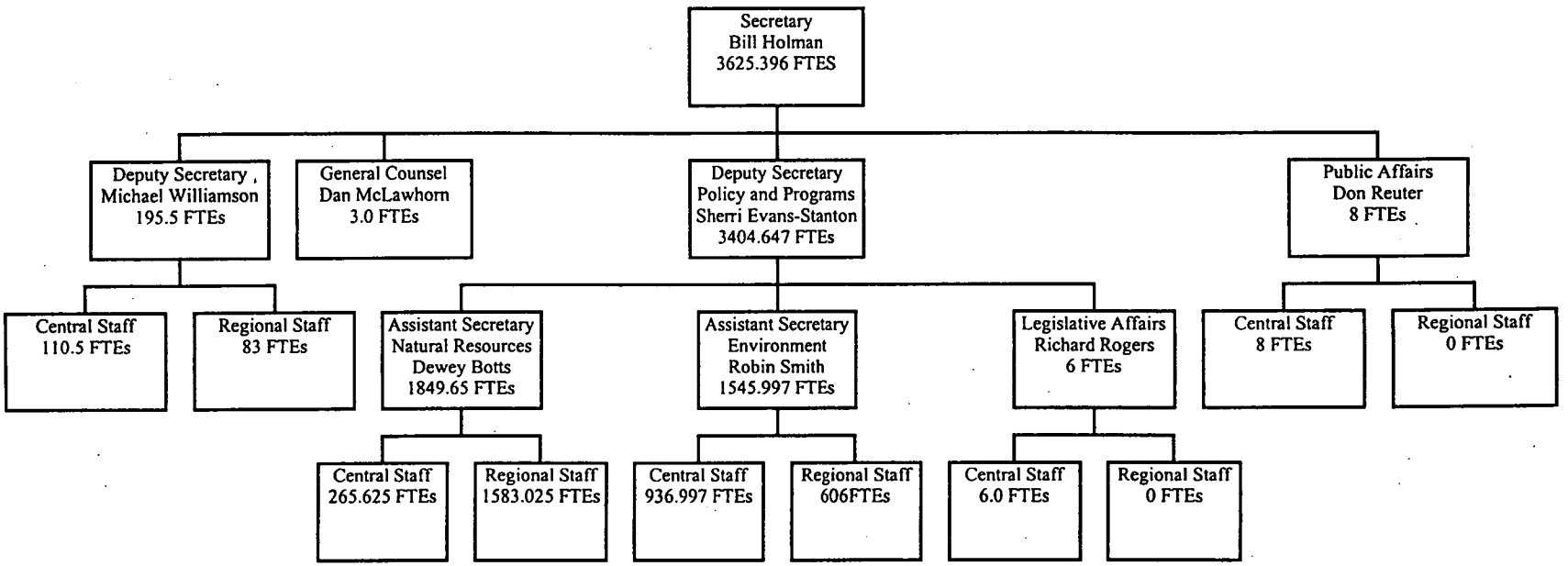
III. STEERING COMMITTEE RESPONSIBILITIES

A. Develop and implement permit reform strategy based on the PRIT report.
B. Actively engage staff, applicants, consultants, private organizations, local governments and interested citizens in regulatory process improvement.
C. Establish and oversee the implementation of a strategy to reduce duplication and overlap in permitting responsibilities by July 1, 2000. (See II.C. above)
D. Select 3 - 6 key permit processes for improvement with selections based on data. Establish a task group for each process selected and oversee the implementation of the recommendations for improvement. (See II.D. above)
E. Provide quarterly progress reports to the Secretary beginning March 30, 2000.

NC DENR REGIONS

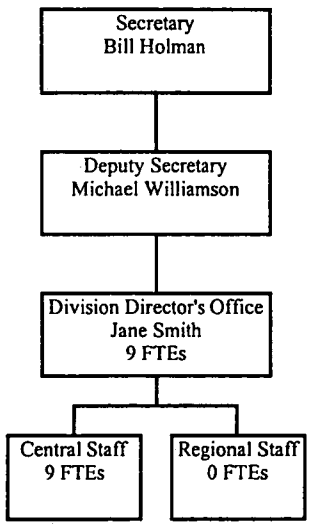


Executive Office

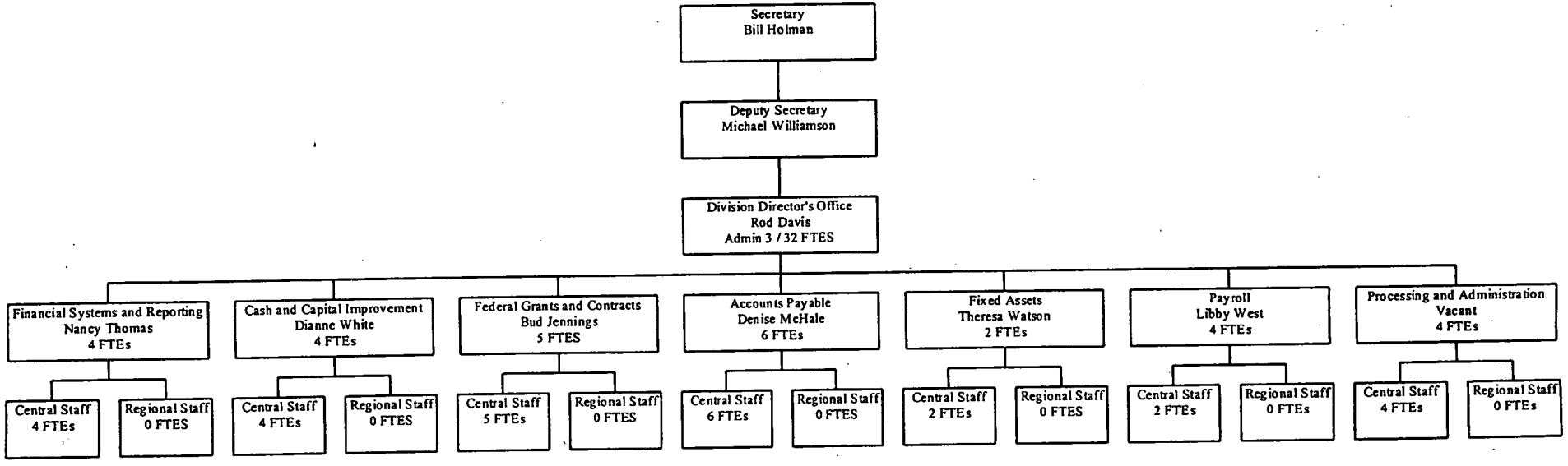


ADMINISTRATION

Budget, Planning and Analysis



Office of the Controller



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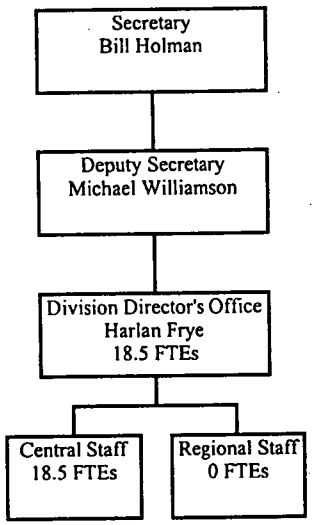
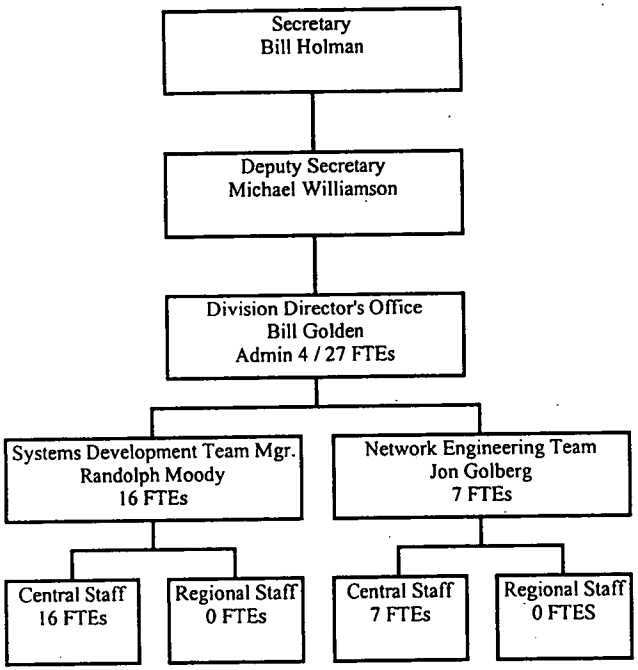
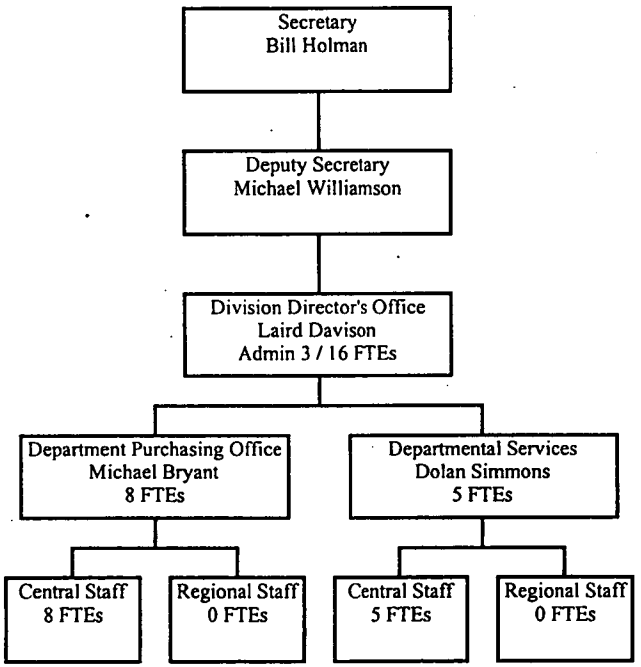


Division of Information Technology

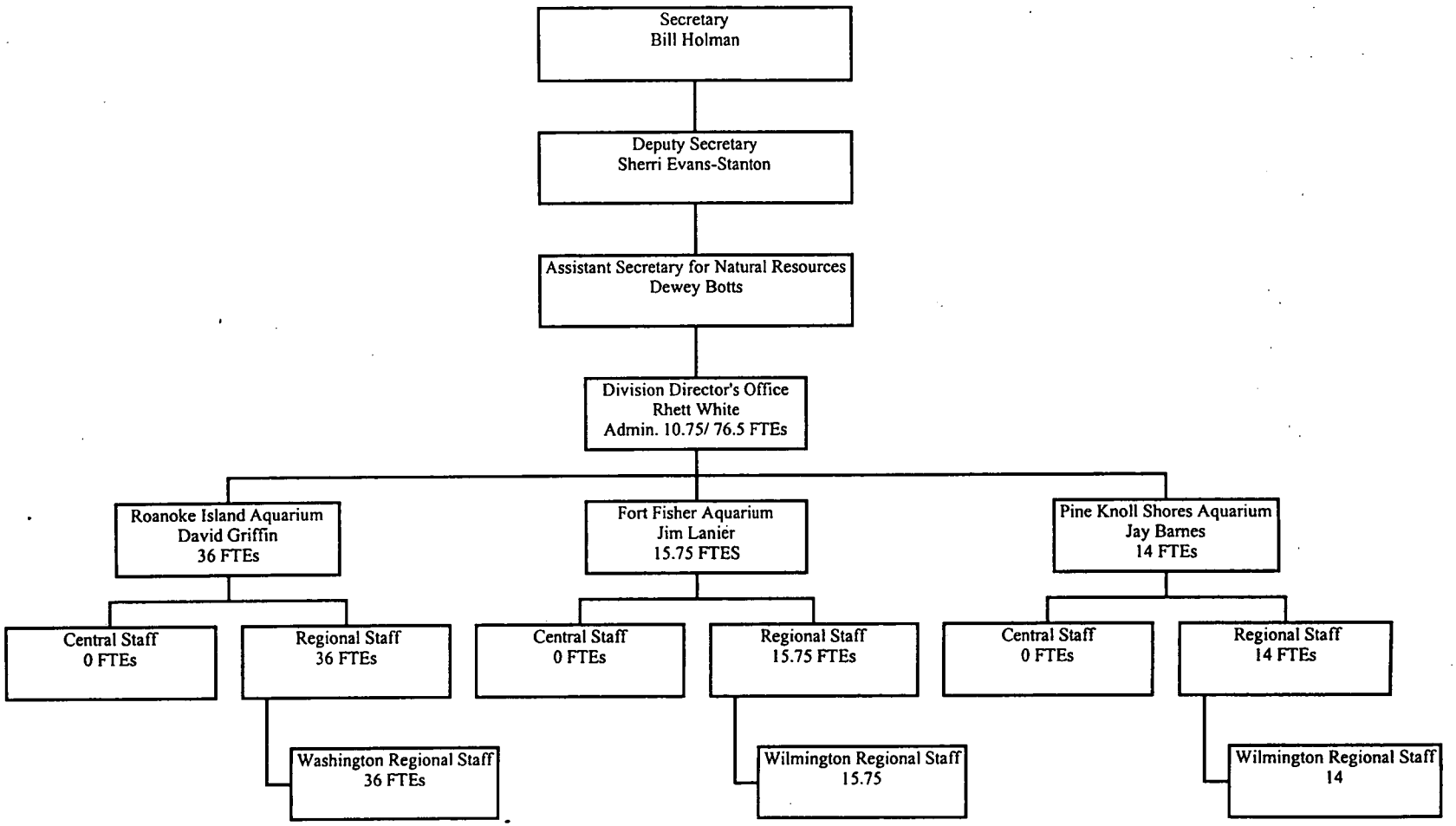


Division of Purchase and Services

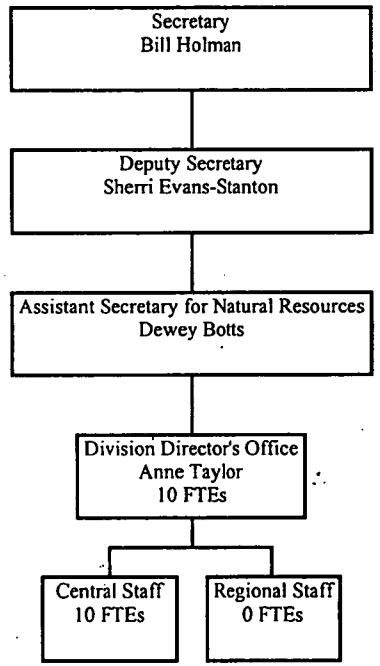


NATURAL RESOURCES

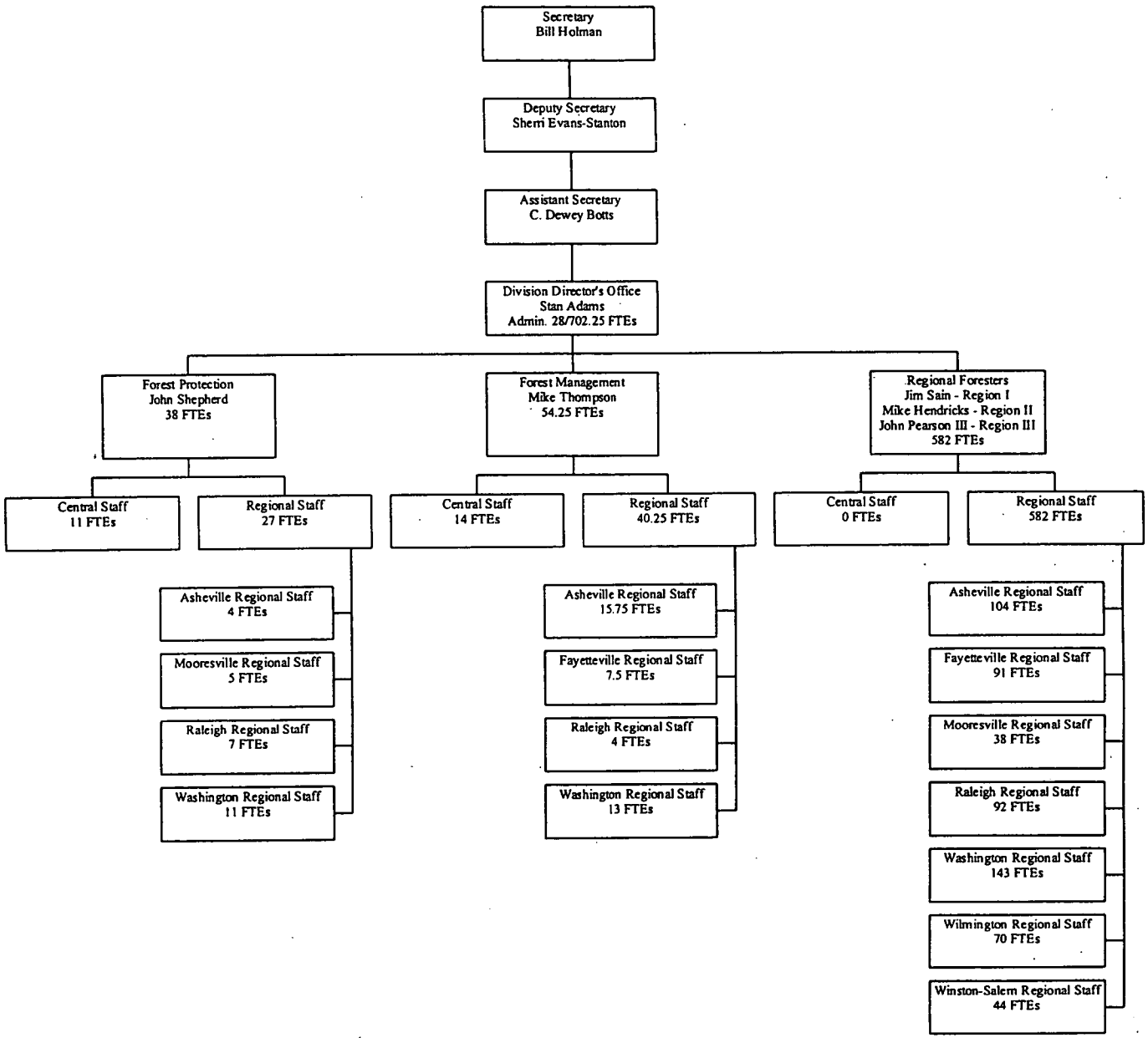
North Carolina Aquariums



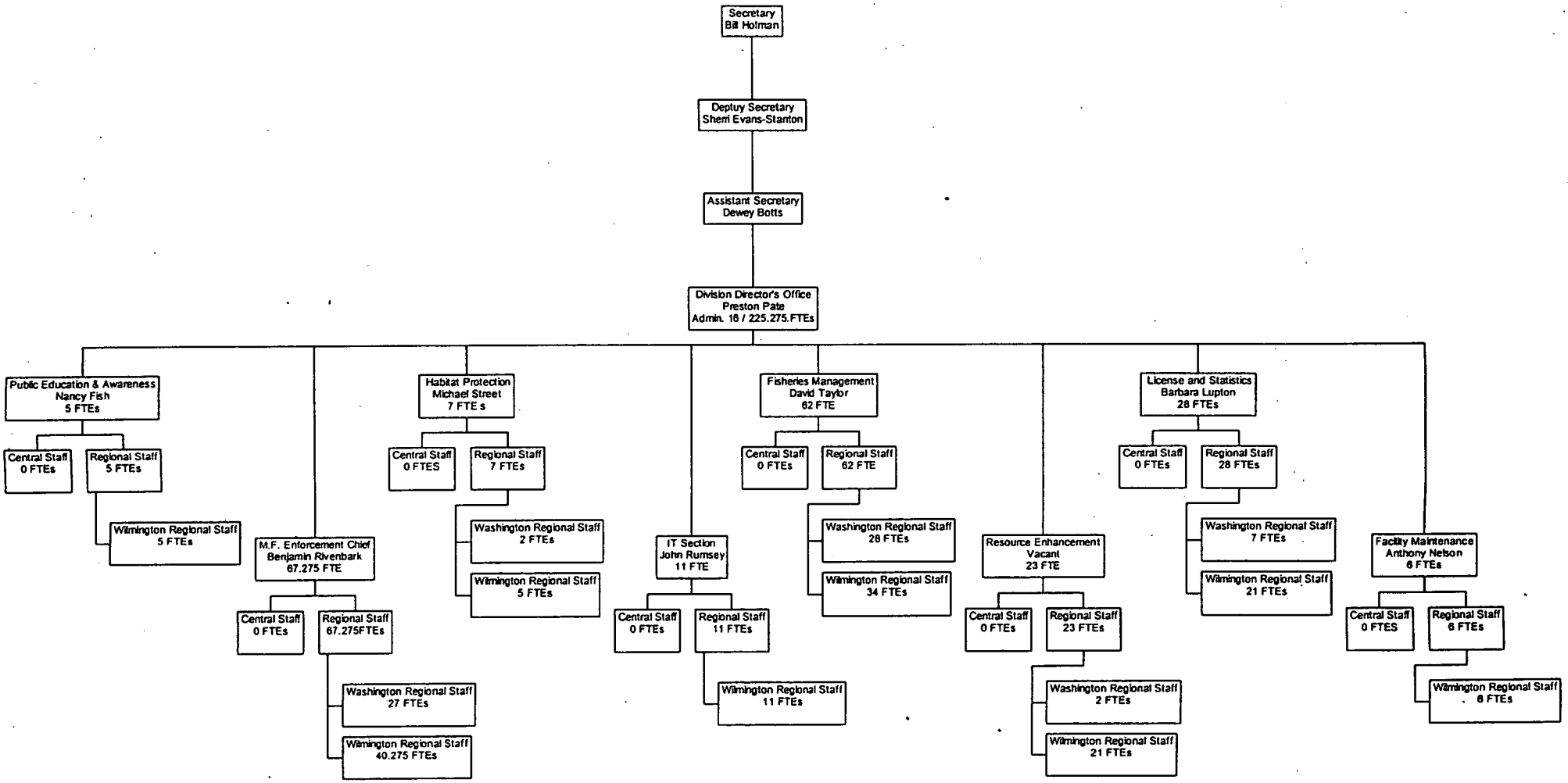
Environmental Education



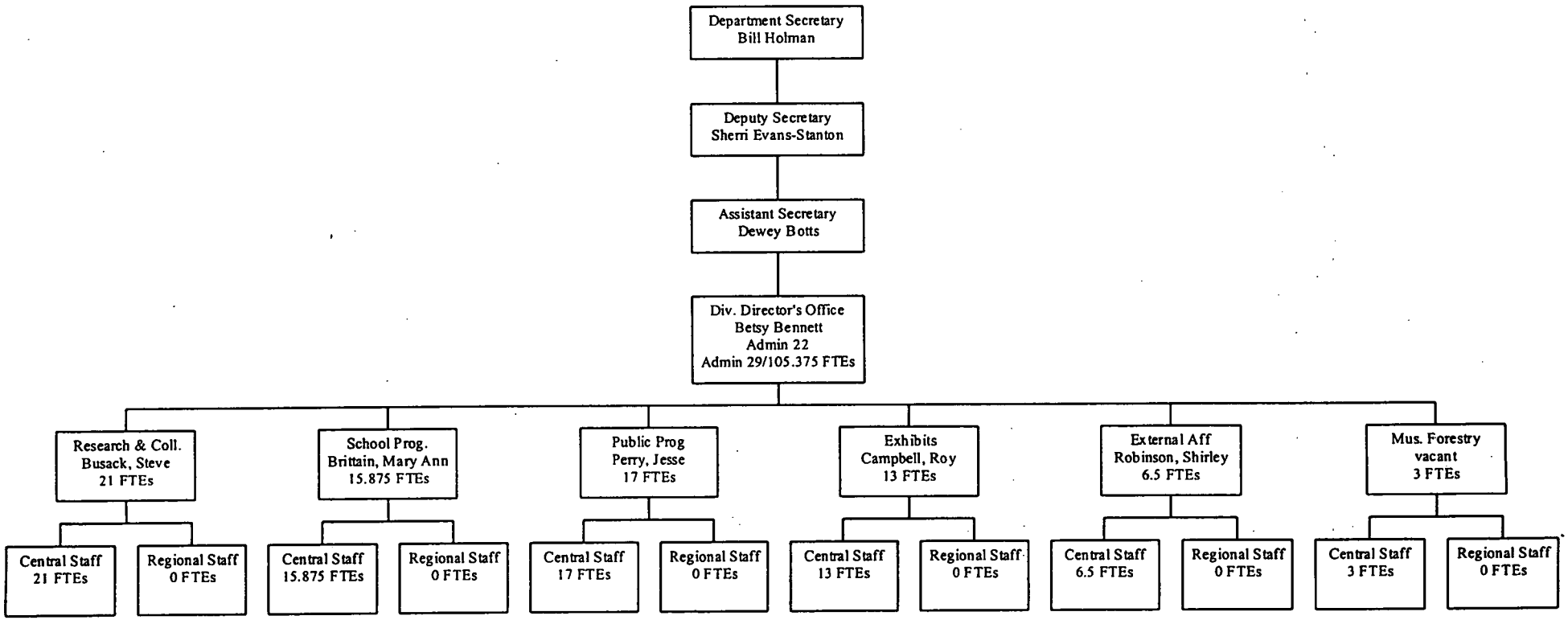
DENR - Forest Resources



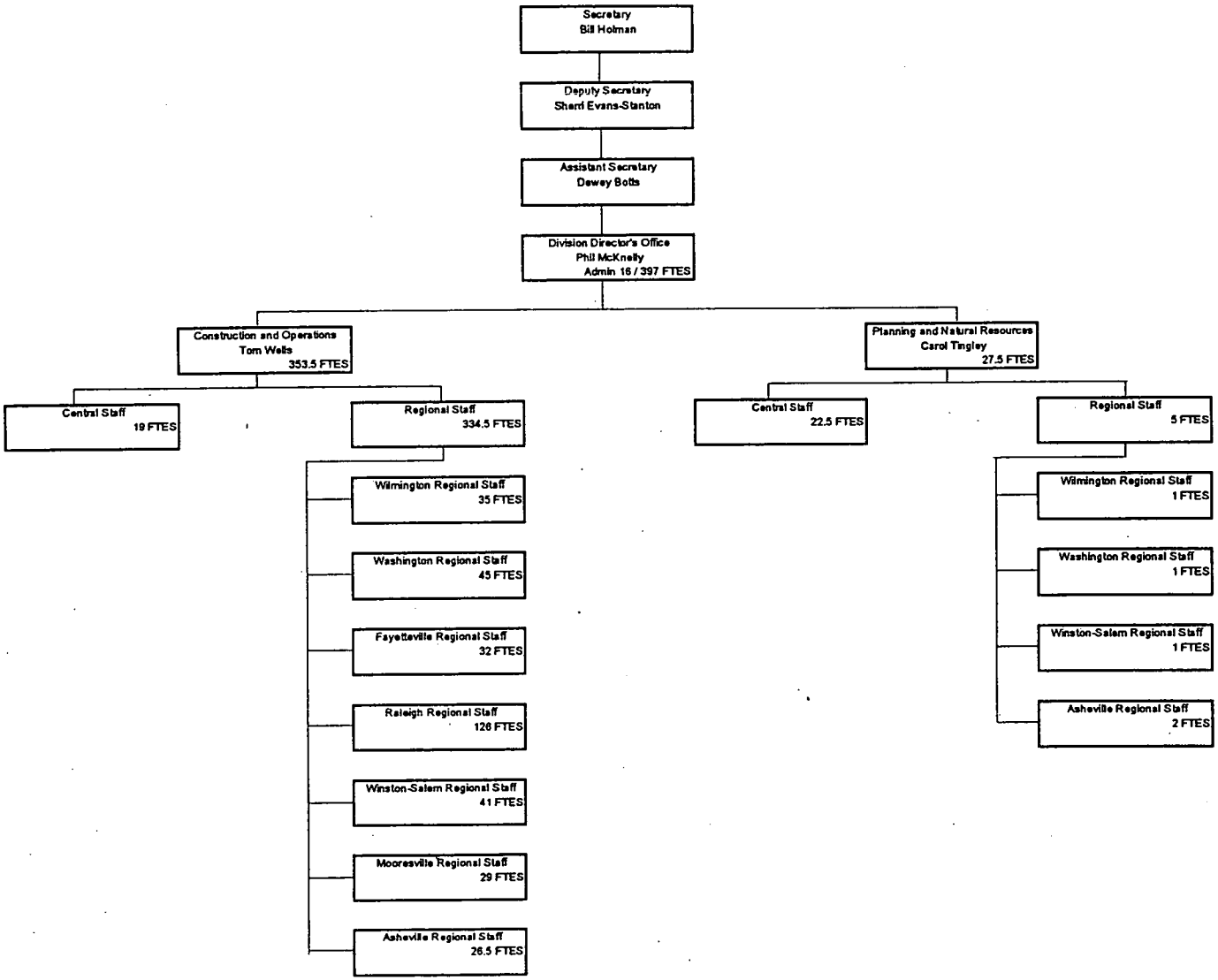
Marine Fisheries



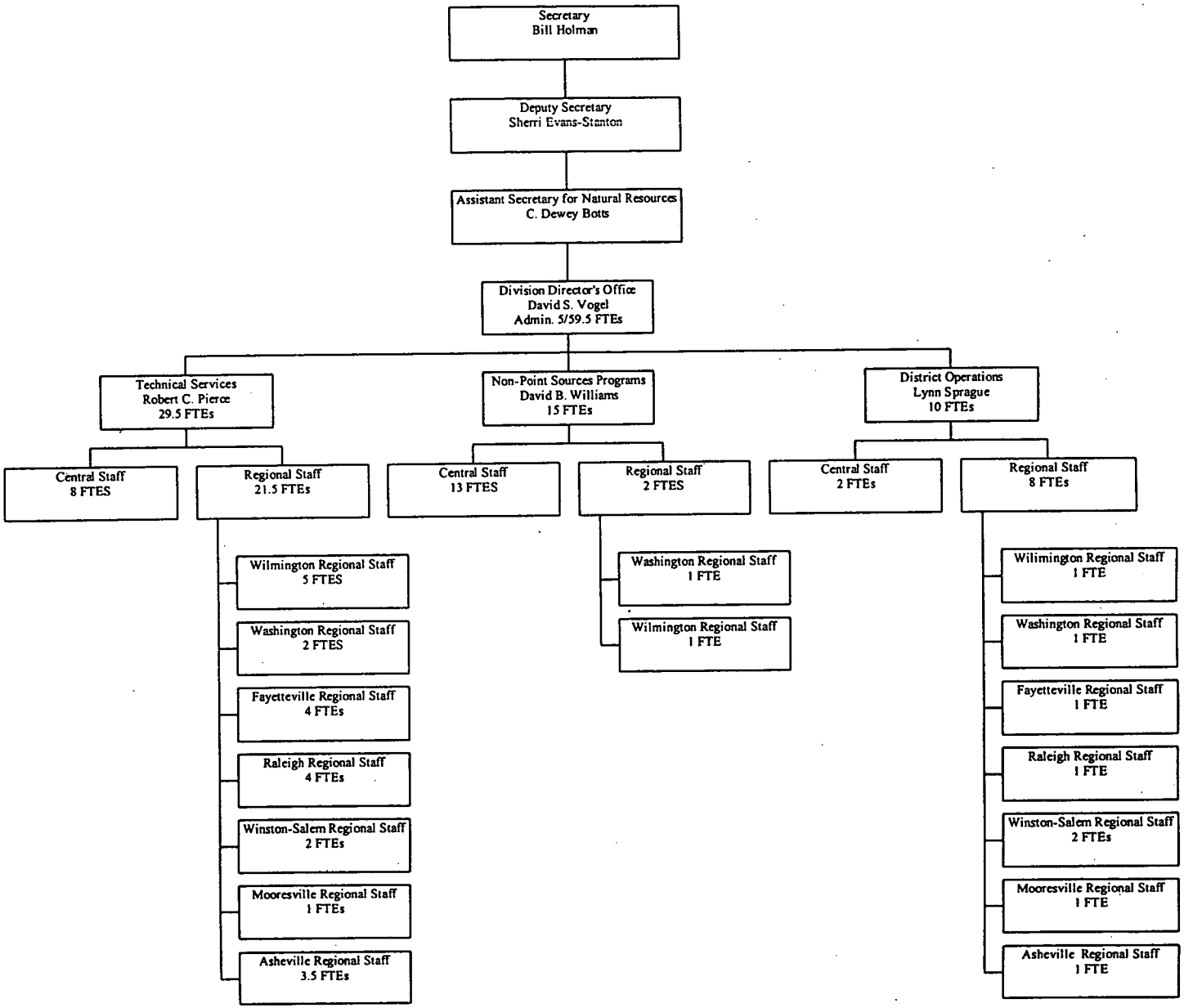
Museum of Natural Science



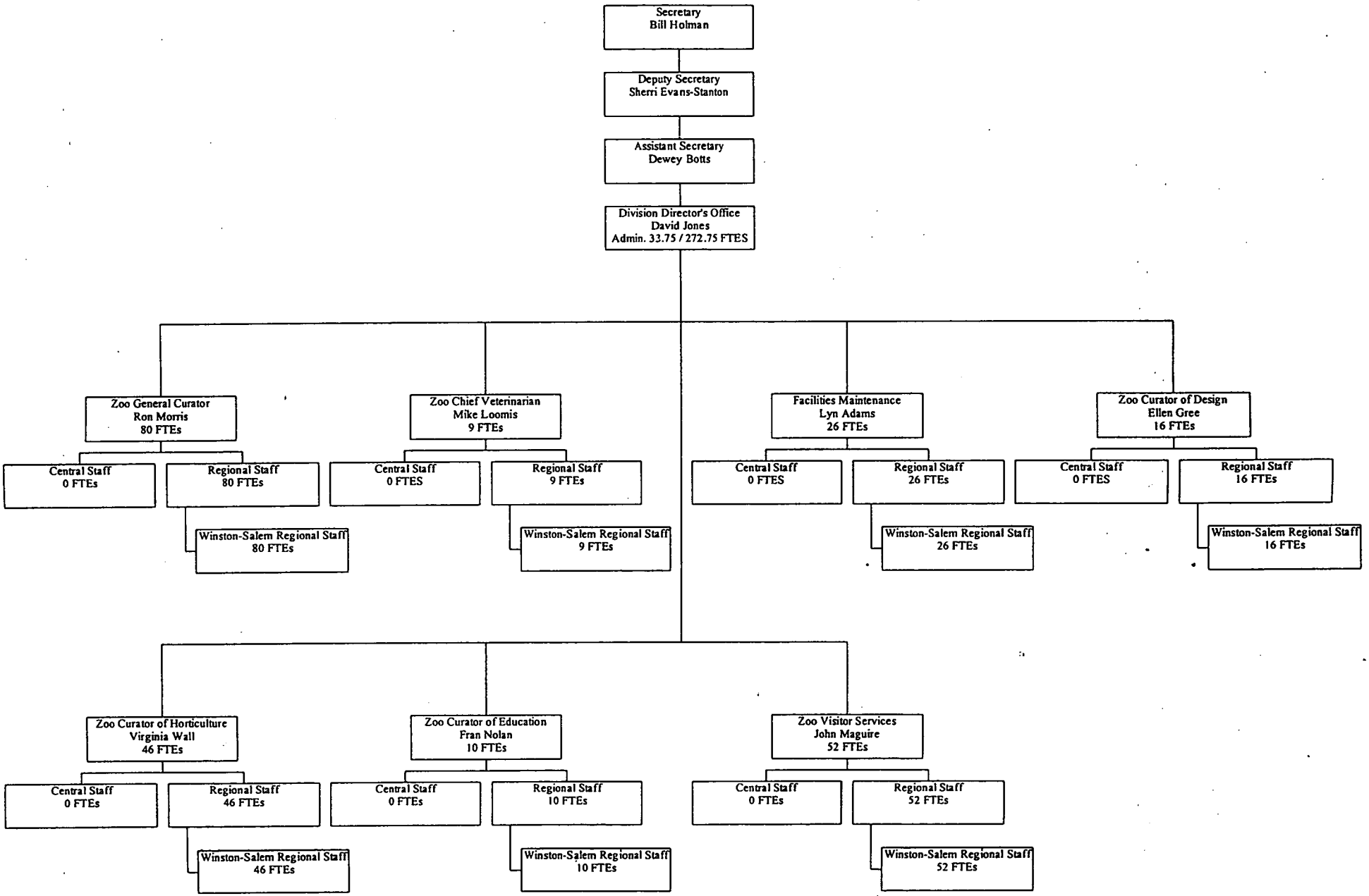
Division of Parks and Recreation



Division of Soil and Water

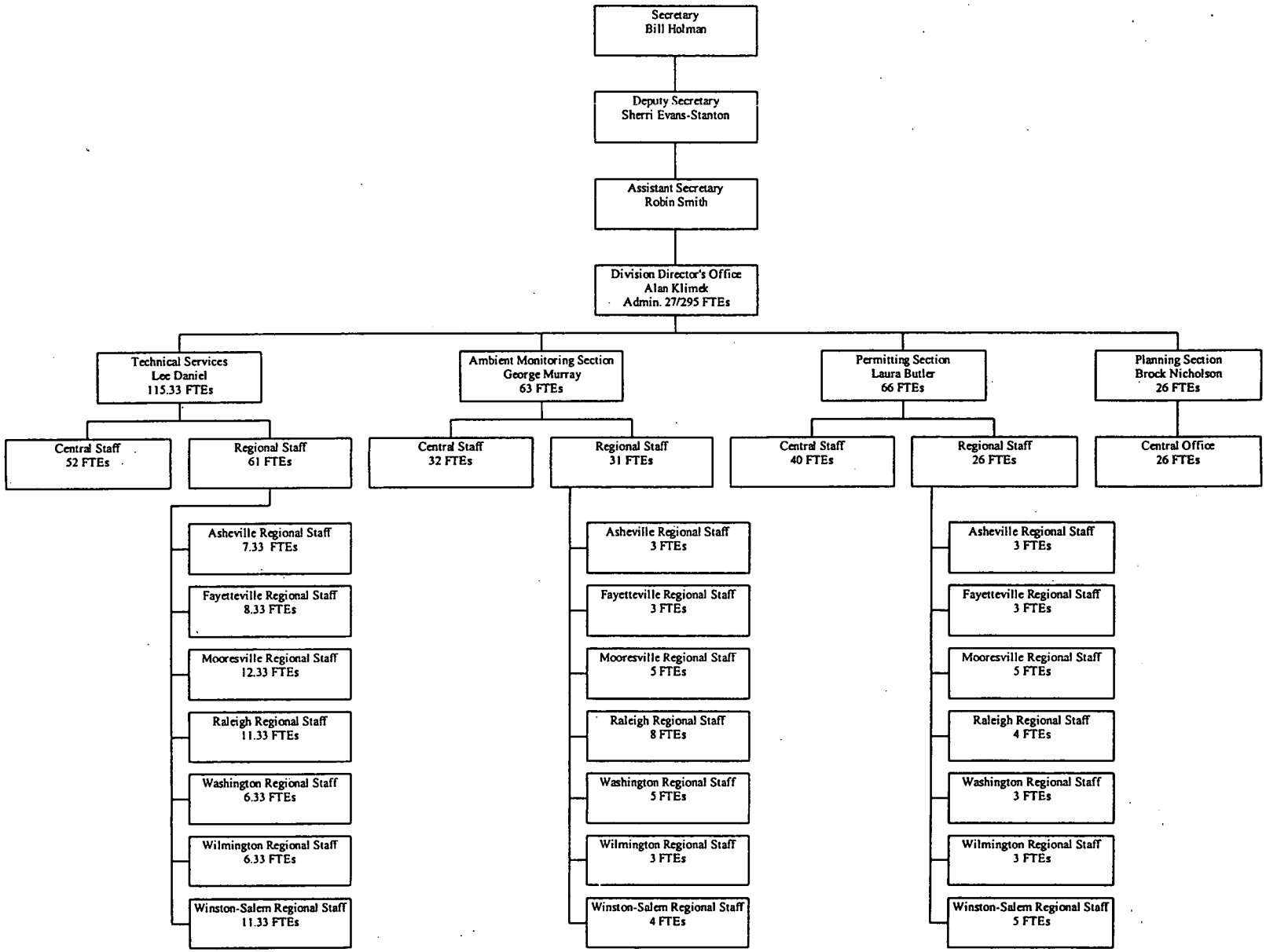


North Carolina Zoological Park

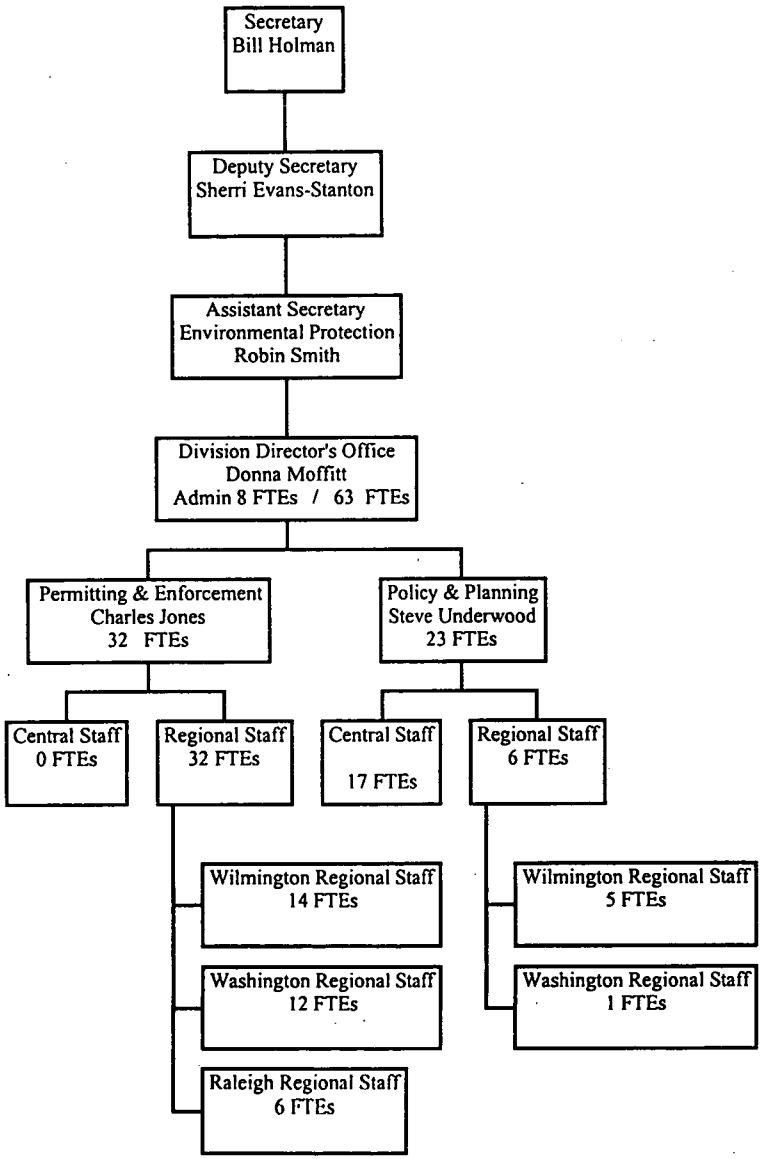


ENVIRONMENT

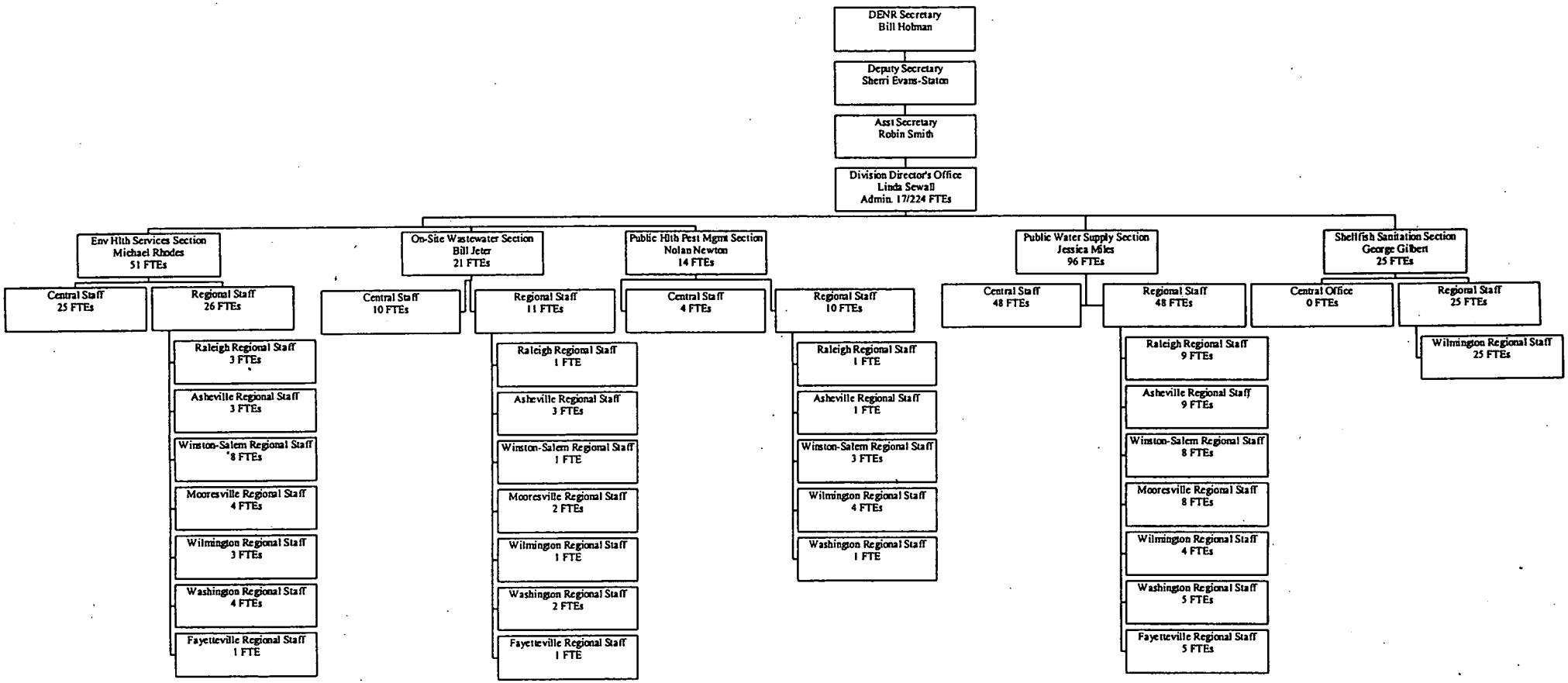
Division of Air Quality



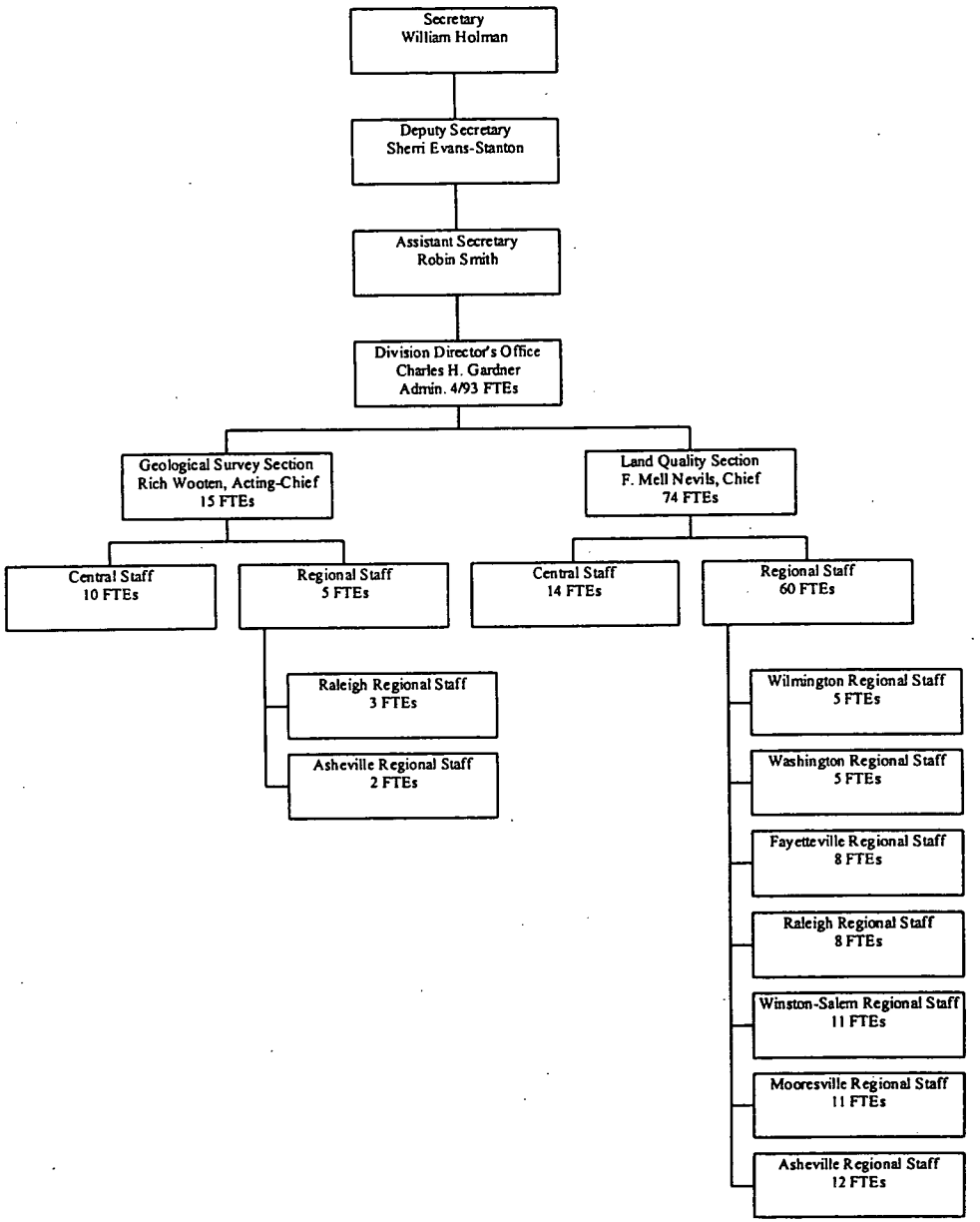
DIVISION OF COASTAL MANAGEMENT



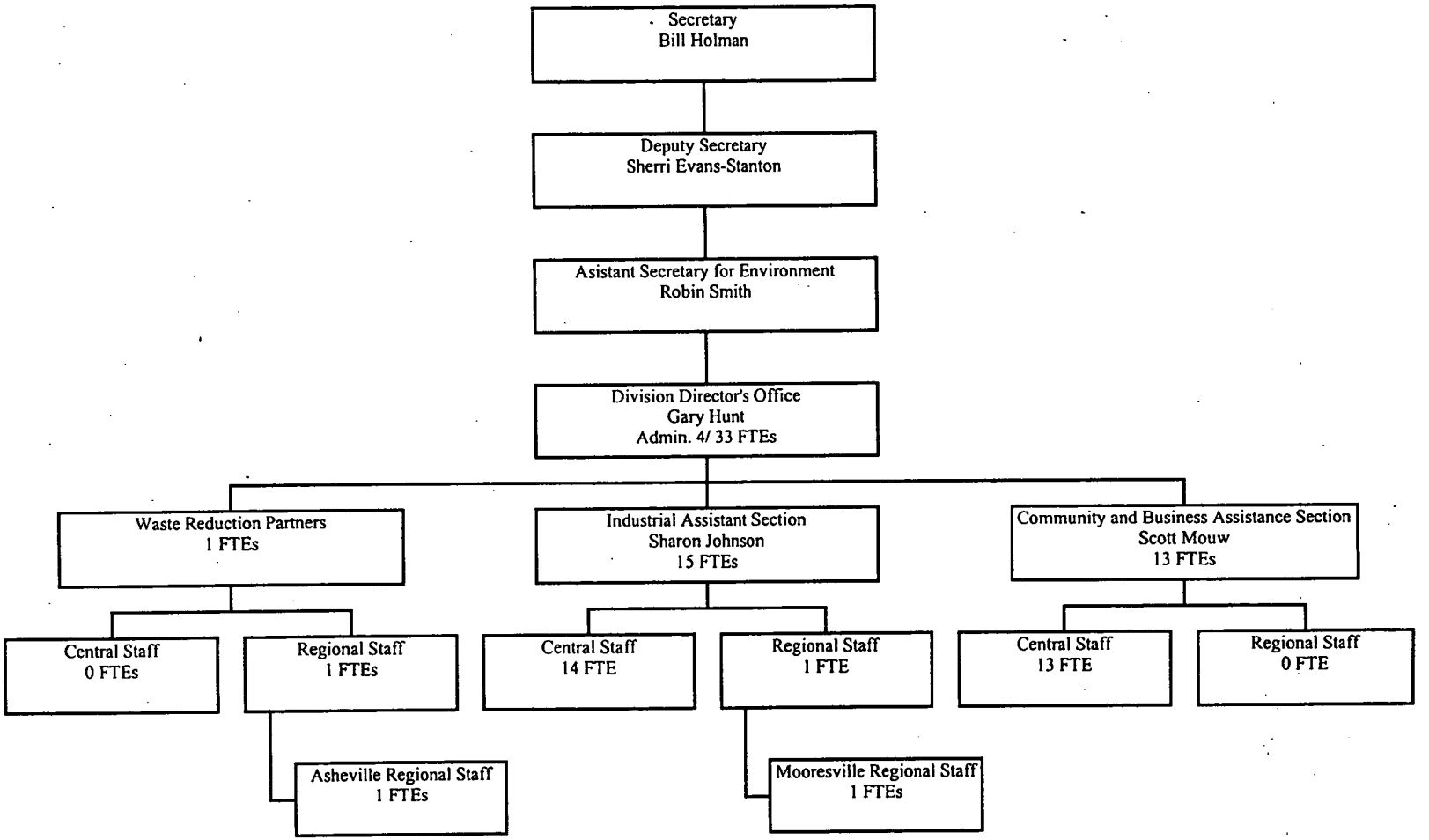
Division of Environmental Health



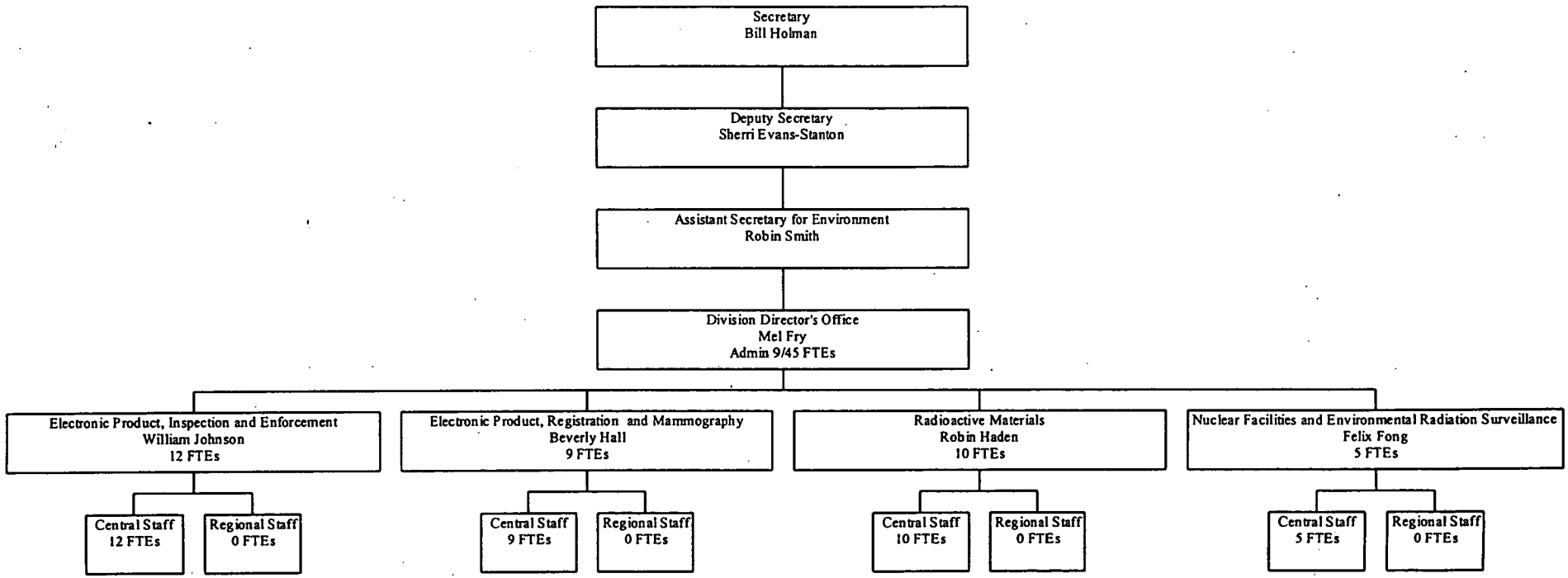
Division of Land Resources



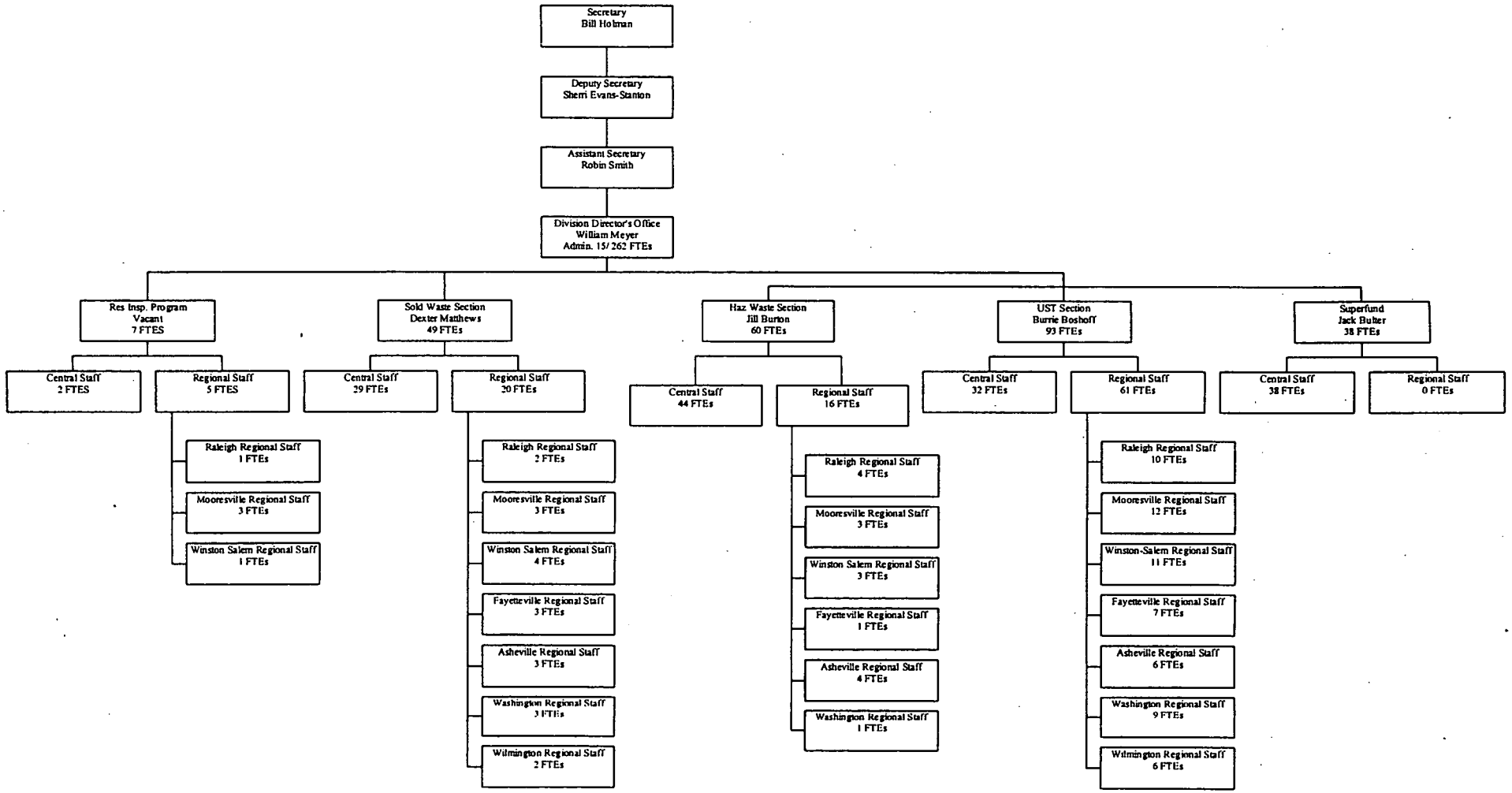
Pollution Prevention



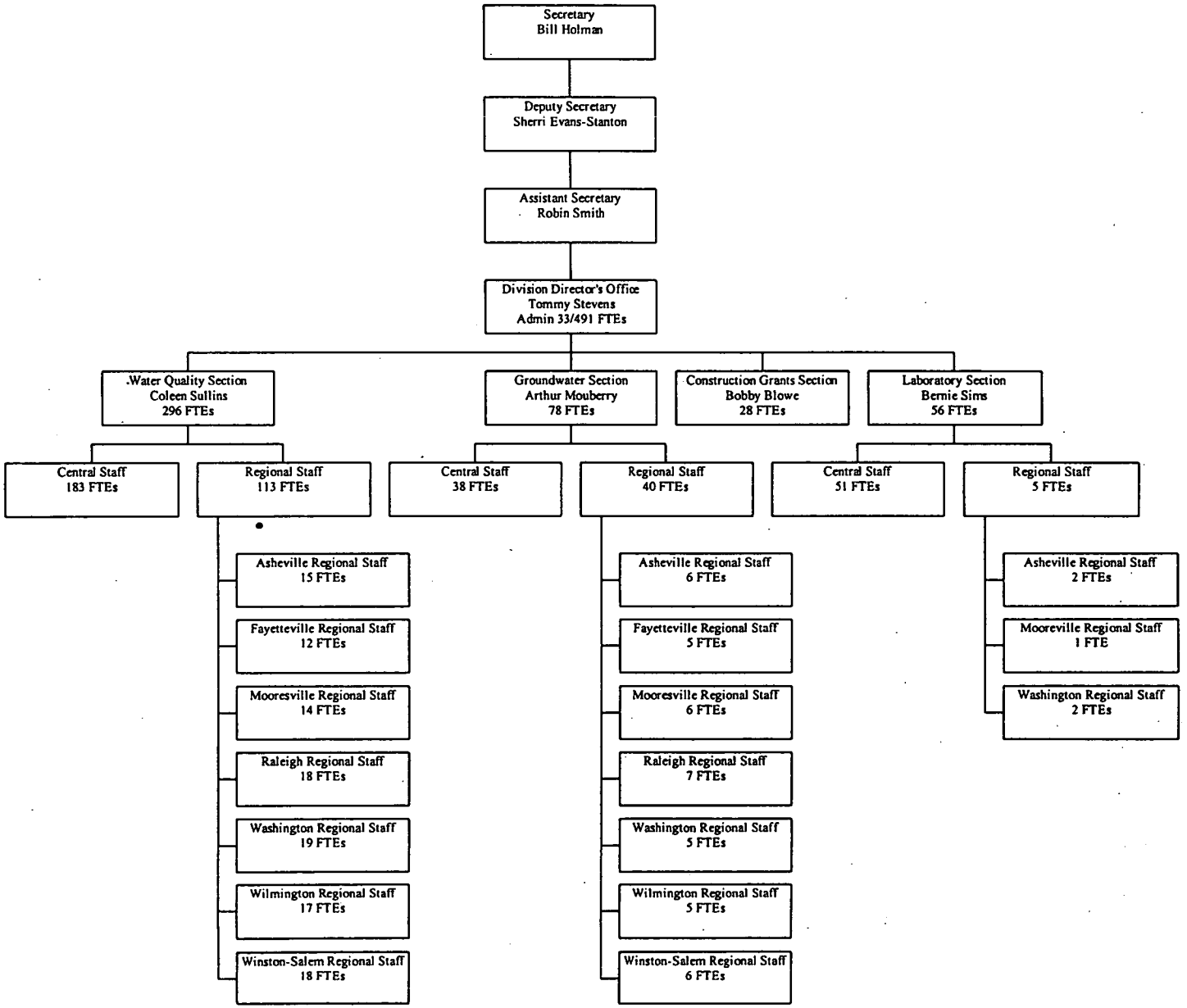
Division of Radiation Protection



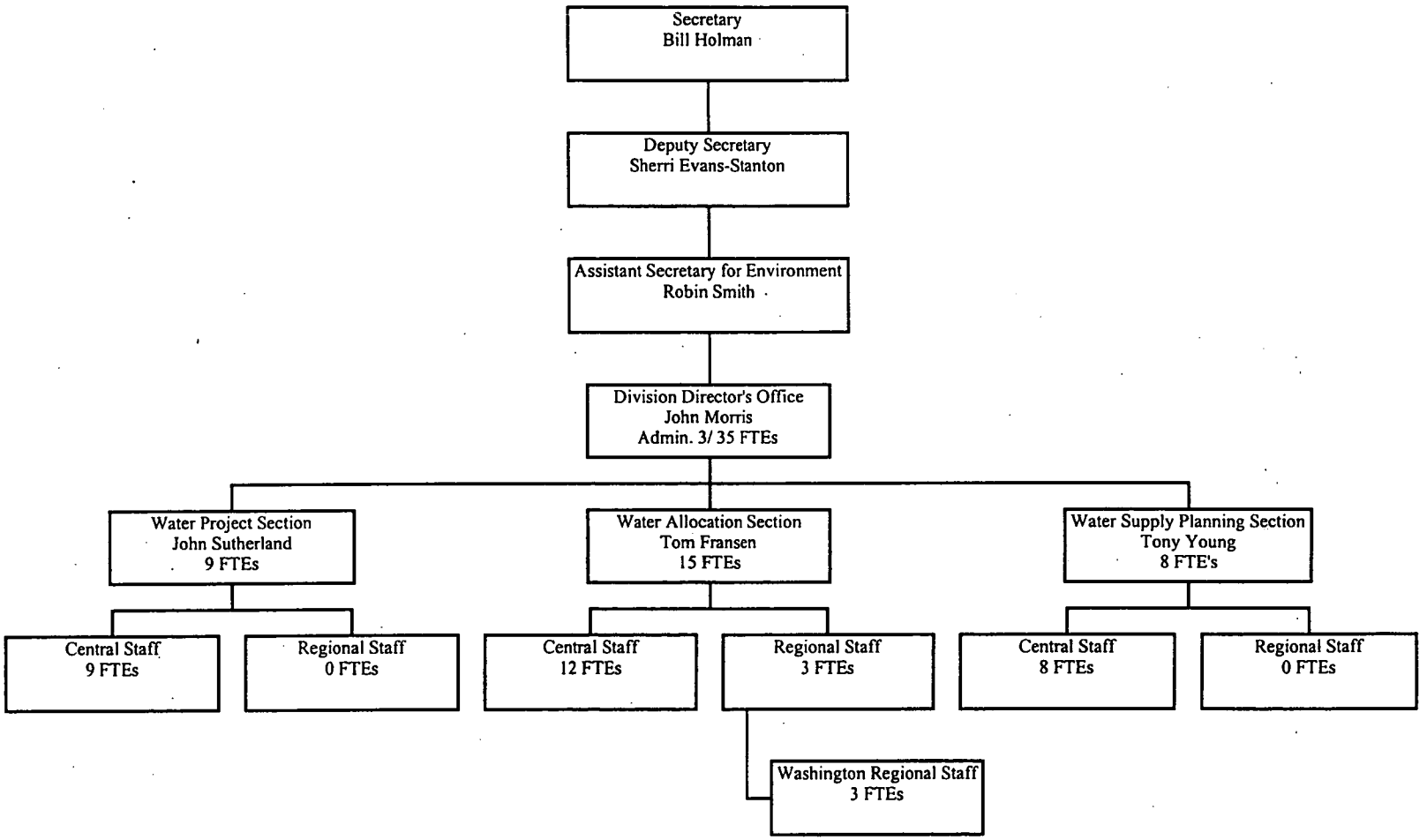
Division of Waste Management



Division of Water Quality



Division of Water Resources



Permit Reform in the Department of Environment and Natural Resources

DENR has undertaken an aggressive initiative to improve its permitting processes as well as the service it provides to its customers and stakeholders. This initiative is composed of two parts: 1) one-stop permit application coordination and tracking and 2) increased permit process efficiency and effectiveness. Many of the recommendations for improvement are based upon the work of several cross-divisional teams consisting of departmental employees as well as representatives from businesses, local governments and environmental groups.

One-stop Permit Application Coordination and Tracking:

The department has committed to pilot a one-stop permit application coordination and tracking system in at least one Regional Office by July 1, 2000. The DENR Customer Service Center has already begun to provide more consolidated permit information and improved coordination to this end. Fact sheets and permit guides for business and citizens are being prepared and will be linked to regulations and applications to make it easier and quicker to obtain environmental permit information. Final details for the entire one-stop permitting system are not yet available as a team of departmental staff is currently developing the new system. However, the system will have the following characteristics:

- It will be based in the Regional Offices and coordinated with the DENR Customer Service Center.
- It will involve a single-point of contact or caseworker concept.
- The department will implement a single, uniform application cover sheet, reducing the need for applicants to submit duplicate information.
- The system will be designed to focus primarily on applicants who will need multiple permits. However, it will be available to all DENR permit customers. Participation in the new one-stop system will be optional at the choice of the customer.

Resources Needed:

Because the one-stop system is still being designed, it is not possible to accurately state the resources which will be needed to fully implement it. All efforts will be made to utilize existing resources, where possible. However, based on the experience of some other states, it may take all or part of one position in each Regional Office to manage a fully operating program. The position would probably be classified at the Environmental Engineer II or III level at an estimated cost of $65,000 per year. Additional space and support costs would also be associated with the new responsibility.

Other states (Virginia, New Jersey, Pennsylvania) as well as EPA have invested substantial funds (Virginia has spent $11 million during the past two years.) to build comprehensive information technology systems, including one-stop permitting systems. In order to make the new one-stop system more customer-friendly, we will need to

provide the necessary Internet-based information systems to support the DENR Customer Service Center as well as the one-stop permitting system. We project that this will require a three-year initiative of projects to enable the department to provide a web site that allows customers, stakeholders and staff to access most of the permitting information on-line. This system will provide:

- up to date information on the status of a permit application using the Internet,
- application wizards to help businesses and citizens determine the necessary permitting requirements given the specific needs of their facility,
- the ability to submit applications on-line,
- on-line retrieval of information about the on-going status of permits issued, and
- the ability to allow customers and organizations to submit compliance information to DENR on-line.

Full costs to implement these systems have not been determined but based on the experience of fellow states; it is safe to estimate that additional development and maintenance costs will be needed. Future cost estimates will be well documented prior to submission.

Additional Permit Reform Efforts:

In an earlier report, the department presented its comprehensive strategy for improving permit performance. That strategy included:

- Creating Fact Sheets and flow charts for all permits requiring multi-page applications, technical review and public involvement.
- Identifying and reducing areas of duplication and overlap in permitting responsibilities.
- Systematically improving three or more permit processes to make them more efficient, effective and customer friendly.
- Improving major permit applications, including clear instructions to the user and a completeness checklist.
- Develop a strategy to improve retention of trained professional staff that work in the permitting processes.
- Recommend methods to improve and increase opportunities for public involvement in environmental permitting processes.

In addition, senior management in DENR and DOT have established the following partnership goal: To develop a collaborative process that identifies and meets transportation needs, protects and enhances the environment, and delivers projects on time and within a realistic budget. Both departments are committed to improving the permitting process to accomplish this goal.

Resources Needed:

The department has undertaken these additional permit reform initiatives with existing resources. It may be necessary to identify resources to implement and maintain the improvements identified in the recommendations that arise from some of these initiatives. However, many will be implemented with existing staff and funding.

NC DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
ENVIRONMENTAL PERMITS BY TIER

This tiered permit classification places permits in categories based on complexity, public notice hearing requirements and length of review process.

Tier 1 - Permits are frequently issued on site or in several weeks. They are generally non-controversial and a single agency is most often responsible for review

Tier 2 - Permits are more complicated than Tier 1. They may involve review by several agencies, and public meetings are often discretionary based on the level of public interest

Tier 3 - Permits are most complex. They generally require public notice and or public hearings and a longer technical review and coordination with other agencies

Permit/Tier 1	Permitting Division
Open Burning Permit	Forest Resources
Well Construction Permit	Water Quality
Injection Well Construction/Use Permit	Water Quality
Water Supply Well Site Approval	Environmental Health
Permit for Shellfish Sanitation	Environmental Health
Permit for Crustacean Sanitation	Environmental Health
Impoundment Permit (Mosquito Control)	Environmental Health
Special Activities State Parks Permit	Environmental Health
Water Supply System-Community Water System (Operation Permit)	Environmental Health
Coastal Area Management (General Permits)	Coastal Management
Standard Commercial Fishing License	Marine Fisheries
Retired Commercial Fishing License	Marine Fisheries
Menhaden endorsement and License	Marine Fisheries
Fish Dealer's License	Marine Fisheries
Shellfish Dealer's License	Marine Fisheries
Recreational/Commercial Fishing License	Marine Fisheries
Land or Sell License	Marine Fisheries
Recreational Fishing Tournament License	Marine Fisheries
Striped Bass Dealer Permit	Marine Fisheries
License to Land Flounder	Marine Fisheries
Interim Crab License	Marine Fisheries
Atlantic Ocean American Shad Dealer Permit	Marine Fisheries
Albemarle Sound Management Area for River Herring Dealer Permit	Marine Fisheries
Atlantic Ocean Flounder Dealer Permit	Marine Fisheries
Horseshoe Crab Biomedical Use Permit	Marine Fisheries
Ocean Fishing Pier License	Marine Fisheries
Permit for Mechanical Harvest of Rangia Clams	Marine Fisheries
Permit to Transplant Oysters from Seed Oyster Management Areas	Marine Fisheries
Permit for Mechanical Harvest of Clams on Public Bottoms	Marine Fisheries
Permit for Mechanical Harvest of Oysters on Public Bottoms	Marine Fisheries
Mechanical Gear for Shellfish Harvest on Deeded, Granted or Leased Bottoms License	Marine Fisheries
Permit to Take Oysters from Private Gardens (Private Oyster lease/Franchise)	Marine Fisheries
Permit to Transfer Shellfish from Polluted Areas	Marine Fisheries
Scientific Collecting Permit-Collect Marine Organisms	Marine Fisheries
Pound Net Permit	Marine Fisheries
Spotter Plane License-Fishing Locating	

Permit/Tier 1 Cont.

	Permitting Division
Aquaculture Operation Permit	Marine Fisheries
Management Purposes Permit	Marine Fisheries
Permit to Waiver Turtle Excluder Devices	Marine Fisheries
Permit to Introduce or Transfer Marine and Estuarine Organism	Marine Fisheries
Blue Crab Shedding Permit	Marine Fisheries
Aquaculture Collection Permit	Marine Fisheries
Radiation Accelerator License	Radiation Protection
X-Ray and Radiation Machines Registration	Radiation Protection
Tanning Facilities and Equipment Registration	Radiation Protection
Yard Waste Composting Notification	Waste Management
Hazardous Waste Management-Emergency Permit	Waste Management
Initial Construction of Structures on State Lakes Permit	Parks and Recreation
Modification of Structures on State Lakes Permit	Parks and Recreation
Transfer of Permit for Structures on State Lakes Permit	Parks and Recreation
Commercial Activity on State Lake Permit	Parks and Recreation
Registration of Well Pump Installation Contractors	Water Quality
Registration of Well Drilling Contractors	Water Quality
Wastewater Treatment and Disposal – Pump and Haul Permit	Water Quality
Water Pollution Control System Operator Certification	Water Quality
Water Withdrawals or Transfer Registration (over 1 million gal. per day)	Water Resources

Permit/Tier 2

	Permitting Division
Construction and Operation Permit	Air Quality
Transportation Facility Permit	Air Quality
Coastal Area Management Act (CAMA) Minor Development Permit	Coastal Management
Underground Storage Tank Registration and Operation Permit (UST)	Waste Management
Remediation of Soils Contaminated by Petroleum Products Permit	Water Quality
Water Supply System – Plans and Specifications Approval	Environmental Health
Radioactive Material License	Radiation Protection
Innovative/Experimental Subsurface System Reviews	Environmental Health
Subsurface wastewater systems – Plans & Spec. Approval	Environmental Health
Water Treatment Facility Operator Certification	Environmental Health
Operation of Septage Management Firm Permit	Waste Management
Pretreatment Permits – Industrial Wastewater	Water Quality
Erosion and Sedimentation Control Plan	Land Resources
Mining Permit	Land Resources
NeuseTar/Pamilco Buffer Approval	Water Quality
N.C. Stormwater Runoff Permit	Water Quality
Certificate of Coverage NPDES (General Permit)	Water Quality
Individual 401 Certification (General Permit)	Water Quality
401 Certification (General Permits)	Water Quality
Wastewater Treatment and Disposal – Land Application of Treated Wastewater Permit	Water Quality
Wastewater Treatment and Disposal – Recycle/Reuse of Treated Wastewater Permit	Water Quality

Permit/Tier 2 Cont.

Wastewater Treatment and Disposal – Land Application of Residual Solids Permit (sludge from wastewater treatment)	Water Quality
Wastewater Treatment and Disposal – Closed Loop Recycle, Evaporate or Infiltrate Permits	Water Quality
Wastewater Treatment and Disposal – Groundwater Remediation Facilities Permit	Water Quality
Use in Capacity Use Area Permit	Water Resources

Permit/Tier 3

	Permitting Division
Air Quality – Title V Permit	Air Quality
Coastal Area Management Act (CAMA) Dredge & Fill Major Development Permit	Coastal Management
Municipal Solid Waste Landfill Permit	Waste Management
Sanitary Landfill Permit-Industrial, Construction and Demolition Waste	Waste Management
Municipal Solid Waste Composting Facility Permit	Waste Management
Solid Waste Treatment and Processing Facility Permit	Waste Management
Solid Waste Transfer Facility Permit	Waste Management
Incineration Facility Permit	Solid Waste/Air Quality
Scrap Tire Collection License	Waste Management
Scrap Tire Disposal	Waste Management
Hazardous Waste Management-Treatment, Storage and Disposal Facility Permit	Waste Management
Hazardous Waste Management-Research Development and Demonstration Permit	Waste Management
Management and Disposal of Septage Permit	Waste Management
Management of a Septage Detention Facility Permit	Waste Management
National Pollutant Discharge Elimination System (NPDES)	Water Quality
Surface Water Discharge Permit	Water Quality
NPDES – Stormwater Runoff Permit	Water Quality
Wastewater Treatment and Disposal – Sewer Collection Permit	Water Quality
Liquid Animal Waste Operation Permit	Water Quality
Wastewater/Groundwater Laboratory Certification	Water Quality
Geophysical Exploration Permit	Land Resources
Uranium Exploration Permit	Land Resources
Dam Construction, Modification, Breach, and Repair Permit	Land Resources
Drill Exploratory Oil or Gas Well Permit	Land Resources
Land Clearing/Landfill Permit	Waste Management
Individual 401 Water Quality Certification (fill, dredge, or drain wetlands or surface waters)	Water Quality
Oil Terminal Facility Registration	Water Quality
Water Withdrawals or Transfers Registration (over 1.0 million gal. per day)	Water Resources
Inter-basin Transfer Certificate (over 2 million gallons per day)	Water Resources
Section 404/Section 10, Permits (individual and general permits)	US Army Corps of Engineers

DRAFT FOR REVIEW ONLY

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2000

H D

99-LH-176C(3.2)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)

Short Title: One Stop Environmental Permitting. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE ENVIRONMENTAL PERMIT INFORMATION OFFICE, TO PROVIDE A ONE STOP ENVIRONMENTAL PERMITTING SERVICE, TO PROVIDE THAT THE STATE AGENCY ISSUING AN ENVIRONMENTAL PERMIT SHALL PROVIDE TO THE APPLICANT AN ESTIMATED TIME FRAME WITHIN WHICH THE PERMIT SHALL BE DENIED OR ISSUED, AND TO PROVIDE THAT THE PERMIT SHALL BE AUTOMATICALLY ISSUED IF THE DEPARTMENT FAILS TO ISSUE OR DENY THE PERMIT WITHIN 60 DAYS OF THE PROJECTED DATE.

The General Assembly of North Carolina enacts:

Section 1. Chapter 143 of the General Statutes is amended by adding a new article to read:

"Article 21C.

"Environmental Permit Information Office.

"§ 143-215.120. Purpose.

It is the purpose of this Article to provide a convenient, accessible, and timely one-stop system for the citizens of North Carolina to acquire and maintain the necessary State environmental permits to conduct private, business, governmental functions. Use of this one-stop system by an applicant is optional. An applicant may deal directly with the appropriate State permitting agency if the applicant so prefers. To accomplish this goal, an environmental permitting information office is established to provide information to the citizens on all State environmental permits and regulatory requirements and,

to the extent feasible, to provide local and federal information on the same regulated activities.

It is the intent of the General Assembly that the authority for determining whether a requested permit shall be issued shall remain with the agency legally authorized to issue the permit.

"§ 143-215.121. Definitions.

The following definitions apply in this Article:

(1) 'Agency' includes any division of the Department of Environment and Natural Resources that reviews the criteria for an environmental permit, that makes the final recommendation regarding the issuance of an environmental permit, or that issues an environmental permit.

(2) 'Director' means the director of the Environmental Permit Information Office.

(3) 'Environmental permit' means any certificate, permit, license, or other approval by whatever name called, pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air, or water, that is required to be obtained from a State agency or instrumentality, including any certificate, permit, or other approval by whatever name called, pertaining to a pollution control rule or standard established by the Environmental Management Commission, the Coastal Resources Commission, the Wildlife Commission, or the Commission for Health Services. The term does not include occupational licenses and licenses issued under Chapter 20 of the General Statutes.

(4) 'Office' means the Environmental Permit Information Office.

(5) 'Permit' means an environmental permit.

(6) 'Regulatory' means all permitting and other governmental or statutory requirements pertaining to private, business, professional, or governmental activities.

(7) 'Secretary' means the Secretary of Environment and Natural Resources.

"§ 143-215.122. Environmental Permit Information Office established; appointment of director.

(a) There is established within the Department of Environment and Natural Resources the Environmental Permit Information Office. The Office shall be under the direction and supervision

of a full-time salaried State employee who shall be designated as the Director. The Director shall be appointed by the Secretary of Environment and Natural Resources and shall receive a salary commensurate with State government pay schedules for the duties of this office, or such salary to be set by the State Personnel Board pursuant to G.S. 126-4. Necessary travel allowance or reimbursement for expenses shall be authorized for the Director in accordance with G.S. 138-6. Sufficient staff shall be provided under the direction of the Secretary.

(b) The Office shall make recommendations to the Department of Environment and Natural Resources and the General Assembly for eliminating, consolidating, simplifying, or expediting environmental permits or otherwise improving environmental permitting procedures affecting private, business, and governmental undertakings.

(c) The Office shall promulgate and adopt rules and forms necessary to carry out the purposes of this Article.

"**§ 143-215.123. Clearinghouse functions.**

The Office shall be a clearinghouse for State environmental permit information and shall perform all of the following duties:

(1) Establish an environmental permit information service identifying the types of private, business, and governmental activities that require an environmental permit and detailing the requirements for obtaining those permits.

(2) Provide the most recent forms and information sheets for all State environmental permits.

(3) Prepare, publish, and distribute a complete directory of all State environmental permits required in North Carolina.

(4) Compile and maintain on a quarterly basis a list of every environmental permit required in North Carolina. The list shall include all of the following:

a. The name of the permit.

b. The State agency that makes the final decision of whether to issue the permit. If other other State or federal agencies participate in the decision of whether to issue the permit, then the names of those State or federal agencies shall also be included in the list and an explanation of the responsibility that each has regarding the determination of whether to issue the permit.

c. The statutory authority for the permit.
d. The application fee, processing fee, or any other costs that must be paid by an applicant for the permit.
e. The average processing time for the permit.
f. The period of time for which the permit is issued.
g. The date on which the permit period begins.
h. The criteria, other than the payment of a fee, that are considered prior to the issuance of the permit.

(5) Develop general categories that describe the various environmental permits and general categories that describe the applicants that request permits. For purposes of example only general permit categories may include projects involving water use, projects that could impact air quality, projects that involve work in or near water and general applicant categories may include individuals, small businesses, family farms, corporations, major corporations, local government units, other governmental units.

(6) Track all environmental permit applications and permits issued and compile the statistics regarding those applications and permits on a quarterly basis. The statistical data compiled shall include the following: the number of applications received, sorted by the type of permit requested, the general type of permit category, and the general category of applicant; the number of permits issued, sorted by the specific permit, general permit category, and applicant category; the average processing time for each permit, and the revenue generated by each permit.

(7) Develop a flow chart for those permits identified by the Office as the most complex that shows the routing of the permit application through the Department of Environment and Natural Resources and any other State or federal agency that participates in the determination of whether to issue the permit.

"§ 143-215.124. License coordination and assistance to applicants.

Upon request, the Office shall assist a person as provided below:

(1) Identify the type and source of environmental permits that may be required and the potential difficulties in obtaining the permits based on an informal review of a potential applicant's project proposal at an early stage in its planning. Information provided by the Office is for guidance purposes only and may not be asserted by an applicant as a waiver or release from any permit requirement. However, an applicant who uses the services of the Office as provided in this subdivision, and who receives a written statement identifying required State environmental permits relating to a specific activity, shall not be assessed a penalty for failure to obtain any State environmental permit that was not identified, provided that the applicant submits an application for the omitted permit within 60 days after written notification by the Office or the agency responsible for issuing the permit. If the application for the omitted permit requires supporting information or studies that can not reasonably be completed within 60 days after the written notification, then the penalty for failure to obtain the permit shall be waived for an additional 60 days.

(2) Arrange an informal conference between the person and the appropriate agency to clarify environmental permitting requirements or standards, if necessary.

(3) Assist in preparing the appropriate application and supplemental forms.

(4) Monitor the permit review process to determine the status of a particular permit. If there is a delay in the review process, the Office may demand to know the reasons for the delay, the action required to end the delay, and shall provide this information to the applicant. The Office may assist the applicant in resolving a dispute with an agency during the application process. If a request for a permit is refused, the Office may explain the recourse available to the person under the Administrative Procedure Act.

"§ 143-215.125. Plan for an automated master application system.

(a) The Office shall develop a plan for an automated master application system to be implemented by January 1, 2002. The Office shall determine the permits appropriate for inclusion in the master application system.

(b) The appropriate agency shall continue to determine whether a requested permit shall be issued and to issue the permit if the application is approved by the agency. An applicant who receives written notification by the Office that a permit requested through the Office is being issued by the appropriate agency may proceed with the permitted activity without having physical possession of the issued permit.

(c) The Office shall collect from each applicant the total amount of the fees for the permits applied for through the Office. The Office is the repository for an original signed application form submitted through the Office for a permit that is included in the master application system. If, based on the information supplied by the applicant to the Office, the Office fails to make application for a required permit, and the applicant did not know such a permit was required, the applicant shall not be liable for any civil or criminal penalties or disciplinary action for failure to have the permit. If the failure to obtain the permit is reported to the applicant by either the Office or the agency issuing the permit, the applicant must make application within 60 days or be subject to the penalties or disciplinary action. However if the application for the omitted permit requires supporting information or studies that can not reasonably be completed within 60 days after the written notification, then the the applicant shall not be liable for any civil or criminal penalties or disciplinary action for failure to have the permit for an additional 60 days.

"**§ 143-215.126. Permit coordinator designated in all State agencies.**

(a) Each agency shall cooperate fully with the Office in providing information on the environmental permit and regulatory requirements of the agency, in coordinating conferences with applicants to clarify permitting and regulatory requirements, and in developing a plan for an automated master application system.

(b) Each agency shall designate an environmental permit coordinator. The coordinator shall have all of the following responsibilities:

(1) To provide to the Office the most recent application and supplemental forms required for each environmental permit issued by the agency; the most recent information available on existing and

proposed agency rules; the most recent information on changes or proposed changes in permit requirements or agency rules and how those changes will affect private citizens, the business community, and local governments; and agency publications that would be of aid or interest to the private, business, and governmental community.

(2) To work with the Office in scheduling conferences for applicants as provided under G.S. 143-215.24.

(3) To determine, upon request of an applicant or the Office, the status of a permit application or renewal, the reason for any delay in the permit review process, and the action needed to end the delay; and to notify the applicant or Office, as appropriate, of those findings.

(4) To work with the Office or applicant, upon request, to resolve any dispute that may arise between the agency and the applicant during the review process.

(5) To review agency regulatory and permit requirements and to provide a written report to the Office that identifies the regulatory and permitting requirements that affect private citizens, the business community, and governmental entities; indicates which, if any, requirements should be eliminated, modified, or consolidated with other requirements; and explains the need for continuing those requirements not recommended for elimination.

"**§ 143-215.127. Master template and check-off cover sheet for environmental permits.**

(a) The Office shall identify information requested in the majority of environmental permits that is duplicative. The Office shall develop a template that may be used by those submitting electronic applications that incorporates identical information requested by most permit application forms thus eliminating the duplicative effort on the part of the applicant.

(b) The Office shall develop a master check-off cover sheet that shall list the environmental permits and shall be designed to allow an applicant to identify by a check mark or other mark, those permit applications that the applicant wishes to receive. The Office shall make those master check-off cover sheets available electronically, by regular mail, and in all regional offices of the Department of Environment and Natural Resources. The Office shall provide to any applicant who returns the master

check-off cover sheet to the office a copy of each permit application requested.

"§ 143-215.128. Use of Environmental Permit Information Office optional.

The services offered to applicants by the Environmental Permit Information Office are optional. An applicant may deal directly with the permitting agency in obtaining information, assistance, or in applying for a permit if the applicant so prefers.

"§ 143-215.129. Report by State agencies.

Each State agency issuing environmental permits shall, on a quarterly basis, report to the Office and to the fiscal research division of the General Division the number of permits issued during the previous quarter. The report shall be broken down by category, and shall be made on a form prescribed and furnished by the Secretary of Environment and Natural Resources."

Section 2. G.S. 143-211 is amended by adding a new section to read:

"(c) It is the intent of the General Assembly that the review and issuance of environmental permits be done on a timely basis. It is the intent of the General Assembly that the Department and Commission inform each applicant of an environmental permit of the time frame within which the application will be reviewed and issued, that the applicant be able to rely on that time frame, and that the Department and Commission make a good faith effort to adhere to that time frame and to keep each applicant for an environmental permit informed of the progress of the requested permit."

Section 3. Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-214A. Time frame for environmental permits.

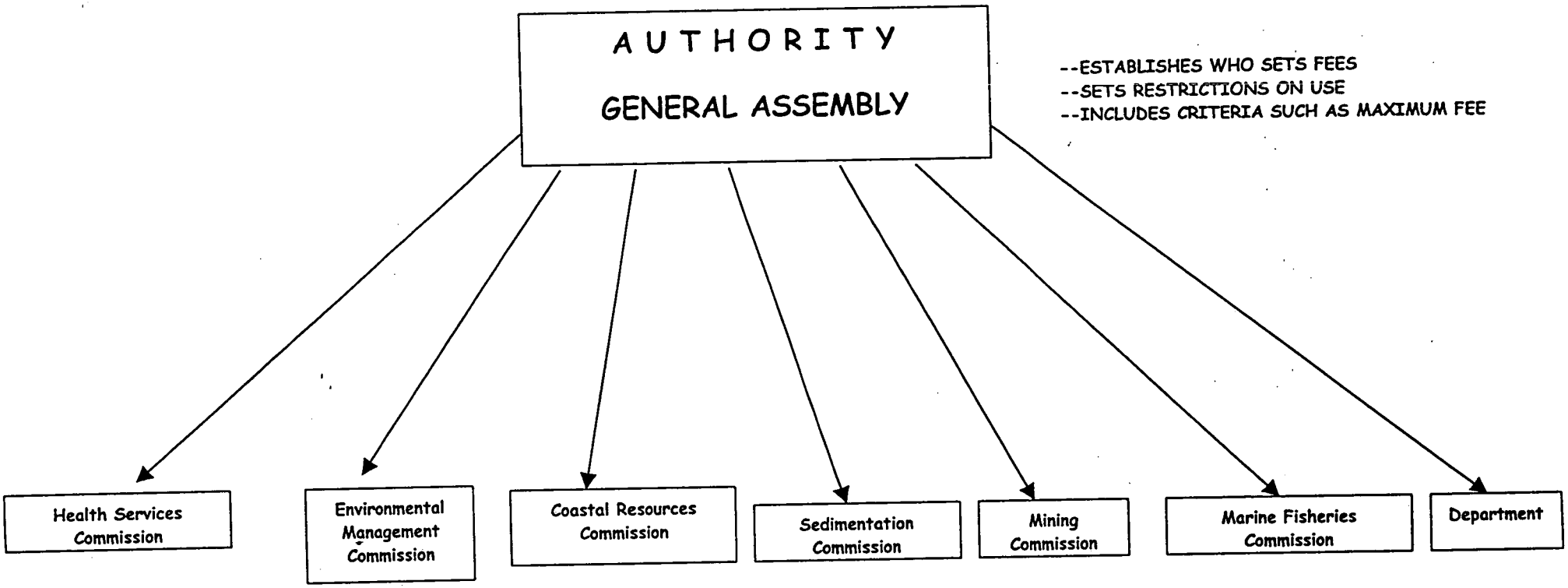
(a) Upon receipt of an application for an environmental permit, the Department shall provide to the applicant a good faith estimate of the period of time that will be required to process and review the appropriate criteria and documentation and when the Department expects to make the final decision of whether to issue or deny the permit. If an applicant makes a good faith effort to provide to the Department the information and documentation required and requested by the Department and the Department fails to issue or deny the permit within 60 days of the date originally projected by the Department for the final decision of whether to issue or deny the permit, then the permit shall be automatically granted to the applicant, unless otherwise prohibited by law."

Section 4. G.S. 143-213 is amended by adding a new subdivision to read:

"(12a) The term environmental permit means any certificate, permit, license, or other approval by whatever name called, pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air, or water, that is required to be obtained from the Department of Environment and Natural Resources, the Environmental Management Commission, the Coastal Resources Commission, the Wildlife Commission, or the Commission for Health Services, including any certificate, permit, or other approval by whatever name called, pertaining to a pollution control rule or standard established by the Department, Environmental Management Commission, the Coastal Resources Commission, the Wildlife Commission, or the Commission for Health Services. The term does not include occupational licenses and licenses issued under Chapter 20 of the General Statutes."

Section 5. This act becomes effective July 1, 2000.

ENVIRONMENTAL PERMIT FEES OVERVIEW



Criteria

- Relates to program costs
- Varies according to size and environmental impact
- Statutory restrictions

NOTE:
Specific fees adopted through rules of commissions or Department

ATTACHMENT VII

GENERAL ASSEMBLY/COMMISSION/ PASS THROUGH TO LOCAL GOVERNMENT

Coastal Area Management Act (CAMA) (Minor Permit)

Background: Permit required for development projects in 20 coastal counties. Minor development permits generally cover projects, such as single family homes, that are likely to have less environmental impact and do not require review by other agencies. CAMA minor permits are reviewed and administered by the Coastal Resources Commission (CRC) standards by local governments under contract with the Division of Coastal Management

- General Statute 113A-119.1 authorizes the CRC to establish fee schedule; caps permit fees at no more than one third of the permitting costs; sets maximum fee for major development permit. Stipulates fees shall be used for costs of administering regulatory program

- CRC establishes fee schedule applying legislative limitations. Fees adopted through public hearing process. Rules recently approved to become effective August 1, 2000, raise all coastal fees. This places the major development fee at the legislatively established maximum

- Minor permits are issued by contracted local governments (16 counties and 27 municipal governments). Application fees ($50, to increase to $100 August 1, 2000) are kept by local governments which administer the program. The Division of Coastal Management awards grants to local governments to help defray cost of administering program. In 1998-99, $120,000 paid to local government for this purpose.

GENERAL ASSEMBLY/COMMISSION

Erosion and Sedimentation Control Plan Fees

Background: Plan required when one or more acres of land is disturbed. This includes development, construction or other activities that may result in changes in the natural cover which may cause sedimentation.

General Statute - 113A - 54.2

- gives authority to establish a fee schedule to Sedimentation Commission
- must consider administrative costs of reviewing plans and compliance activities
- establish a maximum amount per acre ($50)
- limits use of funds to cost of administering program

Sedimentation Commission

- adopts rules with a schedule of fees
  (rules go through public hearing process)
- fees increase with amount of land disturbed
  currently $30 first acre, $20 each additional
- annual review of fees relative to statutory limits

*Currently, rules are before Rules Review Committee to increase fee July 1, 20000, to $40 an acre or any fraction of an acre

FEDERAL LEGISLATION/EMC (ENVIRONMENTAL MANAGEMENT COMMISSION) RULES ALLOW FOR AUTOMATIC FEE INCREASES

Air Quality Permit Fees (Major Sources)

Background: A major source or Title V Permit is required for facilities with the potential to emit more than 100 tons of a regulated pollutant or 10 tons of a hazardous air pollutant.

Federal Clean Air Act Amendments

- requires fees to be adequate to cover cost of permitting program; includes guidance on what might be adequate ($25 per ton of certain pollutants, adjusted annually for inflation)

General Statute - 143B.215.3

- adopts federal mandate
- requires that annual fees be pro-rated if in excess of program costs
- capped small sources and required fee reporting

Environmental Management Commission

- adopted rules in 1994 establishing a baseline and required cost of living adjustment in fees each January

- fees are based on level of emission, category of pollutant, consideration of level of work to monitor, compliance record and other factors included in Admin. Code 2Q .0200

NC DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
ENVIRONMENTAL FEES BY AUTHORITY

FEES SET BY GENERAL STATUTE

Permit Name	Fee	Date of Last Fee Increase	Receipts in 1999
Division of Water Quality			
Animal Waste Management	$50-$300	1/1/99	$139,000*
NPDES-Wastewater Discharge (Individual Minor)	$715	1/1/99	$1.07 mil.*
NPDES-Wastewater Discharge (Individual Major)	$2,865	1/1/99	$799,000*
NPDES-Wastewater Discharge (General)	$80	1/1/99	$55,000*
NPDES-Stormwater Discharge (Individual)	$715	1/1/99	$122,000*
NPDES-Stormwater Discharge (General)	$80	1/1/99	$151,000*
North Carolina (State) Stormwater Runoff	$420	1/1/99	$270,000
Pump Station, Force Main, and/or Gravity Sewer	$400	1/1/99	$132,000
Gravity Sewer Only	$400	1/1/99	$398,000
Land Application of Sludge/Residuals/Biosolids	$675-$1090	1/1/99	$239,000*
Spray Irrigation of Wastewater	$675-$1090	1/1/99	$328,000*
Closed Loop/Recycle System	$300	1/1/99	$12,000*
Pump and Haul	$675	1/1/99	$22,000
Soil Remediation Permit	$400	1993	$20,000*
Wastewater/Groundwater Laboratory Certification			
Commercial	$2000	11/2/92	$525,000 for both
Municipal/Industrial	$1000	11/2/92	
401 Water Quality Certification (Major)	$475	1/1/99	$82,000
401 Water Quality Certification (Minor)	$200	1/1/99	$89,000
Composting of Sludge/Residuals/Biosolids	$675-$1090	1/1/99	$22,000*
Reuse of Wastewater	$300	1/1/99	Included in receipt directly above
WWTP Operator Certification	$85	1/1/99	$318,000*
Animal Facility Operator Certification	$25	1/1/99	$37,000*
Division of Land Resources			
Drill Exploratory Oil or Gas Well Permit	$50	1984	$0
Division of Waste Management			
Scrap Tire Disposal Permit	$250	1990	$0
Hazardous Waste Management for Treatment/Storage/Disposal Facility Permit	$15000/$10000/$25000	1987	$1,800
Operation of Septage Management Firm Permit	$300-$400	1989	$143,000
Underground Storage Tank Registration/Operation Permit	$200-$300	1997	$6.8 mil.

Underground Storage Tank Contaminated Soil Treatment/Disposal Permit	$200 (renew)-$400 (new)	1993	$2,400
Division of Environmental Health			
Community Water System Operating Permit	$150-$850	1/22/92	$534,000*
Food and Lodging Operation	$25	1991	$713,000*
Division of Parks and Recreation			
State Lake Permits (i.e. Construction/Modification of Private Structures on State Lakes, Permit Transfers, Permits for Public Structures, etc.)	$30-$150	3/92	$63,000*
Special Activity Permits at State Parks	$25-$75	12/89	$5,900

***Receipts include annual fees as well as application fees.**

FEES SET BY COMMISSION

Permit Name	Fee	Date of Last Fee Increase	Receipts in 1999	Commission
Division of Radiation Protection				
Radiation Accelerator License	$225	7/1/89	$15,000	Radiation Protection
X-Ray and Radiation Machines Registration	$70-$150	7/1/89	$563,000	Radiation Protection
Radioactive Materials License	$75-$1175	1/1/89	$175,000	Radiation Protection
Tanning Facilities and Equipment Registration	$100	7/1/94	$286,000	Radiation Protection
Division of Environmental Health				
Bedding Manufacturer License	5.2 cents/unit manu.	1987	$1,500	Comm. for Health Services
Bedding Sanitizing License	5.2 cents/unit sani.	1987	$488,000	Comm. for Health Services
Division of Marine Fisheries				
Standard Commercial Fishing License (SCFL)	$200 for residents; $800 or fee charged by non-resident state	1999	Not Available	Marine Fisheries
Retired Standard Commercial Fishing License (RSCFL)	$100 for residents; $800 or fee charged NC residents by non-resident state	1999	Not Available	Marine Fisheries
Recreational Commercial Gear License	$35 for NC residents $250 for non-residents	1999	Not Available	Marine Fisheries
Land or Sell License	$200 or fee for residents in non-resident's state	1999	Not Available	Marine Fisheries
Recreational Fishing Tournament License to Sell Fish	$100	1999	Not Available	Marine Fisheries

This is a partial list of Marine Fisheries licenses. The Division of Marine Fisheries instituted a new licensing program in July 1999. In accordance with the Fisheries Reform Act, all licenses will be reviewed by the Marine Fisheries Commission and fees will be established for licenses. One-fourth of the licenses have already been reviewed. The Marine Fisheries Commission has established a schedule to review the other licenses and their associated fees.

Division of Air Quality				
Small/Synthetic Minor/General	$50-$400	3/8/94	$1.24 mil.	Environmental Mgmt. Comm.
Major Services (Title V)	$809-$8,322	1/1/00	$7.76 mil.	Environmental Mgmt. Comm. & Adjusted Annually Based on Inflation
Division of Coastal Management**				
Coastal Area Management Act (CAMA) Major Dev. Permit	$250	11/1/91	$28,000	Coastal Resources Comm.
General Permit (Expedited CAMA Major Dev. Permit)	$50	11/1/91	$93,000	Coastal Resources Comm.
Coastal Area Management Act (CAMA) Minor Dev. Permit	$50	11/1/91	Fees Paid to Local Govn't.	Coastal Resources Comm.
Division of Land Resources**				
Dam Construction/Modification/Breach, & Repair Permit	$250 + % cost of construction	1991	$79,000	Environmental Mgmt. Comm.
Erosion and Sedimentation Control Plan	$30+$20/each add. acre	1991	$709,000	Sediment Comm.
Mining Permit	$500-$2500	1991	$81,000	Mining Comm.

****Rules have been adopted to increase fees for Coastal Management Permits (August 2000) and Land Quality Permits (July 2000)**

NO FEES

Division of Land Resources
- Geophysical Exploration Permit
- Uranium Exploration Permit

Division of Waste Management
- Municipal Solid Waste Landfill Permit
- Sanitary Landfill Permit for Industrial/Construction/Demolition Waste
- Municipal Solid Waste Composting Facility Permit
- Solid Waste Treatment and Processing Facility Permit
- Solid Waste Transfer Facility Permit
- Yard Waste Composting Notification
- Incineration Facility Permit
- Scrap Tire Collection License
- Hazardous Waste Management Post Closure Permit
- Hazardous Waste Management Research/Development/Demonstration Permit
- Hazardous Waste Management Emergency Permit
- Management and Disposal of Septage Permit
- Management of a Septage Detention Facility Permit
- Land Clearing/Landfill Permit

Division of Water Resources
- Inter-basin Transfer Certificate
- Water Use in Capacity Areas Permit

Division of Water Quality
- NPDES-Authorization to Construct
- Well (Water Supply > 100,000 gpd) Construction
- Well Construction (Groundwater Recovery, Injection, Groundwater Quality Monitoring)
- Well Pump Installation Contractors Registration
- Well Drilling Contractors Registration
- Pretreatment Permits

Division of Environmental Health
- Impoundment Permit (Mosquito Control)
- Industrial & Large System Approvals
- Milk Sanitation Permit
- Permit for Crustacean Sanitation
- Permit for Shellfish Sanitation

Division of Parks and Recreation
- Research Activity Permits

Division of Marine Fisheries
- Shellfish Endorsement for NC Residents to a SCFL or RSCFL
- License to Land Flounder
- Specific Management Purposes Permit (4)

Division of Forest Resources
- Open Burning Permit (15 cents is paid to vendors, other than Forest Resources staff, to issue permits)

Prepared by
Department of Environment and Natural Resources
Customer Service Center
April 2000

DENR Organizational Study
Report on DENR Progress on Delegation of Authority

The Department met with the North Carolina League of Municipalities (NCLM) and the North Carolina Association of County Commissioners (NCACC) on March 23, 2000 to discuss the possible delegation of programs to local governments on a voluntary basis. At this meeting Bill Holman agreed to provide the NCLM and the NCACC with some basic program information that the League and Associations could present to their membership for feedback and further discussion. On March 29, 2000 Robin Smith Assistant Secretary for Environment meet with the NCLM Energy and Environment Policy Committee to begin discussion on the opportunity for delegation of certain DENR programs. Robin provided the committee with summaries of several programs. Below you will find brief descriptions of Departmental programs that are currently delegated or being considered for delegation.

Sediment & Erosion Control Programs

The Erosion and Sediment Control Program may be delegated at the request of a local government. The local government's request is reviewed to ensure that the proposed program meets the minimum requirements of the Sedimentation Pollution Control Act of 1973. Each of the 41 delegated Sediment Program reviews and approves erosion and sediment control plans for all projects that disturb one acre of land or more. Once the land disturbance commences, the Sediment Program is responsible for ensuring compliance with The Sedimentation Pollution Control Act of 1973 by conducting inspections on a routine basis. The local programs are reviewed annually by the Sediment Program staff to ensure program compliance. The program's educational and technical staff provides statewide training to the local programs.

Registered Environmental Consultant Program

The Inactive Hazardous Sites Response Act was enacted in 1987 to address sites contaminated with hazardous substances. Amendments to the Act in 1994 and 1995 along with rules promulgated in April of 1997 authorized the privatization of the state's oversight role at lower priority site remedial actions having parties voluntarily willing to conduct the work. The Inactive Hazardous Sites Branch approves environmental consulting firms meeting certain qualifications as "registered environmental consultants" or "RECs". A responsible party wishing to clean up a lower priority site would hire one of these RECs to conduct the site remedial action. The REC is required to make specific certifications that each work phase and each work product is in compliance with the regulations. Portion of the cases are audited to ensure the integrity of the program.

Air Pollution

North Carolina General Statutes authorize the Environmental Management Commission (EMC) to review, certify, oversee, and supervise, local air pollution control programs. The Division of Air Quality coordinates with the local programs, but does not itself supervise or control the local programs. The EMC certifies a local air pollution control program submitted by any county, municipality, or group of counties and municipalities. The program is required to have ordinances or local laws compatible to those imposed statewide by the EMC. Statute requires the local program to provide adequate staff, enforcement capability and financial resources to effectively and efficiently carry out its program There are presently three certified local air pollution control programs: the Forsyth County Environmental Affairs Department,

The Mecklenburg County Department of Environmental Affairs, and the Western North Carolina Regional Air Pollution Control Agency (Buncombe County & Haywood County withdrawing membership after June 30, 2000).

Air Pollution Open Burning Enforcement

There is a currently a rule that authorizes delegation of enforcement open burning rules to county government. (The amendments to the open burning rule that we are currently working on would extend this rule to municipalities.) The rule requires the county submit a description of resources to carry out the program and necessary ordinances and rules to implement the open burning rules. DAQ would review the submitted information and make a recommendation to the EMC. The EMC would certify the local program for open burning.

Open Burning Permits

The Division of Forest Resources has been controlling burning by issuing burning permits statewide for over fifty years. The state system provides burning permits, at no charge, through local agents of Division personnel to landowners for agriculture and forestry burning operations. Approximately 175,000 burning permits are issued each year. The division believes that before delegating this program to local governments, that there should be careful consideration and study of the current program and the impact such a change to the program.

Well Construction

The General Assembly of North Carolina finds that improperly constructed, operated, maintained, or abandoned wells can adversely affect the public health and the groundwater resources of the State. The law gives local unit of government the ability to adopt local ordinances as long as they were more restrictive than the state law. We currently have 25 counties with some form of local programs with another 11 counties working on setting up a program.

Package Wastewater Treatment Plants

Since 1991 the Division of Water Quality (DWQ) has had the authority to establish Memorandum of Agreements (MOAs) Counties for the delegation opportunities for wastewater treatment plants, emergency response, complaint investigation, and well investigations. Current MOAs have been signed with Wake and Mecklenburg Counties with Guilford County also participating in a limited capacity. Certain constraints exist with the delegations, such as all permit issuance activities, all enforcement actions, and inspection of major facilities and municipal operations remains the responsibility of the Division. Information supporting permit issuance and enforcement actions is developed at the local level, enabling the process to ensure local concerns are efficiently and effectively addressed early in the process and move more expeditiously to resolution.

Stormwater Permits

The North Carolina General Statues establishes a method to delegate stormwater program to local governments. The discharge permit (NPDES) component for the stormwater program is federal program and can not be delegated. Other aspects of the program were designed to be implemented at the local level, such as the stormwater program elements associated with the Water Supply Watershed Protection Program. Currently the Division of Water Quality is re-assessing stormwater programs statewide, through a stakeholder process, to find ways to address federal mandates and state water quality protection, while streamlining the process as much as possible.

Sewer Extension Permits

The Environmental Review Commission (EMC) through the Division of Water Quality, has the authority to delegate sewer line extensions. The delegation program covers most of the largest municipalities. Municipalities who review plans prior to submittal to DWQ to ensure their own specification no longer have the same plans review by DWQ. The main advantage for delegation is the simplified permit process reduces the time between design and start of construction.

Buffers

The proposed delegation rule would allow local governments to request delegation from the state to implement the riparian buffer protection and maintenance rule. Local governments within the Neuse River and Tar-Pamlico River Basins may submit a written request to the EMC for authority to implement and enforce the riparian buffer protection requirements within their jurisdiction. The interested local governments must have staff, resources and necessary authority to implement the buffer protection rule. Within 90 days after the EMC has received the request for delegation, the commission must notify the local government whether it has been approved, approved with modifications, or denied. The local government will take over the buffer rule implementation and enforcement after the EMC grants the request.

The proposed rule has been approved by the EMC and Rules Review Commission (RRC). The rule will be reviewed by the General Assembly during the upcoming session. It is scheduled to become effective in the Neuse and Tar-Pamlico river basins on August 1, 2000. Orange and Wake Counties have expressed interest to seek delegation when it becomes effective.

Drinking Water Extension & Connection Permits

North Carolina General Statutes provide the authority for local governments to establish and administer their own approval programs for the construction or altercation of the distribution portion of a public water supply system. The main advantage for delegation is the simplified permit process reduces the time between design and start of construction.

Summary of Environmental Permits

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April 2000

ATTACHMENT IX

PERMITS ISSUED BY THE NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES IN 1999

DIVISION NAME	Number of Permits issued in 1999
Division of Air Quality	1,398
Division of Coastal Management	3,383
Division of Environmental Health	8,232
Division of Forest Resources	173,000
Division of Land Resources	4,043
Division of Parks and Recreation	1,328
Division of Radiation Protection	9,430
Division of Waste Management	645
Division of Water Quality	7,907
Division of Water Resources	4
Total Permits Issued by DENR in 1999	209,366

Note: The Division of Marine Fisheries instituted a new fishing license program beginning July 1, 1999 in accordance with the Marine Fisheries Reform Act of 1997. The Marine Fisheries Commission has established a schedule to review all licenses and their associated fees.

DIVISION OF AIR QUALITY

Permit Name	Statutory or Regulatory Process Time	Average Process Time	Public Participation	Issued From Central or Region	Other Agency Review Req'd
Title V Permit					
Initial	3 years	2.3 years	Yes; notice, sometimes hearing	Central	Yes
New	18 months	1.2 years	Yes; notice, sometimes hearing	Central	Yes
Types of Modifications:					
Significant Modifications/Renewals	18 months	5 months	Yes; notice, sometimes hearing	Central	Yes
502(b)(10) Changes	90 days	38 days	No	Central	No
Administrative Modifications	60 days	49 days	No	Central	No
Permits Issued prior to Title V	90 days	53 days	In certain cases: notice, hearing	Both	No
Prevention of Significant Deterioration	1 year	8 months	Yes; notice, sometimes hearing	Central	Yes
Small/Synthetic Minor	90 days	53 days	In certain cases: notice, hearing	Both	No
General Permits	90 days	37 days	In certain cases: notice, hearing	Both	No
Transportation Facility Permit	90 days	60 days	Yes; notice, sometimes hearing	Central	No

DIVISION OF AIR QUALITY

Permit Name	Fee per permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Issued SFY 99	Receipts SFY 99 (2)
Title V Permit						
Initial	No fee	1/1/00	Title V fees can be used only to implement the Title V program. The Title V Account is a non-reverting account. G.S. 143-215.3 and G.S. 143-215.3(a)(1d); Clean Air Act EPA regulations.	EMC but annual inflation made administratively per rule	29	
New	$809.00 - 8322.00				4	$7,755,707.15
Types of Modifications:						
Significant Modifications/Renewals	range is same as above; costs vary depending on type of change				2	Included in Title V receipts
502(b)(10) Changes					7	
Administrative Modifications					13	
Permits Issued prior to Title V					243	
Prevention of Significant Deterioration	$12,599 - 24,504	1/1/00	See Title V fees	EMC	7	Included in Title V receipts
Small/Synthetic Minor	$50.00 - 400.00	3/8/94	The Water and Air Quality Account shall be applied to the costs of administering the programs for which the fees were collected. The Water and Air Quality Account is a non-reverting account. G.S. 143-215.3A(a); see also G.S. 143-215.3(a)(1c)	EMC (1)	1004	$1,243,718.50
General Permits	$25.00	3/8/94		EMC (1)	82	Included in the amount for Small/ Synthetic Minor.
Transportation Facility Permit	$400.00	3/8/94	Application fees are part of the Water and Air Quality Account described above.	EMC	7	Included in the amount for Small/ Synthetic Minor.

(1) Fees are capped by statute: $500.00 for application, $1500.00 for annual.
(2) Receipts include both annual and application fees.

DIVISION OF COASTAL MANAGEMENT

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued from (Central/Regional)	Other Agency Review Req'd (y/n)
Coastal Area Management Act (CAMA) Major Development Permit	75 day goal; 150 day maximum	96 days	Yes; 21 day public notice period and notification of adjacent property owners.	Central	Yes; 10 state agencies and 4 federal agencies.
General Permit (expedited CAMA Major Development Permit)	none specifed (reverts to 75 day goal; 150 day maximum)	5 days	Yes; Notification of adjacent property owners.	Regional	No
Coastal Area Management Act (CAMA) Minor Development Permit	25 day goal; 50 day maximum	12 days	Yes; 8 day public notice period and notification of adjacent property owners.	Delegated to local governments	No
Dredge and Fill	75 day goal; 150 day maximum	96 days for Major Developments and <5 days for General Permits	Yes; 21 day public notice period and notification of adjacent property owners.	Central for Major Development and Regional for General Permits	Yes for Major Development; No for General Permits.
Federal Consistency	45 days for Federal Activities and 90 days for Federal Licenses	34 days for Federal Activities and 67 days for Federal Licenses.	Yes; public notice for Federal Licenses.	Central	Yes; 12 State agencies.

DIVISION OF COASTAL MANAGEMENT

Permit Name	Fee Per Permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Number Issued SFY 99	Receipts SFY 99
Coastal Area Management Act (CAMA) Major Development Permit	$250 (increase to $400 in 8/00)	11/1/91	Total funds collected may not exceed 33.3% of total personnel and administrative costs incurred by Division for permit processing. Fees collected shall be applied to the cost of administering regulatory program. See 113A-119.1	Coastal Resources Commission	152	$28,000
General Permit (expedited CAMA Major Development Permit)	$50 (increase to $100 in 8/00)	11/1/91	Same as above	Coastal Resources Commission	1866	$93,000
Coastal Area Management Act (CAMA) Minor Development Permit	$50 (increase to $100 in 8/00)	11/1/91	Fees collected shall be applied to the cost of administering the regulatory program.	Coastal Resources Commission	1365	Fees paid directly to local government administering program.
Dredge and Fill	No fee	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Federal Consistency	No fee	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

DIVISION OF ENVIRONMENTAL HEALTH

Permit	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Bedding Manufacturer License	None specified	1 Day	None	Central	No
Bedding Sanitizing License	None specified	1 Day	None	Central	No
Community Water System Operating Permit	None specified	60 days	None	Central	No
Impoundment Permit (Mosquito Control)	None specified	2 Weeks	None	Central	No
Industrial & Large System On-Site Wastewater Subsurface Disposal Approvals	None specified	9 Days	None	Central	Region and Division of Water Quality, Groundwater Section
Food & Lodging Operation	Local Health Department	Varies from county to county	None	Local Health Department	No

DIVISION OF ENVIRONMENTAL HEALTH

Permit	Fee for permit	Date of Last Increase	Restriction on Use of fees	Fees Set By:	Number Issued SFY 99	Receipts SFY 99
Bedding Manufacturer License	5.2 cents per bedding unit manufactured per year	1987	Fees to be used solely for expenses of enforcement, salaries, expenses of inspectors and other employees, expenses connected with enforcement, attorney's fees; a sum not to exceed 20 % may be used for supervision and general expenses	Health Commission	791	$487,803
Bedding Sanitizing License	5.2 cents per bedding unit sanitized per yr	1987	Same as above	Health Commission	15	$1,450
Community Water System Operating Permit	$150-$850/yr variable based on size	1/22/92	Fees collected are to cover the cost of administering the program.	General Statute 130A-328	2,431	$534,182
Impoundment Permit (Mosquito Control)	No fee	Not applicable	Not applicable	Not applicable	0	Not applicable
Industrial & Large System On-Site Wastewater Subsurface Disposal Approvals	No fee	Not applicable	Not applicable	Not applicable	43	Not applicable
Food & Lodging Operation	$25.00	1991	2/3 of fees goes to Local program, 1/3 goes to State	General Statute 130A-248	Local County Program	$712,646

DIVISION OF ENVIRONMENTAL HEALTH

Permit	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Milk Sanitation Permit	5 months	4 Months	None	Region	Local Health Dept. and Division of Water Quality
Permit for Crustacean Sanitation	None specified	1 Day	None	Morehead City	No
Permit for Shellfish Sanitation	None specified	1 Day	None	Morehead City	No
Water Treatment Facility Operator Certification	None specified	Less than 30 days	None	Central	No

DIVISION OF ENVIRONMENTAL HEALTH

Permit	Fee for permit	Date of Last Increase	Restriction on Use of fees	Fees Set By:	Number Issued SFY 99	Receipts SFY 99
Milk Sanitation Permit	No fee	Not applicable	Not applicable	Not applicable	15	Not applicable
Permit for Crustacean Sanitation	No fee	Not applicable	Not applicable	Not applicable	35	Not applicable
Permit for Shellfish Sanitation	No fee	Not applicable	Not applicable	Not applicable	159	Not applicable
Water Treatment Facility Operator Certification	$18 per year	8/3/92	Fees collected are to cover the cost of administering the permitting program.	General Statute 90A - 27	4,743	$126,907

DIVISION OF FOREST RESOURCES

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)	Number Issued SFY 99
Open Burning Permit	None specified	On Site Issuance	None	Stores and Offices	No	173,000

Note: No fees are collected for open burning permits issued from the Division of Forest Resources.

DIVISION OF LAND RESOURCES

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Dam Construction, Modification, Breach, and Repair Permit	60 days upon receipt of a complete application	60 days	No	Central	Yes, for initial construction only; Water Resources, Wildlife Resources, & DOT.
Drill Exploratory Oil or Gas Well Permit	None specified	30 days	No	Central	No
Erosion and Sedimentation Control Plan	30 days upon receipt of a complete plan	20 days	No	Region	No
Geophysical Exploration Permit	None specified	10 days	No	Central	No
Mining Permit	60 days upon receipt of a complete application	35 days	Yes; Public notification to adjacent landowners and local government	Central	Yes; Air Quality, Water Quality, Water Resources, Wildlife Resources, & Dept. of Cultural Resources
Uranium Exploration Permit	60 days upon receipt of plan	30 days	No	Central	No

DIVISION OF LAND RESOURCES

Permit Name	Fee for Permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Number Issued SFY 99	Receipts SFY 99
Dam Construction, Modification, Breach, and Repair Permit	$200.00 plus a percentage of the cost of project.	1991	For Program Use Only	Environmental Management Commission	78	$78,800
Drill Exploratory Oil or Gas Well Permit	$50	1984	None specified	General Statutes	0	Not applicable
Erosion and Sedimentation Control Plan	$30.00 for first acre and $20.00 for each additional acre	1991	For Program Use Only	Sediment Commission	3579	$709,000
Geophysical Exploration Permit	No fee	Not applicable	None specified	Not applicable	0	Not applicable
Mining Permit	$500 - $2500 depending upon type and acreage	1991	For Program Use Only	Mining Commission	386	$80,600
Uranium Exploration Permit	None	Not applicable	For Program Use Only	Not applicable	0	Not applicable

DIVISION OF MARINE FISHERIES

Permit Name	Average Process Time	Issued From (Central or Region)	Other Agency Review Req'd (y/n)	Fee per permit	Date of Last Increase
Standard Commercial Fishing License (SCFL)	On site issuance	All 6 DMF Offices	No	$200 for residents; $800 or fee charged by non-resident state	1999
Retired Standard Commercial Fishing License (RSCFL)	On site issuance	All 6 DMF Offices	No	$100 for residents; $800 or fee charged NC residents by non-resident state	1999
Menhaden Endorsement to a SCFL or RSCFL	On site issuance	All 6 DMF Offices	No	$2.00 per gross ton for mother ship	1999
Menhaden License to Non-Residents not eligible for SCFL	On site issuance	All 6 DMF Offices	No	$2.00 per gross ton for mother ship	1999
Shellfish Endorsement for NC Residents to a SCFL or RSCFL	On site issuance	All 6 DMF Offices	No	No fee	Not applicable
Shellfish License for NC Residents without SCFL	On site issuance	All 6 DMF Offices	No	$25.00	1999
Commercial Fishing Vessel Registration	On site issuance	All 6 DMF Offices	No	Vessel Footage Length $1.00 - $6.00 per foot	1999
Fish Dealer's License	On site issuance	All 6 DMF Offices	No	$50.00 per category/$300 for consolidated	1999
Application Fee for New Fish Dealers	On site issuance	All 6 DMF Offices	No	$50.00	1999
Recreational Commercial Gear License	On site issuance	All 6 DMF Offices All WRC License Agents	No	$35.00 for NC residents $250.00 for non-residents	1999

DIVISION OF MARINE FISHERIES

Permit Name	Average Process Time	Issued From (Central or Region)	Other Agency Review Req'd (y/n)	Fee per permit	Date of Last Increase
Land or Sell License	On site issuance	All 6 DMF Offices	No	$200.00 or fee for residents in non-resident's state	1999
Recreational Fishing Tournament License to sell Fish	On site issuance	All 6 DMF Offices	No	$100.00	1999
Spotter Plane License	On site issuance	All 6 DMF Offices	No	$100	1990
License to Land Flounder	10 days	Morehead DMF Office	No	No fee	Not applicable
Interim Crab License	On site issuance	All 6 DMF Offices	No	$7.50	1999
Ocean Fishing Pier License	On site issuance	Central	No	$0.50 per linear foot	1983
Striped Bass Dealer Permit	On site issuance	All 6 DMF Offices	No	$50.00 for initial and renewal	May, 2000
Atlantic Ocean American Shad Dealer Permit	On site issuance	All 6 DMF Offices	No	$5.00 for initial and renewal	May, 2000
Albemarle Sound Mgt. Area for River Herring Dealer Permit	On site issuance	All 6 DMF Offices	No	$5.00 for initial and renewal	May, 2000
Atlantic Ocean Flounder Dealer Permit	On site issuance	All 6 DMF Offices	No	$15.00 for initial and $5.00 for renewal	May, 2000
Horseshoe Crab Biomedical Use Permit	On site issuance	All 6 DMF Offices	No	$10.00 for initial and $5.00 for renewal	May, 2000

DIVISION OF MARINE FISHERIES

Permit Name	Average Process Time	Issued From (Central or Region)	Other Agency Review Req'd (y/n)	Fee per permit	Date of Last Increase
Specific Management Purposes Permit (4)	On site issuance	Morehead DMF Office	No	No fee	Not applicable

NOTES:

(1) 6 DMF offices are located in Elizabeth City, Wanchese, Columbia, Washington, Morehead City, Wilmington.
(2) Fees will be adopted in rule by the Marine Fisheries Commission subject to G.S. 113-169.1.
(3) None of the above permits require any type of public participation such as a public notice or hearing.
(4) Specific Management Purposes Permit will be short term - upon use of this authority, DMF will begin drafting rules for adoption by the MFC, including a fee.

The Division of Marine Fisheries instituted a new fishing license program beginning July 1, 1999 in accordance with the Marine Fisheries Reform Act of 1997. The Marine Fisheries Commission has established the following schedule to review all licenses and their associated fees.

May 2000 Review
Pound Net Permit - Commercial Fishing License
Permit to Waiver Turtle Excluder Devices (TEDs)
Blue Crab Shedding Permit

July 2000 Review
Scientific Collecting Permit
Aquaculture Operation Permit
Aquaculture Collection Permit

1st quarter of 2001
Permit for Mechanical Harvest of Rangia Clams
Permit to Transplant Oysters from Seed Oyster Management Areas
Permit for Mechanical Harvest of Clams on Public Bottoms
Permit for Mehanical Harvest of Oysters on Public Bottoms
Mechanical Gear for Shellfish Harvest on Deeded, Granted, or Leased Bottom License
Permit to Take Oysters from Private Lease or Franchise
Permit to Transplant Shellfish from Polluted Areas
Certification to Ship or Possess Oysters from Private Lease/Franchise
Permit to Introduce or Transfer Marine and Estuarine Organisms

DIVISION OF PARKS AND RECREATION

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
State Lake Permits					
- Initial Construction of Private Structures on State Lakes	None specified	3 weeks	Not Required	District Offices	No
- Modification of Private Structures on State Lakes	None specified	3 weeks	Not Required	District Offices	No
- Transfer of Permit	None specified	3 weeks	Not Required	District Offices	No
- Reinstatement of Expired Permit	None specified	3 weeks	Not Required	District Offices	No
- Permit for Nonconforming Use Structures on State Lakes	None specified	3 weeks	Not Required	District Offices	No
- Permits for all Public Structures on State Lakes	None specified	3 weeks	Not Required	District Offices	No
Special Activity Permits at State Parks	None specified	2 days	Not Required	Central Office	No
Research Activity Permits	None specified	5 days	Not Required	Central Office	No

DIVISION OF PARKS AND RECREATION

Permit Name	Fee per Permit	Date of Last Increase	Restriction on Use of Fees	Fees Set by:	Number Issued SFY 99	Receipts SFY 99
State Lake Permits					1,078 (a)	$62,755 (b)
- Initial Construction of Private Structures on State Lakes	$60.00	March, 1992	None	General Statutes		
- Modification of Private Structures on State Lakes	$60.00	March, 1992	None	General Statutes		
- Transfer of Permit	$30.00	March, 1992	None	General Statutes		
- Reinstatement of Expired Permit	$60.00	March, 1992	None	General Statutes		
- Permit for Nonconforming Use Structures on State Lakes	$150.00	March, 1992	None	General Statutes		
- Permits for all Public Structures on State Lakes	$30.00	March, 1992	None	General Statutes		
Special Activity Permits at State Parks	$25.00-175.00	December, 1989	None	General Statutes	203	$5,924
Research Activity Permits	No fee	Not applicable	Not Applicable	Not Applicable	47	Not applicable

(a) Number includes all State Lake Permits issued and permitted sites that require annual fees.
(b) Number includes initial permit fees and annual permits fees.

DIVISION OF RADIATION PROTECTION

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Radiation Accelerator License	None specified	2-4 weeks	No	Central	No
X-Ray and Radiation Machines Registration	None specified	3-5 days	No	Central	No
Radioactive Materials License	None specified	2-4 weeks	No	Central	No
Tanning Facilities and Equipment Registration	None specified	3-5 days	No	Central	No

DIVISION OF RADIATION PROTECTION

Permit Name	Fee per permit	Date of Last Increase	Restriction of Use of Fees	Fees set by:	Number Issued SFY 99	Receipts SFY 99
Radiation Accelerator License	$225 per year	7/1/89	Fees used for the cost of radiation sources inspections.	Radiation Commission	65	$15,000
X-Ray and Radiation Machines Registration	$70 to $150 per year	7/1/89	Fees used for the cost of radiation sources inspections.	Radiation Commission	5,600	$563,000
Radioactive Materials License	$75 to $1175 per year	7/1/89	Fees used for the cost of radiation sources inspections.	Radiation Commission	1,465	$175,000
Tanning Facilities and Equipment Registration	$100 per year	7/1/94	Fees used for the cost of radiation sources inspections.	Radiation Commission	2,300	$286,000

DIVISION OF WASTE MANAGEMENT

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Municipal Solid Waste Landfill Permit	None specified	Three part process Site Study - 180 days Construction Permit - 180 days Operation Permit - 30 days	45 day notice & hearing	Central	Yes
Sanitary Landfill Permit-for Industrial, Construction and Demolition Waste	None specified	Same as above	No	Industrial - Central Construction/Demolition - Region	Yes
Municipal Solid Waste Composting Facility Permit	None specified	Not Available	No	Central	No
Land Clearing / Landfill Permit	None specified	90 days	No	Region	Yes
Solid Waste Treatment and Processing Facility Permit	None specified	180 days	No	MSW - Central C/D - Region LCID - Central	Yes
Solid Waste Transfer Facility Permit	None specified	90 days	No	Region	Yes
Yard Waste Composting Notification	None specified	7 days	No	Central	No
Incineration Facility Permit	None specified	180 days	No	Central	Yes
Scrap Tire Collection License	None specified	90 days	No	Region	No

DIVISION OF WASTE MANAGEMENT

Permit Name	Fee per permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Issued SFY 99	Receipts SFY 99
Municipal Solid Waste Landfill Permit	No fee	Not applicable	Not applicable	Not applicable	42	Not applicable
Sanitary Landfill Permit-for Industrial, Construction and Demolition Waste	No fee	Not applicable	Not applicable	Not applicable	29	Not applicable
Municipal Solid Waste Composting Facility Permit	No fee	Not applicable	Not applicable	Not applicable	5	Not applicable
Land Clearing / Landfill Permit	No fee	Not applicable	Not applicable	Not applicable	5	Not applicable
Solid Waste Treatment and Processing Facility Permit	No fee	Not applicable	Not applicable	Not applicable	5	Not applicable
Solid Waste Transfer Facility Permit	No fee	Not applicable	Not applicable	Not applicable	12	Not applicable
Yard Waste Composting Notification	No fee	Not applicable	Not applicable	Not applicable	24	Not applicable
Incineration Facility Permit	No fee	Not applicable	Not applicable	Not applicable	1	Not applicable
Scrap Tire Collection License	No fee	Not applicable	Not applicable	Not applicable	0	Not applicable

DIVISION OF WASTE MANAGEMENT

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Scrap Tire Disposal Permit	None specified	Three-part process Site Study - 180 days Construction Permit - 180 days Operation Permit - 30 days	No	Region	Yes
Hazardous Waste Management for Treatment, Storage & Disposal Facility Permit	None specified	1-2 years	45 day public comment and public hearing	Central	DAQ/DWQ given opportunity to comment
Hazardous Waste Management Post Closure Permit	None specified	1-2 years	45 day public comment and public hearing	Central	DWQ given opportunity to comment
Hazardous Waste Management Research Development and Demonstration Permit	None specified	1 year	45 day public comment and public hearing	Central	No
Hazardous Waste Management Emergency Permit	< 5 days	< 5 days	Public notice	Central	No
Management and Disposal of Septage Permit	None specified	75 days	No	Central	No
Operation of Septage Management Firm Permit	None specified	15 days	No	Central	No

DIVISION OF WASTE MANAGEMENT

Permit Name	Fee per permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Issued SFY 99	Receipts SFY 99
Scrap Tire Disposal Permit	New- $250	1990	None specified	General Statute	0	$0
Hazardous Waste Management for Treatment, Storage & Disposal Facility Permit	Storage - $10,000 Treatment - $15,000 Disposal - $25,000	1987	Use for Hazardous Waste Program Only	General Statute	1 (fee submitted in 1998)	$1800 (from modification fees)
Hazardous Waste Management Post Closure Permit	No fee	Not applicable	Not applicable	Not applicable	Not available	Not applicable
Hazardous Waste Management Research Development and Demonstration Permit	No fee	Not applicable	Not applicable	Not applicable	Not available	Not applicable
Hazardous Waste Management Emergency Permit	No fee	Not applicable	Not applicable	Not applicable	Not available	Not applicable
Management and Disposal of Septage Permit	No fee	Not applicable	Not applicable	Not applicable	33	Not applicable
Operation of Septage Management Firm Permit	$300 - $400	1989	Use for Septage Management Program Only	General Statute	415	$142,700

DIVISION OF WASTE MANAGEMENT

Permit Name	Statutory and Regulatory Process Time	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Management of a Septage Detention Facility Permit	None specified	45 days	No	Central	No
Underground Storage Tank Registration and Operation Permit	None specified	2 weeks	No	Central	No
Underground Storage Tank Contaminated Soil Treatment and Disposal Permit	90 days	2 weeks	Notice to County Manager	Region	No

DIVISION OF WASTE MANAGEMENT

Permit Name	Fee per permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Issued SFY 99	Receipts SFY 99
Management of a Septage Detention Facility Permit	No fee	Not applicable	Not applicable	Not applicable	25	Not applicable
Underground Storage Tank Registration and Operation Permit	$200 - $300 per tank	1997	Use for Leaking UST Cleanup Fund Only	General Statute	7,670	$6,800,063
Underground Storage Tank Contaminated Soil Treatment and Disposal Permit	New - $400 Renewals - $200	1993	Use for Leaking UST Cleanup Fund Only	General Statute	15	$2,400

Permit Name	Statutory and Regulatory Process Time	Average Process Time (a)	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
NPDES-Wastewater Discharge (Individual Minor)	None specified	476 days	Notice required; possible hearing.	Central	Yes, EPA. Others if discharged to surface waters or water supply.
NPDES-Wastewater Discharge (Individual Major)	None specified	476 days	Notice required; possible hearing.	Central	Same as above
NPDES-Wastewater Discharge (General)	None specified	120 days	No	Central	If discharged to surface waters or water supply.
NPDES-Authorization to-Construct	90 days upon receipt of complete application	120 days	No	Central	No
NPDES-Stormwater Discharge (Individual)	None specified	240 days	Notice required; possible hearing.	Central	No
NPDES-Stormwater Discharge (General)	None specified	120 days	No	Central	No
North Carolina (State) Stormwater Runoff	90 days upon receipt of complete application	34 days	No	Region	No
Pump Station, Force Main, and/or Gravity Sewer	90 days upon receipt of complete application	86 days *	No	Central	No

DIVISION OF WATER QUALITY

Permit Name	Fee for Permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Number Issued SFY 99	Receipts SFY 99
NPDES-Wastewater Discharge (Individual Minor)	$715	1/1/99	Permitting and Compliance Improvements	General Statute	170	$1,070,355 (b)
NPDES-Wastewater Discharge (Individual Major)	$2,865	1/1/99	Permitting and Compliance Improvements	General Statute	32	$799,335 (b)
NPDES-Wastewater Discharge (General)	$80	1/1/99	Permitting and Compliance Improvements	General Statute	92	$55,040 (b)
NPDES-Authorization to-Construct	No fee	Not applicable	Not applicable	Not applicable	Not available	Not applicable
NPDES-Stormwater Discharge (Individual)	$715	1/1/99	Permitting and Compliance Improvements	General Statute	6	$122,265 (b)
NPDES-Stormwater Discharge (General)	$80	1/1/99	Permitting and Compliance Improvements	General Statute	105	$151,040 (b)
North Carolina (State) Stormwater Runoff	$420	1/1/99	Permitting and Compliance Improvements	General Statute	644	$270,480
Pump Station, Force Main, and/or Gravity Sewer	$400	1/1/99	Permitting and Compliance Improvements	General Statute	331	$132,400

DIVISION OF WATER QUALITY

Permit Name	Statutory and Regulatory Process Time	Average Process Time (a)	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Gravity Sewer Only	90 days upon receipt of complete application	17 days *	No	Central	No
Land Application of Sludge/Residuals/Biosolids	90 days upon receipt of complete application	134 days *	No	Central	Yes
Spray Irrigation of Wastewater	90 days upon receipt of complete application	134 days *	No	Central	Yes
Composting of Sludge/Residuals/Biosolids	90 days upon receipt of complete application	134 days *	No	Central	Yes
Reuse of Wastewater	90 days upon receipt of complete application	134 days *	No	Central	Yes
Closed Loop/Recycle System	90 days upon receipt of complete application	134 days *	No	Central	No
Pump and Haul	90 days upon receipt of complete application	38 days	No	Region	No
Animal Waste Management General Permit	90 days upon receipt of complete application	Not available	No	Central	No
Animal Facility Operator Certification	Not applicable	Not applicable	No	Central	No

DIVISION OF WATER QUALITY

Permit Name	Fee for Permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Number Issued SFY 99	Receipts SFY 99
Gravity Sewer Only	$400	1/1/99	Permitting and Compliance Improvements	General Statute	995	$398,000
Land Application of Sludge/Residuals/Biosolids	$675-$1090	1/1/99	Permitting and Compliance Improvements	General Statute	66	$239,348 (b)
Spray Irrigation of Wastewater	$675-$1090	1/1/99	Permitting and Compliance Improvements	General Statute	145	$328,290 (b)
Composting of Sludge/Residuals/Biosolids	$675-$1090	1/1/99	Permitting and Compliance Improvements	General Statute	33	$22,715 (b)
Reuse of Wastewater	$300	1/1/99	Permitting and Compliance Improvements	General Statute	Included in the number directly above	Included in the amount directly above
Closed Loop/Recycle System	$300	1/1/99	Permitting and Compliance Improvements	General Statute	41	$12,300 (b)
Pump and Haul	$675	1/1/99	Permitting and Compliance Improvements	General Statute	33	$22,275
Animal Waste Management General Permit	$50-$300	1/1/99	Permitting and Compliance Improvements	General Statute	822	$139,300 (b)
Animal Facility Operator Certification	$25	1/1/99	Permitting and Compliance Improvements	General Statute	207	$36,505 (b)

DIVISION OF WATER QUALITY

Permit Name	Statutory and Regulatory Process Time	Average Process Time (a)	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
WWTP Operator Certification	Not applicable	Not applicable	No	Central	No
Well (Water Supply >100,00 gpd) Construction	15 days	5 days	No	Region	No
Well (Groundwater Recovery) Construction	15 days	3 days	No	Region	No
Well (Injection) Construction	None specified	30 days	No	Central	NC DHHS - Division of Public Health
Well (Groundwater Quality Monitoring) Construction	15 days	4 days	No	Region	No
Well Pump Installation Contractors Registration	None specified	3 days	No	Central	No
Well Drilling Contractors Registration	None specified	3 days	No	Central	No
Soil Remediation Permit	90 days upon receipt of completed application	15 days	No	Region	No

DIVISION OF WATER QUALITY

Permit Name	Fee for Permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Number Issued SFY 99	Receipts SFY 99
WWTP Operator Certification	$85	1/1/99	Permitting and Compliance Improvements	General Statute	1340	$318,440 (b)
Well (Water Supply >100,00 gpd) Construction	No fee	Not applicable	Not applicable	Not applicable	82	Not applicable
Well (Groundwater Recovery) Construction	No fee	Not applicable	Not applicable	Not applicable	28	Not applicable
Well (Injection) Construction	No fee	Not applicable	Not applicable	Not applicable	34	Not applicable
Well (Groundwater Quality Monitoring) Construction	No fee	Not applicable	Not applicable	Not applicable	137	Not applicable
Well Pump Installation Contractors Registration	No fee	Not applicable	Not applicable	Not applicable	329	Not applicable
Well Drilling Contractors Registration	No fee	Not applicable	Not applicable	Not applicable	426	Not applicable
Soil Remediation Permit	$400	1993	None specified	General Statute	51	$20,400 (b)

DIVISION OF WATER QUALITY

Permit Name	Statutory and Regulatory Process Time	Average Process Time (a)	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)
Wastewater/ Groundwater Laboratory Certification					
Commercial	None specified	30 days	No	Central	No
Municipal/Industrial	None specified	30 days	No	Central	No
401 Water Quality Certification (Major)	60 days	44 days	Notice required; possible hearing	Central, some in Region	No
401 Water Quality Certification (Minor)	60 days	44 days	Notice required; possible hearing	Central, some in Region	No
Pretreatment Permits	30 days	30 days	No	Central	No

(a) All average permit processing times are based upon the receipt of a **complete** application **except** those marked by an asterisk (*). These time frames include the amount of time necessary to gather additional information.

(b) Receipts include annual fees collected from permittees.

DIVISION OF WATER QUALITY

Permit Name	Fee for Permit	Date of Last Increase	Restriction on Use of Fees	Fees Set By:	Number Issued SFY 99	Receipts SFY 99
Wastewater/ Groundwater Laboratory Certification						
Commercial	$2,000	11/2/92	Fees are used to support the certification program.	Legislature and EMC	360	$525,250
Municipal/Industrial	$1,000	11/2/92			Included in the number directly above	Included in the amount directly above
401 Water Quality Certification (Major)	$475	1/1/99	Permitting and Compliance Improvements	General Statute	172	$81,700
401 Water Quality Certification (Minor)	$200	1/1/99	Permitting and Compliance Improvements	General Statute	446	$89,200
Pretreatment Permits	No fee	Not applicable	Not applicable	Not applicable	780	Not applicable

DIVISION OF WATER RESOURCES

Permit Name	Statutory and Regulatory Process Times	Average Process Time	Public Participation	Issued From (Central or Region)	Other Agency Review Req'd (y/n)	Number Issued SFY 99
Inter-basin Transfer Certificate	None specified	see (1) below	Public hearing, public notice, and comment period	Central	yes	0
Water Use in Capacity Areas Permit	None specified	54 days	Public notice and comment period	Central	yes	4

(1) The Division of Water Resources has not issued an Inter-Basin Transfer Certificate to verify the average process time.

Note: There are no fees required for either of the permits issued by the Division of Water Resources.

ATTACHMENT X

NORTH CAROLINA DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES

NCDENR

JAMES B. HUNT JR.
GOVERNOR

BILL HOLMAN
SECRETARY

March 24, 2000

Dear Vehicle Parts Supplier:

As a vehicle parts supplier in North Carolina, you may be affected by the request in September 1999 from both Ford Motor Co. and General Motors that their suppliers implement an Environmental Management System, or EMS using the ISO 14001 model. North Carolina manufacturers of components such as tires, door paneling, cushion coverings, gaskets, and other components comprise a significant percentage of our state industrial and economic base.

It is important that North Carolina businesses remain competitive in the marketplace, and this certainly means meeting supplier requirements. Both the Department of Commerce (DOC) and the Department of Environment and Natural Resources (DENR) are interested in supporting you as you seek to meet supplier requirements to have an EMS.

DOC and DENR are sponsoring three EMS workshops focusing on the automotive sector in May 2000 in Asheville, Kernersville, and Greenville. We invite you to attend these. Information on the workshops may be found on the Division of Pollution Prevention and Environmental Assistance's (DPPEA) Web site, the division taking the lead in DENR on EMS.

In addition to online information about these workshops, DPPEA has other information on EMS, including case studies, examples of EMS design tools, and presentations from companies who have implemented an EMS. The address for this Web site is http://www.p2pays.org/iso/index.htm. You may also contact Beth Graves, EMS Project Coordinator, at 800-763-0136 or 919-715-6506 or at Beth.Graves@ncmail.net for more information.

Again, DOC and DENR offer you support in meeting supplier requirements and in continually improving your facility's environmental performance. Please let us know how DOC or DENR may be of further assistance to you.

Sincerely,

Bill Holman, Secretary
Department of Environment and Natural Resources

Rick Carlisle, Secretary
Department of Commerce

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VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — **April 26, 2000**

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom Slade	NCDA&CS Raleigh
ROGER SHEATS	NC RURAL ECONOMIC DEVELOPMENT CENTER, INC.
LAURA DEVIVO	DENR
Jane Smith	DENR
D. L. Holmes	DENR
Johnny Gray	OSBM
Molly Diggins	Sierra Club
David Herring	State Planning
Steve Woodson	NC Farm Bureau
Joe McCleas	TDA
[illegible]	DENR
Michael Williamson	DENR
Bill Holman	"
Sherri Evans Stanton	"
Daniel Bius	"
Edythe McKinney	"
DAVID EMMETT	NC TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.
Dewey Botts	DENR
Shmuel Hanin	DENR
Russell Hageman	DENR, DAQ
Laura Butler	DENR DAQ
John Dorman	OSPL
J.W. Reel	OSBM
Sheela Cattieri	OSBM
Cathy Handy	DENR
Cathey Cottle	DENR
Kathy Gaither	Commerce

Joint Appropriations Subcommittee on
Natural and Economic Resources
Wednesday, August 30, 2000
Senator Bob Martin, Presiding

1. Chairmen's Comments

2. Report on Water Capacity Use Area
(Section 13.10 of Session Law 2000-67)

John Morris, Director
Division of Water Resources
Department of Environment and Natural Resources

3. Update on One-Stop Permit Reform Efforts and Division of Coastal Management Study
(Section 9.1 of Session Law 2000-138)

Michael Williamson, Deputy Secretary of Operations
Department of Environment and Natural Resources

4. Committee Discussion

5. Adjourn

MINUTES

JOINT SUBCOMMITTEE ON

NATURAL AND ECONOMIC RESOURCES

August 30, 2000

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, August 30, 2000 at 10:00 a.m. in room 423 of the Legislative Office Building. Seven Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Fox, Owens, Warren, Baker, Culp, Hunter, Mitchell, Tolson and Warwick were present.

Senator Martin called the meeting to order. Bill Holman, Secretary of the Department of Environment and Natural Resources (DENR), provided introductory remarks concerning the Central Coastal Plain Capacity Use Area (CCPCUA) rule. He stated that the rulemaking process undertaken by the department was a response to the issue of water depletion in the Black Creek and Upper Cape Fear aquifers that affects a 15-county region of eastern North Carolina. Secretary Holman emphasized the need to engage in a regional planning effort to successfully resolve the problem and to develop alternative sources of water to slow down depletion rates in the aquifer.

John Morris, Division Director for Water Resources, followed Secretary Holman with a three-point presentation on the CCPCUA issue that (1) identified the problem, (2) proposed how to solve it, and (3) discussed a time frame in which to solve it. Morris explained that the Black Creek and Upper Cape Fear aquifers have a limited recharge capacity, and that the current rate of withdrawal cannot be sustained in the future. The proposed rule calls for a gradual reduction of water use over a 16-year period (for planning and transition purposes). He stated that the division was working with stakeholders to plan and develop new water sources, and gave examples of several local governments that were looking at such alternatives. He noted that the public comment period remained open until September 15, 2000, and departmental plans were to recommend the rule to the Environmental Management Commission (EMC) at it's October meeting and proceed with rule making proceedings to ensure that the rule would be before the 2001 General Session for consideration in January. These are Attachments A and B of these minutes.

Significant committee discussion followed. Members raised a number of questions concerning finding alternative sources of water, the validity of scientific data that said there was a problem, and funding sources for local governments in the affected region to make the necessary changes to their water supplies. Several local government officials from the 15-county area voiced their concerns with the proposed rule. Senator Martin

asked the department to respond to a series of questions raised by a memo from the Rural Economic Development Center regarding this issue.

Deputy Secretary Michael Williamson provided an update on the permit reform process. Edythe McKinney, Director of the Customer Service Center reported that the center had staff and a dedicated phone line to take customer calls. This is Attachment C of these minutes.

Donna Moffitt, Division Director for Coastal Management, provided an update on actions taken as a result of the special provision in S.L. 2000-67 (Section 13.3) that directed DENR to study the feasibility of relocating the division's main office from Raleigh to one or more of the 20 coastal counties within the jurisdiction of the Coastal Area Management Act (CAMA). This is Attachment D of these minutes. Moffitt explained that after internal working group discussions in July 2000, it was determined that a departmental study was not practical. Consequently, the division presented the scope of work to the Office of State Budget, Planning and Management (OSBPM) who agreed to conduct the study. The final report is due to the subcommittee no later than January 15, 2001.

The meeting adjourned at 12:10 p.m.

Senator R.L. Martin, Chairman

Carolyn Gooden, Legislative Assistant

Attachment A

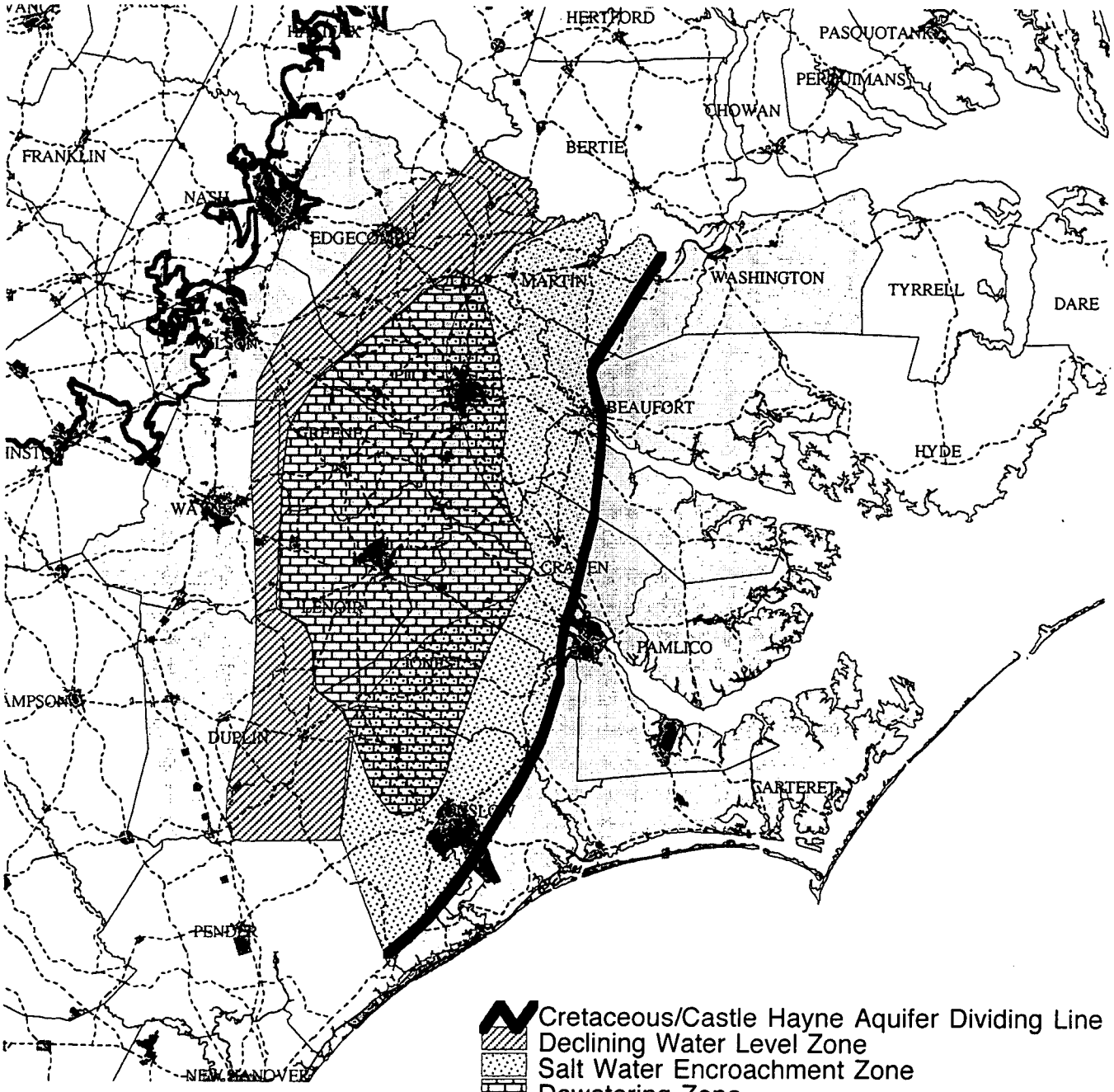
Department of Environment and Natural Resources
Division of Water Resources

Central Coastal Plain Capacity Use Area Rule
Background Information

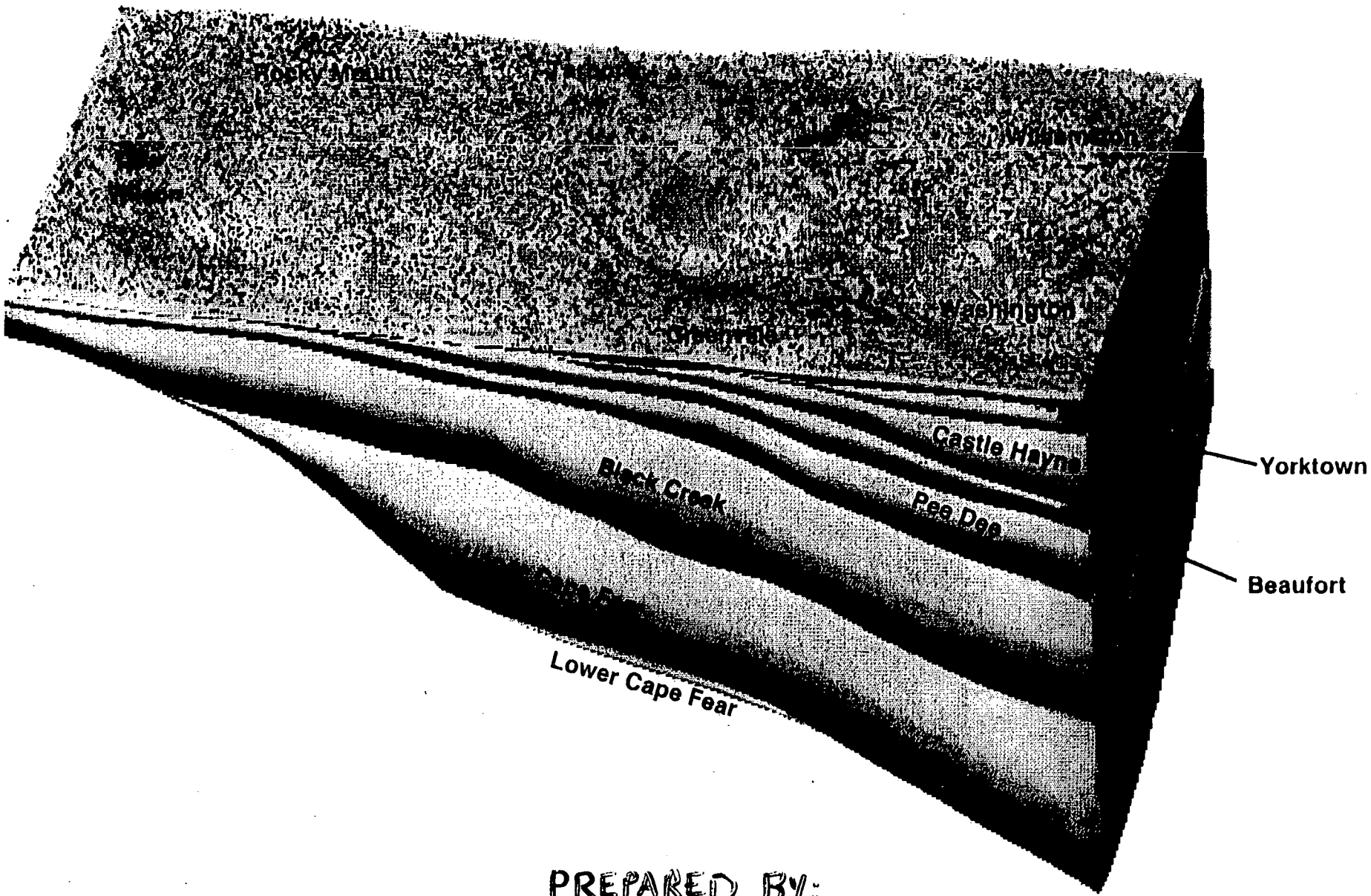
General Assembly
Natural and Economic Resources Subcommittee

August 29, 2000

CCPCUA Cretaceous Aquifer Zones



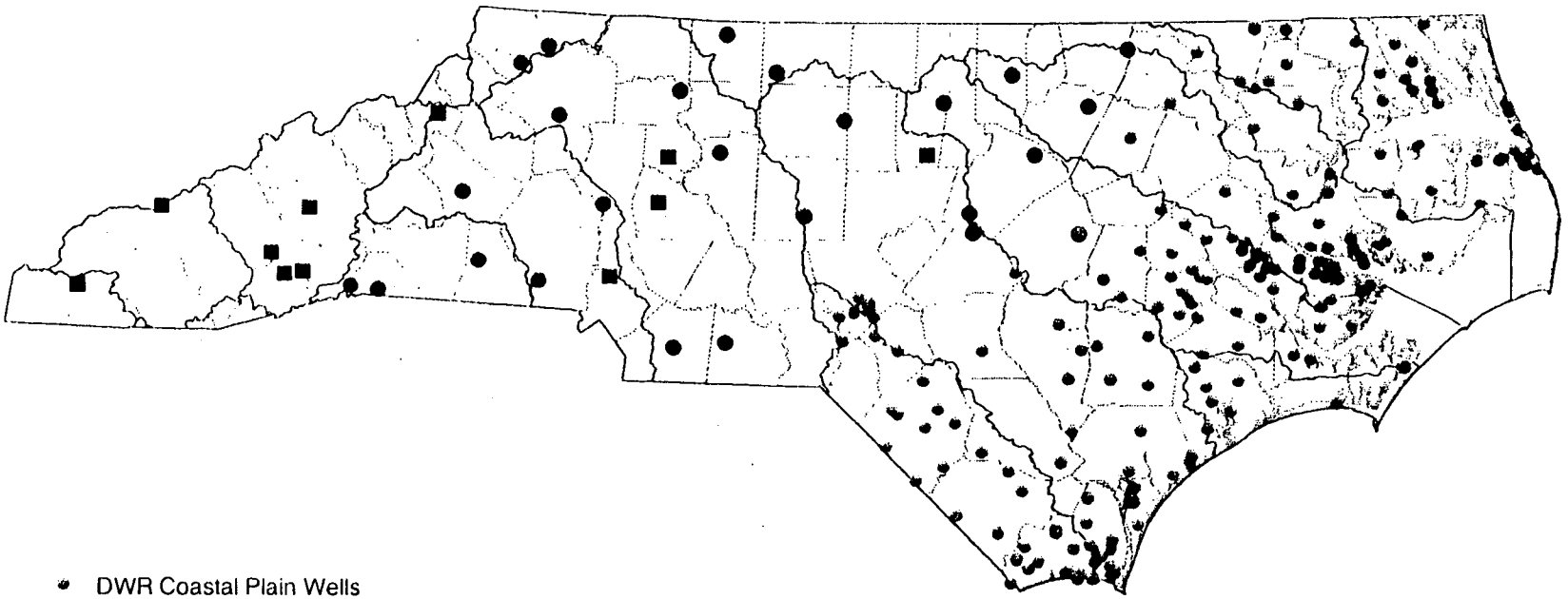
Principal Aquifers of the North Carolina Central Coastal Plain



PREPARED BY:
RESEARCH TRIANGLE INSTITUTE / 1999
FROM DWR DATA

DWR Monitoring Well Network

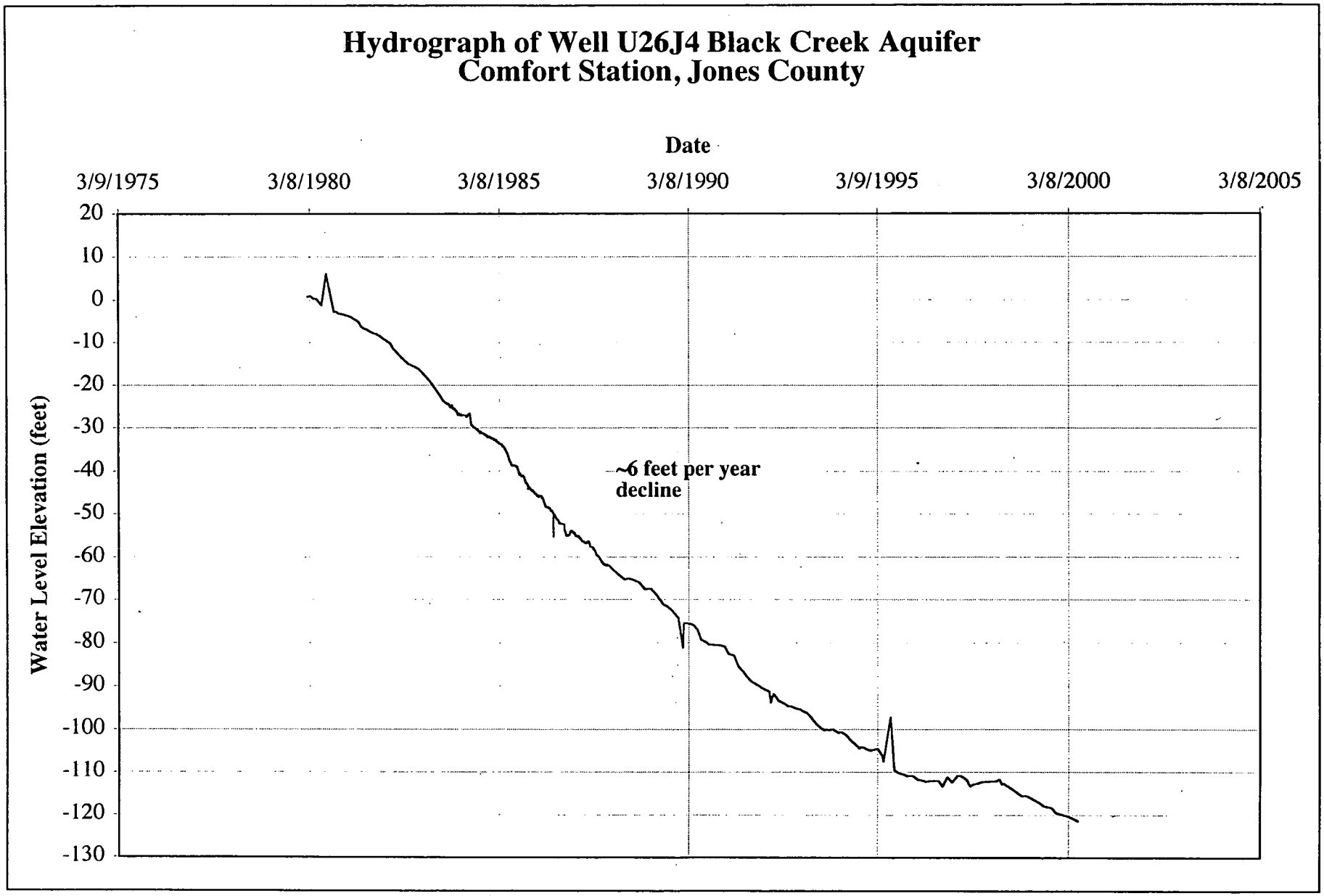
September 1999

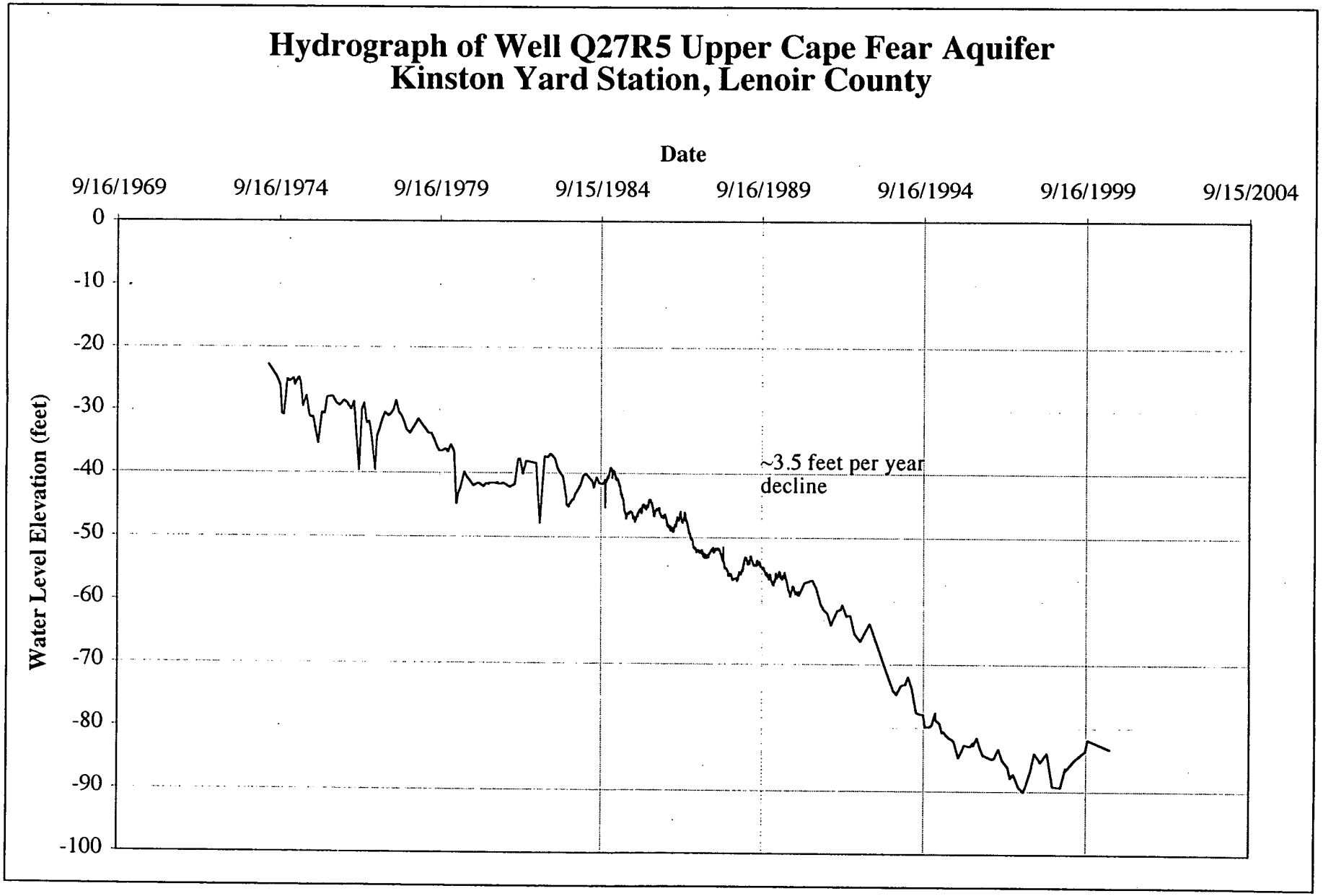


- DWR Coastal Plain Wells
- DWR Piedmont/Mountain Wells
- USGS/DENR Cooperative Piedmont/Mountain Wells
- Major River Basin Boundaries
- County Boundaries

50 0 50 100 Miles

N
W E
S


Hydrograph of Well U26J4 Black Creek Aquifer
Comfort Station, Jones County
Date
3/9/1975
3/8/1980
3/8/1985
3/8/1990
3/9/1995
3/8/2000
3/8/2005
Water Level Elevation (feet)
20
10
0
-10
-20
-30
-40
-50
-60
-70
-80
-90
-100
-110
-120
-130
~6 feet per year decline


Hydrograph of Well Q27R5 Upper Cape Fear Aquifer
Kinston Yard Station, Lenoir County
Date
9/16/1969
9/16/1974
9/16/1979
9/15/1984
9/16/1989
9/16/1994
9/16/1999
9/15/2004
Water Level Elevation (feet)
0
-10
-20
-30
-40
-50
-60
-70
-80
-90
-100
~3.5 feet per year decline

Central Coastal Plain Capacity Use Area Rules Development
Meetings with Interested Parties

Six Large Public Meetings:

March 31, 1998 at East Carolina University, Greenville—general discussion of the ground water problem and how to resolve it

May 1998 at Kinston—Local Water Supply Planning Workshop

January 12, 1999 at East Carolina University, Greenville—meeting to get ideas for draft rules

July 14, 1999 at New Bern—public hearing for 1999 draft rules

May 3, 2000 and June 7, 2000 at Farmville—attended Central Coastal Plain Capacity Use Area Association startup meetings

August 8, 2000 in Kinston area—public hearing for 2000 draft rules

Other Meetings between October 1998 and August 2000:

Eight Stakeholder group meetings in February, March and April 2000—to write 2000 draft CCPCUA rules for the EMC

With public and private water systems including:

- **Kinston**
- **Pitt County, Greenville, and private Pitt County water systems**
- **Wayne County Systems**
- **Greene County Systems**
- **Craven County and New Bern**
- **Jacksonville, Onslow County, and Richlands**

With public groups including (several meetings each):

- **League of Municipalities**
- **NC Association of County Commissioners**
- **Four meetings with rule committee of the CCPCUA Association**

With private groups including:

- **Farm Bureau Federation**
- **DuPont-Kinston Plant**
- **Martin Marietta**
- **PCS Phosphate**
- **MCIC (three meetings)**
- **AWWA**
- **Nursery owners from the CCP region**

Division of Water Resources – Central Coastal Plain Capacity Use Area Stakeholders Group

February – April 2000

Fred Allen	NC Aggregates Association
Lynn Anderson	Planning Board Member/Farm Owner/Irrigator
Dick Bierly	Carteret County Crossroads
Sammy Boyette	NC Rural Water Association
Jerry Coker	Weyerhaeuser Company
Eddie Coltrain	Wayne Water Districts
Jerry Cutler	City of Wilmington
Ron Elks	Greenville Utilities Commission
Tex Gilmore	PCS Phosphate
Bill Harvey	Onslow County Joint Utility Resources Team
Paul Hinsley	Pamlico Tar River Foundation
Preston Howard	Manufacturers and Chemical Industries Council
Lauren Kolodij	Coastal Federation
Clifford Lee	DuPont Company
Steven Levitas	Global Transpark
Mark Loomis	Carolina Catfish
Sarah Matyiko	Eastern Carolina Council
Joe McKinney	Eastern Carolina Council
John Morris	NC Division of Water Resources
Mitch Peele	NC Farm Bureau Federation
Ed Regan	NC Association of County Commissioners
Bill Reynolds	National Spinning Company
James Rhodes	Pitt County Planner
Bill Schimming	PCS Phosphate
Marion Smith	Neuse River Foundation
Paula Thomas	NC League of Municipalities
Paul Wilms	NC Homebuilders Association
David Yaeck	Neuse River Foundation
Mike Bell (advisor)	NC Division of Environmental Health
Dan Boone (advisor)	The Wooten Company
Dr. Richard Spruill (advisor)	East Carolina University

Attachment B

TITLE 15A - DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CHAPTER 2 - ENVIRONMENTAL MANAGEMENT

SUBCHAPTER 2E - WATER USE REGISTRATION AND ALLOCATION

SECTION .0100 - AUTHORITY

.0102 PURPOSE

~~These regulations are intended to provide for the management of water withdrawal and uses in the designated capacity use areas as needed to conserve water resources in the areas, and to maintain conditions that are conductive to the orderly development and beneficial use of these resources.~~

History Note: *Authority G.S. 143-215.12; 143-215.14;*
Eff. February 1, 1976;
Repealed Eff. April 1, 2001.

.0103 SCOPE

~~These regulations establish general and specific requirements that are applicable to all persons who withdraw, obtain or utilize water within the designated capacity use areas. Special requirements applicable to individual users will normally be included in appropriate water use permits.~~

History Note: *Authority G.S. 143-215.14;*
Eff. February 1, 1976;
Repealed Eff. April 1, 2001.

.0106 DEFINITIONS

As used herein, unless the context otherwise requires:

(1) "Director" means the Director of the Division of ~~Environmental Management.~~ Water Resources.

(2) "Division" means the Division of ~~Environmental Management.~~ Water Resources.

History Note: *Authority G.S. 87-87; 143-215.14; 143-215.21;*
Eff. March 1, 1985;
Amended Eff. April 1, 2001.

.0107 DELEGATION

(a) The Director is delegated the authority to grant, modify, revoke or deny permits under G.S. 143-215.15 and G.S. 143-215.16.

(b) The Director may delegate any permitting function given by the rules of this Subchapter.

(c) The Director is delegated the authority to assess civil penalties and request the Attorney General to institute civil actions under G.S. 143-215.17.

(d) The Director ~~of the Division of Water Resources~~ is delegated the authority to process applications and collect fees for registration of water withdrawals and transfers under G.S. 143-215.22H and G.S. 143- 215.3(a)(1b).

(e) The Director ~~of the Division of Water Resources~~ may delegate any water withdrawal or transfer registration processing functions given by the rules of this Subchapter.

History Note: *Filed as a Temporary Amendment Eff. October 14, 1991 for a period of 180 Days to Expire on April 11, 1992;*
Authority G.S. 143-215.3(a)(1); 143-215.3(a)(4);
Eff. March 1, 1985;
Amended Eff. April 1, 2001; September 1, 1994; April 1, 1992.

SECTION .0200 - CAPACITY USE AREA NO. 1

.0201 DECLARATION AND DELINEATION OF CAPACITY USE AREA NO. 1

~~The Environmental Management Commission on the 18th day of December, 1968, declared and delineated the following described~~ geographical area a capacity use area:

~~"That area bounded by a line beginning at the intersection of Highway US 17 and Roanoke River, at Williamston, and running south along Highway US 17 to the Martin-Beaufort Counties line; thence northwest along the Martin-Beaufort Counties line to the Pitt County line; thence generally south along the Pitt-Beaufort Counties line to the Craven County line; thence southwest along the Pitt-Craven Counties line to the Neuse River; thence southeast along the Neuse River to New Bern; thence south along Highway US 70 to Morehead City and on to Atlantic; thence north along the eastern edge of Cedar Island, across Pamlico Sound, along the eastern edge of Great Island, to the intersection of Highways US 264 and NC 94 near the south shore of Lake Mattamuskeet; thence north along Highway NC 94 to Columbia; thence west along the south shore of Albemarle Sound to the mouth of Roanoke River; thence generally southwest along Roanoke River to Highway US 17 at Williamston, the beginning."~~

History Note: *Authority G.S. 143-215.13;*
Eff. February 1, 1976;
Repealed Eff. April 1, 2001.

.0202 PERSONS WITHDRAWING GROUNDWATER IN CAPACITY USE AREAS

~~(a) Permits Required~~

~~(1) Water Use Permit~~

~~(A) No person shall, after June 18, 1969 (as designated the Commission), withdraw, obtain or utilize surface waters or ground waters, or both, in excess of 100,000 gallons per day for any purpose unless such person shall first apply for a water use permit therefor from the Director.~~

~~(B) Application for such water use permit shall be submitted on a form approved by the Director. An approved form, may be obtained from the Department of Natural Resources and Community Development, P.O. Box 27687, Raleigh, N.C. 27611. The application shall describe the specific purpose or purposes for which the water will be withdrawn or used, and shall justify the quantity needed for each purpose. Each application submitted to the Division will be considered and acted upon as soon as practicable. Pending the Director's issuance or denial of a permit, the applicant may continue the same withdrawal or use which existed prior to the date of declaration of the capacity use area.~~

~~(C) Water use permits shall be issued for a period to be determined by the Director but not to exceed the longest of the following:~~

~~(i) 10 years, or~~

~~(ii) the duration of the existence of the capacity use area, or~~

~~(iii) the period found by the Director to be necessary for reasonable amortization of the applicant's water withdrawal and water using facilities.~~

~~(D) Each water use permit shall be subject to review, modification or renewal by the Director as set forth in Section 143-215.15(c) of the General Statutes of North Carolina (Water Use Act of 1967). Holders of water use permits will be expected to notify the Director of any major changes in usage. Review of water use permits may require the justification of continuing needs and the documentation of all water conservation measures.~~

~~(E) Water use permits shall not be transferred except with the approval of the Director.~~

~~(F) Water withdrawn under any water use permit shall be used only for the purpose(s) set forth in the permit.~~

~~(2) Well Construction Permit~~

~~(A) A well construction permit shall be obtained prior to construction of all wells except those constructed for individual domestic water supplies.~~

~~(B) Application for a well construction permit shall be made of Form GW22, "Application for Permit to Construct a Well," which can be obtained from the Division. The application shall state the purpose of the well, and shall include the proposed location, construction specifications, the estimated withdrawal rate, the location and ownership of all water supply wells within a radius of either:~~

~~(i) 1,000 feet for wells withdrawing less than 100,000 gallons per day;~~

~~(ii) 1,500 feet for wells withdrawing 100,000 to 1,000,000 gallons per day;~~

~~(iii) 2,500 feet for wells withdrawing more than 1,000,000 gallons per day; and such other information as the Director may reasonably deem necessary.~~

~~(b) Withdrawal and Water Level Controls Required~~

~~(1) Total Quantity. The water use permit issued by the Director shall establish the maximum total quantity that may be withdrawn daily, and may specify the timing of withdrawals.~~

~~(2) Maximum Withdrawal Rates. Maximum rates of withdrawal of water from individual wells or surface water intakes may be set forth in the water use permit issued by the Director, when the Director determines that such control is required to conserve water or protect the water quality.~~

~~(3) Maximum Drawdown Levels. The water use permit may specify the lowest water level that may be produced in any well or wells.~~

~~(4) Additional Provisions. The water use permit shall be issued subject to such other provisions as the Director deems necessary to conserve or protect the water resources of the capacity use area. The permit may:~~

~~(A) require that the applicant cooperate with the Division, and with other users of water in the affected area, in determining and implementing reasonable and practical methods and processes to conserve and protect the water resources while avoiding or minimizing adverse effects on the quantity and quality of water available to persons whose water supply has been materially reduced or impaired as a result of withdrawals made pursuant to water use permits;~~

~~(B) require that any portion of the water withdrawn be returned to the source or to any other stream or aquifer as approved by the Director;~~

~~(C) require the holder of a water use permit to obtain the Director's approval of the locations and distribution of individual surface water intakes and wells, and of the depths, zones, aquifers or parts of aquifers from which withdrawals may be made;~~

~~(D) require that each well or surface water intake be equipped with an approved monitoring device that will provide a continuous record of withdrawals within an accuracy of plus or minus five percent;~~

~~(E) require that observation stations or wells be installed and maintained for monitoring water levels and water quality;~~

~~(F) require that holders of water use permits unite in joint efforts to conserve water quantity and quality by any and all of the requirements in this Rule when applicable.~~

~~(c) Reports Required~~

~~(1) Well Record or Well Completion or Abandonment Report. Any person completing or abandoning any well shall furnish the Director, on Form GW-1, a certified record of the construction or abandonment of such well within a period of 30 days from completion of construction or abandonment, as required in the provisions of Article 7, Chapter 87 and Article 38, Chapter 143, General Statutes of North Carolina. The required completion report shall include the location, size, depth, casing record, method of finishing, formation log, static water level, yield data and records of any surveys, geophysical logs, test or water analyses. Samples of formation cuttings from all wells shall be furnished to the Director except when the Director specifies that such samples are not required. For wells withdrawing more than 1,000,000 gallons a day, a description of the proposed device for metering withdrawals is required. The required abandonment report shall include the location and method of sealing and plugging.~~

~~(2) Reports and Records of Withdrawal from each Source. For withdrawals of more than 100,000 gallons per day, monthly reports of daily withdrawals from each well or surface water intake shall be furnished to the Director not later than 15 days after the end of each calendar month. Withdrawals shall be measured by a method acceptable to the Director. Withdrawals of 1,000,000 gallons per day or more shall be measured by an approved metering device, equipped with an automatic chart recorder, and having any accuracy of plus or minus five percent. The required reports shall include copies of chart recordings.~~

~~(3) Reports of Water Levels. For withdrawals of less than 1,000,000 gallons per day, water level reporting, if required, may be specified in the permit. For withdrawals of 1,000,000 gallons per day or more monthly reports of water levels shall be furnished to the Director not later than 15 days after the end of each calendar month as follows:~~

~~(A) the pumping water level for each supply well as measured with a steel or electric tape from a fixed reference point each day at approximately the same hour, or at such other time intervals as may be satisfactory to the Director. The measurements shall be within accuracy limits of plus or minus 0.25 of a foot or three inches.~~

~~(B) The level of each surface water used as a source of supply, as measured by a method and at such frequency as specified in the permit.~~

~~(C) The Water levels in observation wells other than supply wells as measured from a fixed reference point at intervals specified by the permit.~~

~~(4) Other Reports. The Director may require reports of other data pertinent and necessary to the evaluation of the effects of withdrawals.~~

History Note: *Authority G.S. 143-215.14; 143-215.15;*
Eff. February 1, 1976;
Amended Eff. March 1, 1985;
Repealed Eff. April 1, 2001.

.0205 ACTIVITIES

~~Activities Requiring Prior Approval by the Commission. No construction or installation of works of improvement which may significantly affect the quantity or quality of the water resources shall be undertaken without prior approval from the Commission. These include, but are not necessarily limited to, the following:~~

~~(1) Surface Drainage Projects~~

~~(a) Any project involving the drainage or diversion of ponded or standing water, except water temporarily impounded as the result of flooding, from an area in excess of five acres;~~

~~(b) Application for approval of any such project shall include:~~

~~(i) a description of the area,~~

~~(ii) purpose of the project and method of drainage, and~~

~~(iii) a general evaluation of the probable effects of the project on the water resources.~~

~~(2) Subsurface Drainage Projects~~

~~(a) Any project involving the withdrawal or diversion of ground water, except for the purpose of water supply or agricultural use, that will probably result in lowering existing ground water levels or artesian head more than three feet for a period of one year in any area of more than five acres;~~

~~(b) Application for approval of any such project shall include a description of the area, purpose of the project and method of drainage, and a general evaluation of the probable effects of the project on the water resources.~~

~~(3) Well Mining Projects~~

~~(a) Any projects involving the removal or extraction of minerals through wells;~~

~~(b) Application for approval of any such project shall include:~~

~~(i) a description of the location and extent of the area;~~

~~(ii) methods, procedures and processes of removal or extraction;~~

~~(iii) well plugging and abandonment procedures, and~~

~~(iv) an evaluation of the effects of the water resources.~~

~~(4) Excavation Projects~~

~~(a) Any project involving the excavation of any land that lies under water;~~

~~(b) Any project involving the excavation of any single area in excess of five acres to any depth below the highest natural level of groundwater;~~

~~(c) Application for approval of any such projects shall include a description of the location and the extent of the area, purpose, depth, and excavation methods.~~

History Note: *Authority G.S. 143-215.14; 143-215.20;*
Eff. February 1, 1976;
Repealed Eff. April 1, 2001.

SECTION .0500 - CENTRAL COASTAL PLAIN CAPACITY USE AREA

.0501 DECLARATION AND DELINEATION OF CENTRAL COASTAL PLAIN CAPACITY USE AREA

The area encompassed by the following 15 North Carolina counties and adjoining creeks, streams, and rivers is hereby declared and delineated as the Central Coastal Plain Capacity Use Area: Beaufort, Carteret, Craven, Duplin, Edgecombe, Greene, Jones, Lenoir, Martin, Onslow, Pamlico, Pitt, Washington, Wayne and Wilson. The Environmental Management Commission finds that the use of ground water requires coordination and limited regulation in this delineated area for protection of the public interest.

History Note: *Authority G.S. 143-215.13;*
Eff. April 1, 2001.

.0502 WITHDRAWAL PERMITS

(a) Existing ground water withdrawal permits issued in Capacity Use Area No. 1 (15A NCAC 2E .0200) within the Central Coastal Plain Capacity Use Area are reissued under Section .0500 of this Subchapter and are valid until the expiration date specified in each permit. Water use permits are no longer required for withdrawals in Hyde and Tyrrell Counties as of the effective date of this Rule. Permits are not required for surface water use under Section .0500 of this Subchapter in the Central Coastal Plain Capacity Use Area as delineated in Rule .0501 of this Section.

(b) No person shall withdraw ground water after the effective date of this Rule in excess of 100,000 gallons per day by a well or group of wells operated as a system for any purpose unless such person shall first obtain a water use permit from the Director. Existing withdrawals of ground water as of the effective date of this Rule and proposed withdrawals previously approved for funding appropriated pursuant to the "Clean Water and Natural Gas Critical Needs Bond Act of 1998" or other local, state or federally funded projects as of the effective date of this Rule shall be allowed to proceed with construction or to continue to operate under interim status until a permit has been issued or denied by the Director, provided that persons withdrawing in excess of 100,000 gallons per day by a well or group of wells operated as a system comply with the following requirements:

(1) Persons conducting withdrawals in the Capacity Use Area that require a permit shall submit a permit application to the Division of Water Resources within 60 days of the effective date of this Rule.

(2) Persons who have submitted applications shall provide any additional information requested by the Division of Water Resources for processing of the permit application within 30 days of the receipt of that request.

(3) Persons conducting withdrawals in the Capacity Use Area that require a permit shall submit water level and water use data on a form supplied by the Division four times a year, within 30 days of the end of March, June, September, and December until a permit has been issued or denied by the Division of Water Resources.

(c) Ground water withdrawals will be governed by the following standards:

(1) Adverse impacts of ground water withdrawals shall be avoided or minimized. Adverse impacts include, but are not limited to:

(A) dewatering of aquifers;

(B) encroachment of salt water;

(C) land subsidence or sinkhole development;

(D) long-term declines in aquifer water levels.

(2) Adverse impacts on other water users from ground water withdrawals shall be corrected or minimized through efficient use of water and development of sustainable water sources.

(3) In determining the importance and necessity of a proposed withdrawal the efficiency of water use and implementation of conservation measures shall be considered.

(d) An application for a water use permit must be submitted on a form approved by the Director to the North Carolina Division of Water Resources. The application shall describe the purpose or purposes for which water will be used, shall set forth the method and location of withdrawals, shall justify the quantities needed, and shall document water conservation measures to be used by the applicant to ensure efficient use of water and avoidance of waste. Withdrawal permit applications shall include the following information:

(1) Location by latitude and longitude of all wells to be used for withdrawal of water.

(2) Specifications for design and construction of existing and proposed production and monitoring wells. Exceptions may be made where specific items of information are not critical, as determined by the Director, to manage the ground water resource.

(A) Well diameter;

(B) Total depth of the well;

(C) Depths of all open hole or screened intervals that will yield water to the well;

(D) Depth of pump intake(s);

(E) Size, capacity and type of pump;

(F) Depth to top of gravel pack;

(G) Depth measurements shall be within accuracy limits of plus or minus 0.10 feet and referenced to a known land surface elevation.

(3) Withdrawal permit applications for use of ground water from the Cretaceous aquifer system shall include plans to reduce water use from these aquifers as specified in Rule .0503 of this Section. Withdrawal rates from the Cretaceous aquifer system that exceed the approved base rate may be permitted during Phase I of Rule .0503 of this Section if the applicant can demonstrate to the Director's satisfaction a need for the greater amount. Cretaceous aquifer system wells will be identified using the specifications in Rule .0502(d)(1) and .0502(d)(2) of this Section and the hydrogeological framework.

(4) Withdrawal permit applications for dewatering of mines, pits or quarries shall include a dewatering or depressurization plan that includes:

(A) a hydrogeological analysis of the dewatering or depressurization activity;

(B) the location, design and specifications of any sumps, drains or other withdrawal sources including wells and trenches;

(C) the lateral extent and depth of the zone(s) to be dewatered or depressurized;

(D) a monitoring plan that provides data to delineate the nature and extent of dewatering or depressurization;

(E) certification by an appropriate North Carolina Licensed Engineer or Geologist of all plans and hydrogeological analyses prepared to meet these requirements.

(5) Conservation Measures. The applicant shall provide information on existing conservation measures and conservation measures to be implemented during the permit period as follows:

(A) Public water supply systems shall develop and implement a feasible water conservation plan incorporating, at a minimum, the following components. Each component shall be described, including a timetable for implementing each component that does not already exist.

(i) Adoption of a water conservation-based rate structure, such as: flat rates, increasing block rates, seasonal rates, or quantity-based surcharges.

(ii) Implementation of a water loss reduction program if unaccounted for water is greater than 15 percent of the total amount produced, as documented annually using a detailed water audit. Water loss reduction programs shall consist of annual water audits, in-field leak detection, and leak repair.

(iii) Adoption of a water conservation ordinance for irrigation, including such measures as: time-of-day and day-of-week restrictions on lawn and ornamental irrigation, automatic irrigation system shut-off devices or other appropriate measures.

(iv) Implementation of a retrofit program that makes available indoor water conservation devices to customers (such as showerheads, toilet flappers, and faucet aerators).

(v) Implementation of a public education program (such as water bill inserts, school and civic presentations, water treatment plant tours, public services announcements, or other appropriate measures).

(vi) Evaluation of the feasibility of water reuse as a means of conservation, where applicable.

(B) Users of water for commercial purposes, other than irrigation of crops and forestry stock, shall develop and implement a water conservation plan as follows:

(i) an audit of water use by type of activity (for example, process make-up water, non-contact cooling water) including existing and potential conservation and reuse measures for each type of water use;

(ii) an implementation schedule for feasible measures identified in the above item for conservation and reuse of water at the facility.

(C) Users of water for irrigation of crops and forestry stock shall provide the following information:

(i) total acreage with irrigation available;

(ii) types of crops that may be irrigated;

(iii) method of irrigation (for example, wells that supply water to canals, ditches or central pivot systems or any other irrigation method using ground water);

(iv) a statement that the applicant uses conservation practice standards for irrigation as defined by the Natural Resources Conservation Service.

(6) If an applicant intends to operate an aquifer storage and recovery program (ASR), the applicant shall provide information on the storage zone, including the depth interval of the storage zone, lateral extent of the projected storage area, construction details of wells used for injection and withdrawal of water, and performance of the ASR program.

(e) The Director shall issue, modify, revoke, or deny each permit as set forth in G.S. 143-215.15. Permittees may apply for permit modifications. Any application submitted by a permittee shall be subject to the public notice and comment requirements of G.S. 143-215.15(d).

(f) Permit duration shall be set by the Director as described in G.S. 143-215.16(a). Permit transferability is established in G.S. 143-215.16(b).

(g) Persons holding a permit shall submit signed water usage and water level reports to the Director not later than 30 days after the end of each permit reporting period as specified in the permit. Monitoring report requirements may include:

(1) Amounts of daily withdrawal from each well.

(2) Pumping and static water levels for each supply well as measured with a steel or electric tape, or an alternative method as specified in the permit, at time intervals specified in the permit.

(3) Static water levels in observation wells at time intervals specified in the permit.

(4) Annual sampling by applicants located in the salt water encroachment zone and chloride concentration analysis by a State certified laboratory.

(5) Any other information the Director determines to be pertinent and necessary to the evaluation of the effects of withdrawals.

(h) Water use permit holders shall not add new wells without prior approval from the Director.

(i) The Director may require permit holders to construct observation wells to observe water level and water quality conditions before and after water withdrawals begin if there is a demonstrated need for aquifer monitoring to assess the impact of the withdrawal on the aquifer.

(j) For all water uses other than dewatering of mines, pits or quarries, withdrawals shall be permitted only from wells that are constructed such that the pump intake or intakes are at a shallower depth than the top of the uppermost confined aquifer that yields water to the well. Confined aquifer tops are established in the hydrogeological framework. Where wells in existence as of the effective date of this Rule are not in compliance with the requirements of this provision, the permit shall include a compliance schedule for retrofitting or replacement of non-compliant wells. Withdrawals from unconfined aquifers shall not lower the water table by an amount large enough to decrease the effective thickness of the unconfined aquifer by more than 50 percent.

(k) For withdrawals to dewater mines, pits or quarries, the permit shall delimit the extent of the area and depths of the aquifer(s) to be dewatered or depressurized. Maximum well withdrawal rates, total use limits, and the permissible extent of dewatering or depressurization will be determined by the Director using available methods of hydrogeologic analysis.

(l) Withdrawals of water that cause changes in water quality such that the available uses of the resource are adversely affected will not be permitted. For example, withdrawals shall not be permitted that result in migration of ground water

that contains more than 250 milligrams per liter chloride into pumping wells that contain chloride at concentrations below 250 milligrams per liter.

(m) General permits may be developed by the Division and issued by the Director for categories of withdrawal that involve the same or substantially similar operations, have similar withdrawal characteristics, require the same limitations or operating conditions, and require similar monitoring.

(n) Permitted water users may withdraw and sell or transfer water to other users provided that their permitted withdrawal limits are not exceeded.

(o) A permitted water user may sell or transfer to other users a portion of his permitted withdrawal. To carry out such a transfer, the original permittee must request a permit modification to reduce his permitted withdrawal and the proposed recipient of the transfer must apply for a new or amended withdrawal permit under Section .0500 of this Subchapter.

(p) Where an applicant or a permit holder can demonstrate that compliance with water withdrawal limits established under Section .0500 of this Subchapter is not possible because of construction schedules, requirements of other laws, or other reasons beyond the control of the applicant or permit holder, and where the applicant or permit holder has made appropriate efforts to conserve water and to plan the development of adequate water sources, the Director may issue a temporary permit with an alternative schedule to attain compliance with provisions of Section .0500 of this Subchapter, as authorized in G.S. 143-215.15(c)(ii).

History Note: *Authority G.S. 143-215.14; 143-215.15; 143-215.16;*
Eff. April 1, 2001.

.0503 PRESCRIBED WATER USE REDUCTIONS IN CRETACEOUS AQUIFER ZONES

Cretaceous aquifer water use shall be reduced in prescribed areas over a 16 year period, starting from approved base rates on the effective date of this Rule. The Cretaceous aquifer system zones and the three phases of water use reductions are listed as follows:

(1) Cretaceous aquifer system zones are regions established in the fresh water portion of the Cretaceous aquifer system that delimit zones of salt water encroachment, dewatering and declining water levels. These zones are designated on the paper and digital map entitled "Central Coastal Plain Capacity Use Area Cretaceous Aquifer Zones" (CCPCUA) on file in the Office of the Secretary of State one week prior to the effective date of these Rules.

(2) The reductions specified in Rule .0503 of this Section do not apply to intermittent users.

(3) If a permittee implements an aquifer storage and recovery program (ASR), reduction requirements will be based on the total net withdrawals. The reductions specified in Rule .0503 of this Section do not apply if the volume of water injected into the aquifer is greater than the withdrawal volume. If the withdrawal volume is greater than the injected volume, reductions specified in Rule .0503 of this Section apply to the difference between the withdrawal volume and the injected volume.

(4) The reductions specified in Rule .0503 of this Section shall not reduce permitted water use rates below 100,001 gallons per day.

(5) Phase definitions:
  (a) Phase I: The six year period extending into the future from the effective date of this Rule.
  (b) Phase II: The five year period extending into the future from six years after the effective date of this Rule to 11 years after the effective date of this Rule.
  (c) Phase III: The five year period extending into the future from 11 years after the effective date of this Rule to 16 years after the effective date of this Rule.

(6) Phase reductions:
  (a) Phase I:
    (i) At the end of the Phase I, permittees who are located in the dewatering zone will be required to reduce annual water use from Cretaceous aquifers by 25% from their approved base rate.
    (ii) At the end of the Phase I, permittees who are located in the salt water encroachment zone will be required to reduce annual water use from Cretaceous aquifers by 25% from their approved base rate.
    (iii) At the end of the Phase I, permittees who are located in the declining water level zone will be required to reduce annual water use from Cretaceous aquifers by 10% from their approved base rate.
    (iv) At the end of the Phase I, permittees who are located in the Cretaceous zone, but outside of the salt water encroachment, dewatering, or declining water level zones will be required not to exceed annual water use from Cretaceous aquifers as established by their approved base rate.
  (c) Phase II:
    (i) At the end of the Phase II, permittees who are located in the dewatering zone will be required to reduce annual water use from Cretaceous aquifers by 50% from their approved base rate.

(ii) At the end of the Phase II, permittees who are located in the salt water encroachment zone will be required to reduce annual water use from Cretaceous aquifers by 50% from their approved base rate.

(iii) At the end of the Phase II, permittees who are located in the declining water level zone will be required to reduce annual water use from Cretaceous aquifers by 20% from their approved base rate.

(iv) At the end of the Phase II, permittees who are located in the Cretaceous zone, but outside of the salt water encroachment, dewatering, or declining water level zones will be required not to exceed annual water use from Cretaceous aquifers as established by their approved base rate.

(c) Phase III:

(i) At the end of the Phase III, permittees who are located in the dewatering zone will be required to reduce annual water use from Cretaceous aquifers by 75% from their approved base rate.

(ii) At the end of the Phase III, permittees who are located in the salt water encroachment zone will be required to reduce annual water use from Cretaceous aquifers by 75% from their approved base rate.

(iii) At the end of the Phase III, permittees who are located in the declining water level zone will be required to reduce annual water use from Cretaceous aquifers by 30% from their approved base rate.

(iv) At the end of the Phase III, permittees who are located in the Cretaceous zone, but outside of the salt water encroachment, dewatering, or declining water level zones will be required not to exceed annual water use from Cretaceous aquifers as established by their approved base rate.

(7) The CCPCUA Cretaceous Aquifer Zones map will be updated, if necessary, in the sixth, eleventh, and sixteenth years following the effective date of this Rule to account for aquifer water level responses to phased withdrawal reductions. The map update will be based on the following conditions:

(a) Rate of decline in water levels in the aquifers;

(b) Rate of increase in water levels in the aquifers;

(c) Stabilization of water levels in the aquifers;

(d) Chloride concentrations in the aquifers.

This aquifer information will be analyzed on a regional scale and used to develop updated assessments of aquifer conditions in the Central Coastal Plain Capacity Use Area. The Environmental Management Commission (EMC) may adjust the aquifer zones and the water use reduction percentages for each zone based on the assessment of conditions. The EMC will adopt the updated map and reduction percentage changes after public hearing.

History Note: *Authority G.S. 143-215.15;*
Eff. April 1, 2001.

.0504 REQUIREMENTS FOR ENTRY AND INSPECTION

(a) The Division may enter and inspect property in order to evaluate wells, pumps, metering equipment or other withdrawal or measurement devices and records of water withdrawals and water levels, if:

(1) Persons conduct an activity that the Division believes requires the use of water at quantities that subject the person to regulation under these Rules;

(2) A permittee or applicant has not provided data or information on use of water and wells and other water withdrawal facilities as required by these Rules; or

(3) Water levels and chloride concentrations at the person's facility, or at nearby facilities or monitoring stations, indicate that aquifers may be damaged by overpumping or salt water encroachment, or other adverse affects that may be attributed to withdrawal by the person.

(b) All information submitted to fulfill the requirements of these Rules, or to obtain a permit under these Rules, or obtained by inspection under these Rules, shall be treated as Confidential Business Information, if requested by the applicant, and found to be such by the Division. Reports defined in Rule .0502(g) of this Section are not considered Confidential Business Information.

History Note: *Authority G.S. 143-215.19;*
Eff. April 1, 2001.

.0505 ACCEPTABLE WITHDRAWAL METHODS THAT DO NOT REQUIRE A PERMIT

(a) As of the effective date of this Rule, any person who is not subject to Rule .0502 of this Section and withdraws more than 10,000 gallons per day from surface or ground water in the Central Coastal Plain Capacity Use Area, shall register such withdrawals on a form supplied by the Division and comply with the following provisions:

(1) Construct new wells such that the pump intake or intakes are above the top of the uppermost confined aquifer that yields water to the well. Confined aquifer tops are established in the hydrogeological framework.

(2) Report surface and ground water use to the Division of Water Resources on an annual basis on a form supplied by the Division.

(3) Withdraw water in a manner that does not damage the aquifer or cause salt water encroachment or other adverse impacts.

(b) These requirements do not apply to withdrawals to supply an individual domestic dwelling.

(c) Agricultural water users may either register water use with the Division of Water Resources as provided in this Rule or may provide the information through confidential water use surveys conducted by the North Carolina Department of Agriculture or the United States Department of Agriculture.

History Note: *Authority G.S. 143-215.14; 143-355(k);*
Eff. April 1, 2001.

.0506 CENTRAL COASTAL PLAIN CAPACITY USE AREA STATUS REPORT

Within two years of the effective date of this Rule, and at five year intervals thereafter, the Division of Water Resources shall publish a status report on the Central Coastal Plain Capacity Use Area. The report shall include the following:

(1) Compilations of water use data,

(2) Evaluations of surface and ground water resources,

(3) Updated information about the hydrogeologic framework in the Central Coastal Plain Capacity Use Area,

(4) A summary of alternative water sources and water management techniques that may be feasible by generalized geographic location, and

(5) A status report on actions by water users to develop new water sources and to increase water use efficiency.

History Note: *Authority G.S. 143-215.14;*
Eff. April 1, 2001.

.0507 DEFINITIONS

The following is a list of definitions for terms found in Section .0500 of this Subchapter.

(1) Approved base rate: The larger of a person's January 1, 1997 through December 31, 1997 or August 1, 1999 through July 31, 2000 annual water use rate from the Cretaceous aquifer system, or an adjusted water use rate determined through negotiation with the Division using documentation provided by the applicant of:
  (a) water use reductions made since January 1, 1992,
  (b) use of wells for which funding has been approved or for which plans have been approved by the Division of Environmental Health by the effective date of this Rule, or
  (c) other relevant information.

(2) Aquifer: Water-bearing earth materials that are capable of yielding water in usable quantities to a well or spring.

(3) Aquifer storage and recovery program (ASR): Controlled injection of water into an aquifer with the intent to store water in the aquifer for subsequent withdrawal and use.

(4) Confining unit: A geologic formation that does not yield economically practical quantities of water to wells or springs. Confining units separate aquifers and slow the movement of ground water.

(5) Cretaceous aquifer system: A system of aquifers in the North Carolina coastal plain that is comprised of water-bearing earth materials deposited during the Cretaceous period of geologic time. The extent of the Cretaceous Aquifer System is defined in the hydrogeological framework.

(6) Dewatering: Dewatering occurs when aquifer water levels are depressed below the top of a confined aquifer or water table declines adversely affect the resource.

(7) Flat rates: Unit price remains the same regardless of usage within customer class.

(8) Fresh water: Water containing chloride concentrations equal to or less than 250 milligrams per liter.

(9) Gravel pack: Sand or gravel sized material inside the well bore and outside the well screen and casing.

(10) Ground water: Water in pore spaces or void spaces of subsurface sediments or consolidated rock.

(11) Hydrogeological framework: A three-dimensional representation of aquifers and confining units that is stored in Division data bases and may be adjusted by applicant supplied information.

(12) Increasing block rates: Unit price increases with additional usage.

(13) Intermittent users: Persons who withdraw ground water less than 60 days per calendar year or who withdraw less than 15 million gallons of ground water in a calendar year.

(14) Observation well: A non-pumping well screened in a particular aquifer where water levels can be measured and water samples can be obtained.

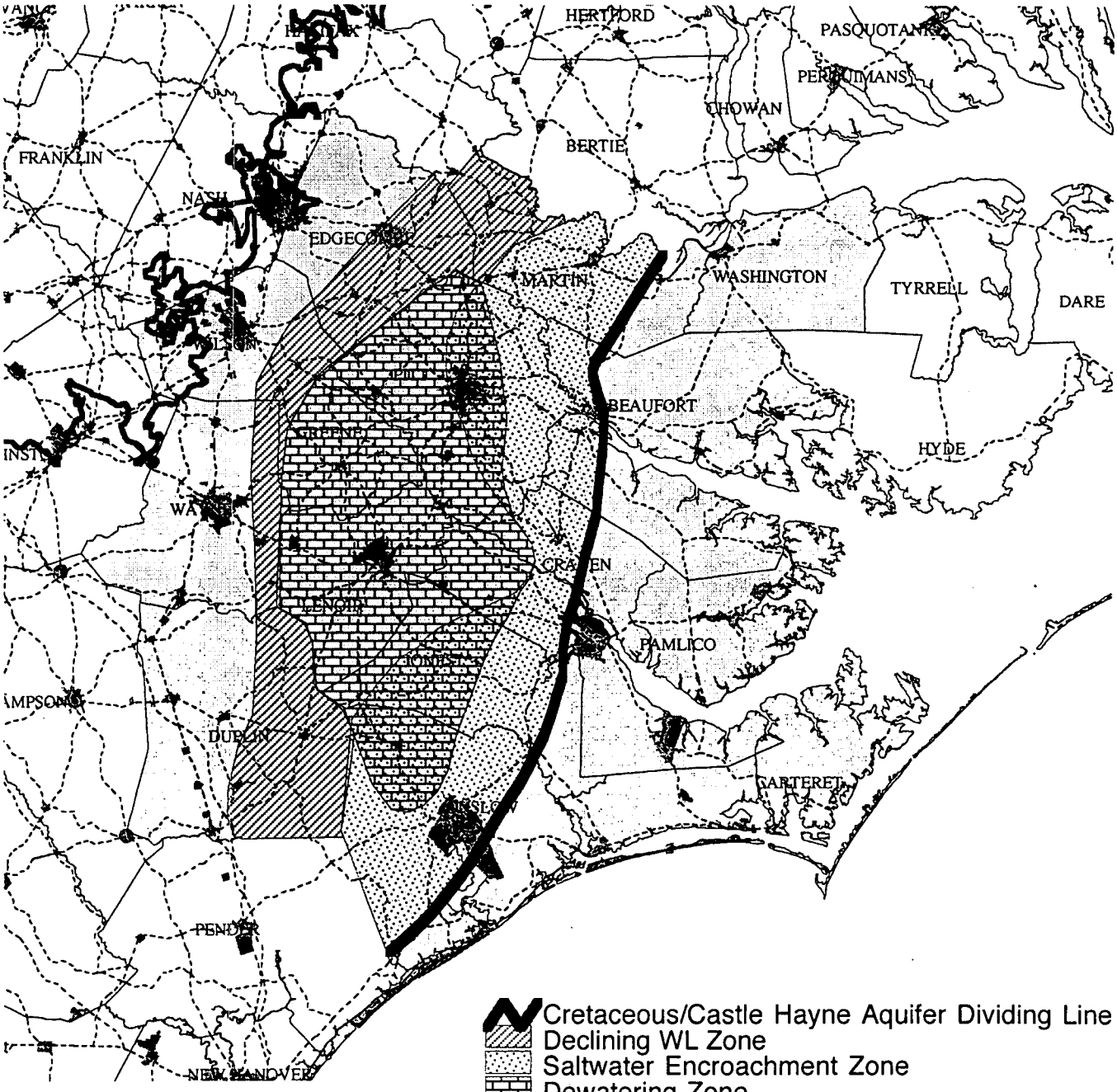
(15) Pumping water level: The depth to ground water in a pumping well as measured from a known land surface elevation. Measurements shall be made four hours after pumping begins. Measurements shall be within accuracy limits of plus or minus 0.10 feet.

(16) Quantity based surcharges: Surcharges billed with usage over a certain determined quantity.

(17) Salt water: Water containing chloride concentrations in excess of 250 milligrams per liter.
(18) Salt water encroachment: The lateral or vertical migration of salt water toward areas occupied by fresh water. This may occur in aquifers due to natural or man-made causes.
(19) Seasonal rates: Unit prices change according to the season.
(20) Static water level: The depth to ground water in a non-pumping well as measured from a known land surface elevation. Measurements shall be made after pumping has ceased for 12 hours. Measurements shall be within accuracy limits of plus or minus 0.10 feet.
(21) Unaccounted for water: The difference between the total water entering the system (produced and purchased) and the total metered or otherwise accounted for water usage.
(22) Water table: The water level in an unconfined aquifer.

History Note: *Authority G.S. 143-215.14;*
Eff. April 1, 2001.

CCPCUA Cretaceous Aquifer Zones



Attachment C

One-Stop Permit Assistance and Coordination
Status Report-August 30, 2000

The Governor's Office, the Natural and Economic Resources Committee of the General Assembly and the Department of Environment and Natural Resources have worked together to establish a one-stop environmental permit application assistance and tracking program. House Bill 1840 required that the one-stop permit assistance program be operated as a one-year pilot in two of the Department's regional offices. A key feature of the legislation is the development of a time frame for which an applicant can expect all permit decisions. The bill requires the department to report the results of the pilot program to the General Assembly by April 1, 2000.

The One-Stop Permit Assistance Program has been established as part of DENR's Customer Service Center. Regional coordinators are now available in the Mooresville and Wilmington regional offices. This new service provides a single entry point where businesses and citizens can seek assistance in identifying state and federal requirements that apply to a proposed project. The regional permit coordinators are available to guide applicants or other interested parties through the regulatory process. They act as caseworkers or personal bankers to assess the customer's need, develop a project plan, identify relevant permits and prepare an integrated permit decision time line. Use of the coordinator is optional. An applicant may work directly with the appropriate permitting agencies. However, coordinators may be particularly useful to small businesses, citizens, first-time applicants or for projects requiring a number of different permits.

Summary of One Stop Permit Assistance and Tracking Program:

Start-up date: The One Stop Permit Assistance offices in the Mooresville and Wilmington regional offices opened for business on July 31, 2000. Environmental staff are developing permit assistance information and are available to assist customers with permit information requests. Coordinators can be reached at 704-799-2987 for the Mooresville Regional Office, and 910-790-2317 for the Wilmington Regional Offices.

Staffing: Experienced regional staff were assigned the duties of the permit assistance coordinators for start-up. The Divisions of Land Resources, Water Quality, Waste Management, Air Quality, Environmental Health, Coastal Management, and the Customer Service Center are providing staff for approximately 60 days, until full time/time limited staff are hired. Advertising for the position has now been completed and applications are being reviewed. Interviews will begin in September. Full time coordinators are expected to be in place by the end of September.

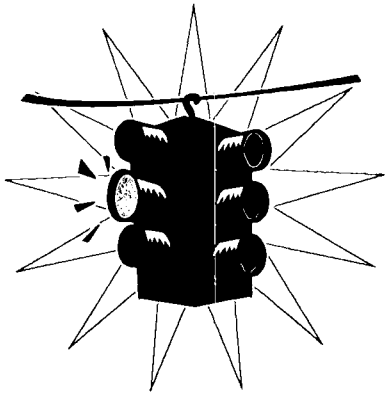
Number/Types of Inquires: During the first four weeks of operation, the one-stop coordinators received 16 calls in Mooresville and six in Wilmington. Each office has received at least one request that involved identifying several permits for a proposed project and confirming permits with different divisions. At this time, none of the inquiries have indicated that permit applications would be filed for a project and thus the more comprehensive tracking and coordination has not been initiated. The limited calls in the first month of operation have allowed experienced staff to build a strong foundation for the program and reduce time lost from their normal environmental responsibilities.

Training: The Customer Service Center staff have made several visits to each of the regional offices to brief employees on the program; jointly develop project work plans; develop a tracking system; and provide contacts, resource guides and examples of permit assistance and coordination requests. The temporary coordinators are also helping develop training materials. Summaries on permitting programs are being developed to assist coordinators in identifying issues and requirements that are relevant to the applicant or interested parties.

Marketing: A detailed marketing plan has been prepared to advise business and citizens of the services of the One-Stop Permit Assistance Program and of the coordination and tracking features. The department issued a press release announcing the program on August 1. Several follow-up discussions with press have resulted in a number of news stories (Copies are available in packet). A one- page fact sheet has been developed; cards, brochures and other printed materials will be available shortly. Information on the program will be disseminated to legislators, cabinet members, small business organizations, local economic developers, trade associations and environmental interest groups, and their assistance will be sought to help us get out the word. Once the coordinators are hired, outreach in the regional areas will be a key responsibility. This will allow customers to learn about these services and have input in developing the program. Marketing will be intensified over the next several months.

A key marketing tool will be the improved and developing Customer Service website. Customers will be able to visit www.envhelp.org to obtain one stop-permit information and application tracking information on permits under review. Website users will be able to locate permit information by key word, category, subject or DENR division. Customers may check the status of applications for a number of permits. Information will be expanded to make this a more comprehensive and customer friendly resource for the public.

One-stop permit assistance and coordination is more than a concept. It is a reality. The department is moving forward to develop performance measures, establish customer friendly coordination features and document permit assistance requests. We will keep you advised of our progress.



ONE-STOP PERMIT ASSISTANCE

The NC Department of Environment and Natural Resources has established a new "One-Stop Permit Assistance Service" in its Customer Service Center. This new service provides a single entry point where businesses and citizens can seek assistance in identifying state and federal environmental requirements that may apply to a proposed project.

DENR is starting the one-stop permit assistance service as a pilot in two of its regional offices, Mooresville and Wilmington. Permit assistance coordinators are available in each of these offices to guide the applicant or other interested party through the regulatory process. These coordinators act as a personal banker or project manager to assess the customer's needs, develop a project plan, identify relevant permits, and prepare an integrated permit decision timeline.

The customer has the option of working directly with a coordinator, the appropriate permitting agency or through the Customer Service Center. Use of coordinators is encouraged for projects that require several permits, use innovative technologies, or have significant public interest. Telephone numbers for the coordinators are 704-799-2987, Mooresville Regional Office; and 910-790-2317, Wilmington Regional Office.

The goal of this new service is to clearly identify potential environmental permits in the early stage of project development and to work with the customer and permitting agencies to ensure that requirements are addressed and met in a timely manner. Businesses, industries, citizens and departmental teams have characterized the permitting process as complex, confusing and unpredictable. The one-stop assistance service is designed to address these concerns.

In addition to the regional permit coordinators, permit information will be expanded via the Internet. A customer-friendly website will allow permit applicants and others to obtain information on many of the state and federal environmental permits issued by DENR. An application tracking system will provide more convenient information on the status of certain pending permits. The new and improved, but developing website can be visited at www.envhelp.org.

The one-stop permit assistance service and the regional permit coordinators expand the offerings of DENR's existing Customer Service Center. The CSC is already a one-stop information source on the department's full range of environmental and natural resources programs. Customers may call the CSC toll free at 1-877-623-6748 for general information and assistance, including permit coordination.

August 2000

James B. Hunt Jr., Governor

NCDENR
North Carolina Department of Environment and Natural Resources

Bill Holman, Secretary

N.C. Department of Environment and Natural Resources

Release: Immediate

Contact: Pat Williamson 919-733-0160

Date: July 31, 2000

Distribution: Statewide

STATE AGENCY ADDS ONE-STOP PERMIT ASSISTANCE SERVICE

RALEIGH -- The North Carolina Department of Environment and Natural Resources has added a new "one-stop permit assistance service" in its Customer Service Center, beginning in two of the department's regional offices.

"Based on the work of several department teams that included outside stakeholders, as well as calls received by the CSC, we know that businesses, industries, and citizens have frequently found it frustrating to determine what environmental permits they need, where to get them and how long it will take," said DENR Secretary Bill Holman. "So, we're offering them a personal touch—the one-stop assistance and coordination they sometimes need to get through the environmental permitting process."

This new service provides a single entry point where businesses and citizens can seek assistance in identifying state and federal environmental requirements that may apply to a proposed project. The one-stop service begins as a pilot in the department's Mooresville and Wilmington regional offices with a coordinator located in each office. Coordinators will meet with customers, help them determine the environmental requirements and permits needed for an activity or business, identify the timeframe for the permitting process, and then help track the progress of the permits.

In its first year of operation, the CSC received more than 3,200 calls, excluding repeat callers. A breakdown of the calls indicated that more than one-third requested permit information.

The Customer Service Center website http://www.envhelp.org has been a popular permit information resource that has linked together regulations, applications, fees, permit fact sheets, and other departmental information. It is currently being expanded to include more permit information.

The Mooresville Regional Office serves Alexander, Cabarrus, Catawba, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly and Union counties; and the Wilmington Regional Office serves Brunswick, Carteret, Columbus, Duplin, New Hanover, Onslow and Pender counties.

Telephone numbers for the one-stop coordinators are 704-799-2987, Mooresville Regional Office; and 910-790-2317, Wilmington Regional Office. Customers may call the CSC toll free at 1-877-623-6748 for general information and assistance, including permit coordination.

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State begins experiment to cut the red tape on getting permits

THE ASSOCIATED PRESS

WILMINGTON

An experiment begun this month will test what happens when the state offers business owners a shortcut through the long process of environmental checks and approvals.

The process could require a new waterfront restaurant, for example, to gain approval from separate DENR divisions for erosion prevention, managing storm water, building near the water, working near a fish-nursery area, and filling wetlands.

The one-year pilot program is being tested at the state Department of Environment and Natural Resource's regional offices in Wilmington and Mooresville.

DENR officials must estimate how long it will take to process all permits. If the agency hasn't acted within 60 days of that date, the permits will be issued automatically unless the agency was forced to request more information for an incomplete permit.

Applicants also can ask for a case worker to shepherd them through the system.

"We'll test it there and decide whether to expand it," Johanna Reese, a DENR spokeswoman said yesterday. "We will provide assistance to the smaller businessperson who can find the permit process confusing."

THE ONE-STOP PERMIT program approved by the General Assembly in June has sparked worry among environmentalists, who fear that complex applications may get a hasty review to meet preset deadlines.

The state's chemical-manufacturing lobby also is skeptical of the plan, arguing that it won't work without added staff.

"The time and effort that person is spending through this one-stop effort is time away from their core permitting activities," said Preston Howard, the president of the Manufacturers and Chemical Industry Council of North Carolina. "The department is already stretched beyond its means in the permitting arena."

Howard is a former state environmental official.

Jim Stephenson, a program analyst with the North Carolina Coastal Federation, said that the test appears doomed without additional staffing.

THE COASTAL WATCHDOG HAS been one of many environmental groups pushing for greater enforcement of existing permits. Putting pressure on the agency to issue permits faster without more manpower will not only hamper enforcement but also weaken reviews, Stephenson said.

"The agencies are forced to meet a deadline that may or may not be appropriate given the complexity of the permit," he said.

Rep. Bill Owens, a co-chairman of the budget panel overseeing DENR, said that it's a worthwhile experiment in making state government more user-friendly.

As a former county commissioner and current vice chairman of the North Carolina Economic Development Board, Owens said he has heard plenty of examples where one bureaucrat has held up the process, even when the bulk of the people reviewing a project are prompt.

"The thing gets put on somebody's desk and gets forgot about," said Owens, D-Pasquotank. "In the meantime, it keeps these jobs from being created and increasing the tax base."

No one has applied for permits using the new system, said Edythe McKinney, who is overseeing the effort as DENR's director of customer service.

A third of the calls received by her office since it was set up last year have related to permits, McKinney said, suggesting that applicants will use the program once they find out about it.

Published: August 26, 2000

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Local/State

ENVIRONMENTAL PERMITS; Agency program helps developers with red tape

Friday, August 25, 2000
BY BRIAN FEAGANS, Staff Writer
Wilmington Morning Star
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Companies, real estate developers and anyone else applying for multiple environmental permits in Southeastern North Carolina have a hotly debated new tool for navigating through the red tape in Raleigh.

Applicants can ask for a case worker to shepherd them through the state's multi-layered permit system under a one-year pilot program getting under way this month at the N.C. Department of Environment and Natural Resource's regional offices in Wilmington and Mooresville.

DENR officials have to estimate how long it will take to process all permits. And if the agency hasn't acted within 60 days of that date, the permits will be issued automatically.

The deadline doesn't apply if DENR has to request more information on an incomplete permit.

The one-stop permitting program, created by a provision in the 2000-01 budget approved by the N.C. General Assembly in June, has sparked concern from environmentalists who fear complex applications may get a hasty review to meet pre-set deadlines.

The state's chemical manufacturing lobby also is skeptical of the plan, arguing it won't work without added staff.

"The time and effort that person is spending through this one-stop effort is time away from their core permitting activities," said Preston Howard, president of the Manufacturers and Chemical Industry Council of North Carolina. "The department is already stretched beyond its means in the permitting arena."

But Rep. Bill Owens, a Pasquotank County businessman and co-chairman of the budget panel overseeing DENR, said it's a worthwhile experiment in making state government more user-friendly.

As a longtime county commissioner and current vice chairman of the N.C. Economic Development Board, Mr. Owens said he's heard plenty of examples where one bureaucrat has held up the process, even when the bulk of the people reviewing a project are prompt.

"The thing gets put on somebody's desk and gets forgot about," he said. "In the meantime, it keeps these jobs from being created and increasing the tax base."

Mr. Owens said small businesses and people new to the state

would only have to contact one person to get answers about what's holding up a particular permit within the state system.

A businessman proposing a new waterfront restaurant, for example, would have to get approval from separate DENR divisions for erosion prevention, managing stormwater, building near the water, working near a fish-nursery area and filling wetlands.

Thus far, no one has applied for permits using the new system, said Edythe McKinney, who is overseeing the effort as DENR's director of customer service. A third of the calls received by her office since it was set up last year have related to permitting, however, an indication that applicants will use the program once they find out about it, Ms. McKinney said.

The legislature also has required the agency to record how many permits took less than 90 days to process and how many met the pre-determined deadline. Legislators want a report by April 1 detailing how many applications didn't meet those timetables and why.

"We need to get some real life examples of how long things take and why some things take longer," Ms. McKinney said. "This gives us a pilot program where we can explain and say this worked very well, this didn't."

Jim Stephenson, a program analyst with the N.C. Coastal Federation, said the test appears doomed from the start without additional staffing.

The coastal watchdog has been one of many environmental groups pushing for greater enforcement of existing permits. And Mr. Stephenson said putting pressure on the agency to issue permits faster without more manpower will not only hamper enforcement but also weaken reviews.

"The agencies are forced to meet a deadline that may or may not be appropriate given the complexity of the permit," he said. "This kind of artificial timetable can be detrimental to environmental quality."

House Speaker Jim Black, D-Mecklenburg, said his talks with developers upset about regulatory foot-dragging has convinced him that the permit process is broken. And he sees the pilot program as an experiment whose results could be applied well beyond DENR.

"It's across the board," he said. "I'm afraid our state government is just kind of rampant with red tape."

The Wilmington regional office regulates Brunswick, Carteret, Columbus, Duplin, New Hanover, Onslow and Pender counties. People interested in the pilot program can call the office's one-stop permitting hotline at 790-2317.

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Lead Story

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DENR begins permitting pilot program

By Patricia Smith

Freedom Raleigh Bureau

RALEIGH — State officials are hoping to help simplify the environmental permitting process with a pilot program that began this week in two regions of the state.

The new one-stop permitting service was set up in the Mooresville and Wilmington regional offices of the N.C. Department of Environment and Natural Resources to provide a single site where people can seek help in identifying what state and federal environmental permits they need for a proposed project.

"A lot of projects involve multi-permits," said DENR spokeswoman Johanna Reese. "This would kind of give you a case worker to help you keep track of the permits."

Each office is staffed with a coordinator who will meet with customers, assist them in determining permit requirements for their projects and give them a time frame in which they can expect applications to be processed, Reese said.

The Wilmington region includes Brunswick, Carteret, Columbus, Duplin, New Hanover, Onslow and Pender counties.

The Mooresville region includes Alexander, Cabarrus, Catawba, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanley and Union counties.

The pilot program was established as a special provision in the 2000-2001 budget passed by the General Assembly this year. Lawmakers will be looking for other ideas such as this in a study of the organization and efficiency of DENR, said Rep. Bill Owens, D-Pasquotank, who is a co-chair of the House Appropriations Subcommittee on Natural and Economic Resources.

The General Assembly authorized the subcommittee and its Senate counterpart to look at the issue and report any recommendations to the Legislature by May 1, 2001.

"We're going to be looking at the whole department for more efficiency of operation," said Sen. Bob Martin, D-Pitt, who chairs the Senate Appropriations Subcommittee on Natural and Economic Resources.

That will include issues such as staffing level, Martin said.

Over the past 10 years, DENR has grown by 1,400 employees, Owens said.

"There is some possible duplication there and there's an awful lot of layers in management in DENR," Owens said.

"No one would lose their job," Owen said. "It would be just trying to cut down on the middle management and let more people help the general public."

Another idea the committee may consider is whether to move the Division of Coastal Management headquarters out of Raleigh and into one of the 20 counties under the Coastal Area Management Act.

"Personally, I'd like to see more decentralization of state government into other areas of the state," Owens said. It would likely be cheaper and spread the state jobs around, he said.

Owens said the committee will probably begin meeting at the end of September or the first of October.

DENR was also charged with evaluating its own organization to identify ways to increase efficiency, retain staff, and better serve the public and present findings to the Environmental Review Commission by Jan. 15, 2001.

Reese said DENR has not yet begun the evaluation.

NCEI North Carolina Environmental Insight

"Authoritative North Carolina Environmental Law & Compliance News"

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House Approves Pilot Program For One Stop Permitting [Added 06-25-00]

When the North Carolina House approved the 2000 Appropriations Act [House Bill 1840] on June 14, the bill included a special provision establishing a pilot one-stop permitting program. Under the provision, the Department of Environment and Natural Resources ("DENR") will establish a one-stop environmental permit application assistance and tracking system pilot project for one year in at least two regional offices. DENR officials expect those offices to be the Wilmington and Mooresville Regional Offices.

Under the pilot project, the Department must provide to each person who submits an application for an environmental permit to one of the regional offices participating in the pilot project, a time frame within which that applicant may expect a final decision regarding the issuance or denial of the permit. If the Department fails to issue a final decision within 60 days of the date projected, that permit is automatically granted. The Department may exceed the 60 days if 1) the permit applicant agrees to a later date; or 2) the applicant has substantially amended the application after the Department has established the projected time frame; or 3) the law otherwise provides for a different time frame.

This site courtesy of Environmental Mediation & Information Services
9650 Strickland Road, Suite 103-209, Raleigh, North Carolina 27615-1937
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Attachment D

COMMENTS OF DONNA MOFFITT, DIRECTOR OF THE DIVISION OF COASTAL MANAGEMENT, TO THE NER COMMITTEE

August 30, 2000

With the enactment of HB 1840, the 2000 Appropriation Act, DENR is required to study the feasibility of relocating the main office of the Division of Coastal Management to one or more of the 20 coastal counties subject to the Coastal Area Management Act. We are to consider the cost of relocation, the impact on program efficiency, availability of office space and other factors affecting program functions. If DENR determines that relocation of the main office is feasible, then DENR is to prepare a draft plan for relocation. Finally, DENR is to report its findings and recommendations by Jan. 15, 2001.

DENR began the process on July 11 with a meeting of an internal working group composed of DENR upper management staff and selected Coastal Management staff. A list of scoping parameters was developed. A document was then created that gave the project name, purpose, objective, timeline, background, and scoping parameters. (I have a copy here for the clerk in case any committee members or staff wish to see it.) This document was prepared to help DENR select either a consultant or a state agency to conduct the feasibility analysis because DENR had decided early on that an internal study was impractical and likely would not be perceived as credible.

The internal working group met again on July 18 with Tom Newsome of the Office of State Budget, Planning and Management. We presented our scope of services document to Mr. Newsome and he agreed to perform the feasibility analysis.

On July 19, Mr. Newsome formalized his acceptance of the task in a memorandum to me. Attached to his memorandum was a list of 14 data needs from Coastal Management. We gathered the requested data and provided it to Mr. Newsome in less than a week except for the request for 2 years worth of travel expenditures by person. That took about 3 weeks to compile and send to him. We then received another 4 or 5 information requests, which we promptly provided. DENR's Human Resources and Purchase and Services Divisions have or will be providing additional

information pertaining to such issues as severance pay, policies on paying for moving expenses, space analysis, and leasing information.

About 10 days ago, Mr. Newsome and another analyst assigned to this study started interviewing the Coastal Management staff in Raleigh. I was interviewed yesterday. Next week, the analysts will go to our field offices and interview staff there.

DENR had asked Mr. Newsome to provide a draft report and briefing by Oct. 19 for DENR senior management and Coastal Management staff. Mr. Newsome says his study is on track to meet that deadline. After reviewing the draft report, DENR will determine if moving Coastal Management's headquarters is feasible and, if so, will develop a draft relocation plan.

Are there any questions?

Session Law 2000-67

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

STUDY WATER CAPACITY USE AREA ISSUES

Section 13.10. The Natural and Economic Resources Appropriations Subcommittees in both the House of Representatives and the Senate shall study the proposed rules that provide for the delineation of a water capacity use area encompassed by the following 15 North Carolina counties and adjoining creeks, streams, and rivers: Beaufort, Carteret, Craven, Duplin, Edgecombe, Greene, Jones, Lenoir, Martin, Onslow, Pamlico, Pitt, Washington, Wayne, and Wilson. The Appropriations Subcommittees shall consider the economic impact that the proposed rules would have on the fifteen county area and shall also consider what alternate water sources may be available to the fifteen county area.

The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study. The Subcommittees shall report their findings and recommendations, including any legislative proposals, to the 2001 General Assembly.

Session Law 2000-138

PART IX.-----NER INTERIM STUDY OF DENR ORGANIZATION

Section 9.1. The Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives may study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and shall report any recommendations, including any legislative proposals, to the 2001 General Assembly no later than May 1, 2001. The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study.

VISITOR REGISTRATION SHEET

NER
Name of Committee

8/30/00
Date

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Sherol Lappala	" " "
HAROLD HERRING	City of Kinston/Neuse Regional Water and Sewer Auth.
Nat Wilson	NC DENR Div. of Water Resources
Harold Blizzard	Craven County
RUSTY HAYES	CRAVEN COUNTY
Sammy Boyette	NC Rural Water Assoc.
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John Morris	DENR - Water Resources
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Paula Gupton	NC Farm Bureau
Nancy Thompson	MCIC
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Boyce Hudson	NCDENR
Richard Hicks	Town Farmville Central Coastal Plain Association
[illegible]	Mercer Assoc

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Jean Cronkleine	NC Rural Center
PINA MURPHREY	NC Rural Center
Brian Buzby	ConNet
R. Rogers	DENR
Lee Smith	Washington Co. Mgr.
John Bowdish	Alley Associates
Sherri Evans Stant	DENR
Dia Holman	DENR
Robin Smith	DENR
LAURA DENVO	DENR

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

December 7, 2000

The House Appropriations / Subcommittee on Natural and Economic Resources met on Thursday, December 7, 2000 in Room 423 of the Legislative Office Building at 10:00. The following House Members were present: Representative Owens, Chairman, Representatives Fox, Warren, Baker, Culp, Hunter, Mitchell, Russell, Tolson, Warwick, and West. A visitor's sheet is attached (Attachment 1).

Representative Owens called the meeting to order and welcomed the members and guests to the meeting.

Ms. Anne Bander, Management Analyst for the Office of State Budget, Planning, and Management gave an update on Coastal Management Study, as directed by the Legislature in its budget session. Ms. Bander reported that on a cost savings basis the relocation of DCM (Department of Coastal Management) would not be to the State's advantage at this time. She explained that Jacksonville and New Bern were chosen as locations to explore this move, as they did not at present have the field sites. Ms. Bander continued and explained the findings, which are listed in Attachment 2. A question and answer period followed Ms. Bander's explanation.

- Representative Owens asked if a phase-in of staff positions had been considered and Ms. Bander answered it had not been considered.

- Representative Owens also wanted to know if the Department were starting from the beginning, would it be beneficial to place the agency at the coast? Ms. Bander indicated it would beneficial to locate at the coast.

- Representative Baker asked how the internet-based survey participates' responses were selected. He was told they were selected completely on a random basis.

- Representative Russell questioned why existing field offices were not looked at. She was told it was due to the staffing, although they were not truly excluded from the sites to be considered.

- Representative Culp wanted to know how many offices would have to relocate. Ms. Banger told him it depended on whether the decision would be for a partial or full relocation. A partial relocation would consist of twenty positions.

- Representative Baker asked what percentage of survey respondents were government related. Approximately 75% was the figure given.

- Representative Fox wanted to know the cost of the study. He was told the agency would get back with him with the costs.

- Representative Russell wanted to know why personnel was hired from the Raleigh area, instead of being hired in East, as employees from this area would typically be paid on a lower pay scale.

Ms. Bander also gave a report on Energy Division Transfer, Joint effort of State Budget, Department of Commerce, Department of Administration, and the Department of Health and Human Services (Attachment 3). There was discussion regarding the thirty-one positions, and it was explained some were organizational placements, and eight positions have been abolished. The transition has gone well to date.

Committee members had a discussion regarding federal money not spent and being reverted to the Federal Government.

Ms. Jennifer Willis, Fiscal Staff, spoke briefly on the placement of the Division Of Forest Resources and the Division of Soil and Water Resources becoming a part of Department of Natural Resources (DENR). Staff provided Department Directors with a list of questions the Committee has had in the past.

Secretary Holman spoke regarding the pros and cons of the Division of Soil and Water being in DENR or being moved to the Department of Agriculture (Attachment 4).

Questions pertaining to this subject:

Representative Fox asked if there were any positions created in these moves. He also complimented the Division Directors and stated the agencies were doing a good job. The Department of Agriculture and DENR have a close working relationship and feel both are well run.

Representative Culp asked how other states had their agencies set up. Secretary Holman will do a survey and report to the Committee.

Maurice Weaver and Weldon Denny (staff members for the Department of Agriculture) spoke briefly on the subject.

Mr. Jim Cummings spoke on the behalf of Department of Agriculture regarding this subject. At present, Agriculture, Soil & Water, and Forestry deal with the same things.

Questions were asked:

Representative Owens wanted to know why Forestry would function better in the Department of Agriculture.

Representative Russell asked what the cost of the transfer was. She also asked about the name change on documents, stationery, etc.; and was there an advantage to this change; and was this considered a service and enforcement agency.

Representative Warwick questioned the transfer costs. He asked the committee members to give serious consideration to this matter (page 2, item 4) and suggested the Committee may want to revisit this item at a future date.

Representative Culp asked if the Soil & Water Agency voiced their opinion. Mr. David Bogle, Director of The Soil & Water Conservation stated they opposed the move or a merger.

Representative Hunter inquired about moving part of agency to the Department of Agriculture. Representative Owens assured him that the Committee was not recommending any move at this point, just gathering information and facts.

Further discussion followed. The Committee discussed if they should introduce a bill (legislation) in the upcoming session to establish a Soil & Water Commission. Representative Russell moved to discuss and draft such legislation in the upcoming session. Representative Baker seconded the motion. Representative Owens called for a vote; all members present voted aye; motion so carried.

Representative Baker suggested in the future looking at moving agencies and having a separate Natural and Economic Resource Department. He also suggested the committee should look at the Soil & Water Conservation Program to see if this is working for North Carolina today.

Representative Owens asked Secretary Holman to clarify positions of environmental statutes, especially One-Stop Permitting etc. Representative Owens asked staff to get with the staff members of DENR and LRC staff member to clarify questions.

Representative Baker asked for an explanation of OCTAFERS. Representative Owens told him that the meeting would be taking place later that day, so hopefully answers would be forthcoming.

Representative Fox spoke about "good customer service" making sure the citizens of North Carolina have good customer service. Representative Owens told the committee he would again introduce a bill dealing with this subject matter.

Representative Russell asked about beach re-nourishment. She indicated language "may or shall" had been placed in the budget and wanted to know what will happen with this budget item, and asked there would be a Federal funding match. Staff reported the budget does indicate "shall" match funds, and suggested in the next session the committee address this language.

Representative Warwick reported at present there is a committee consisting of nineteen (19) members working on the beach issue.

Representative Mitchell asked for a report on junkyards. Secretary Holman reported that the State is doing very well in getting the junkyards cleaned up, and was pleased with the positive response.

Representative Russell asked to have the impact of swine suits such as the one in Kentucky. Representative Owens asked staff to look into this request.

There being no further business, the Chair adjourned the meeting at 11:48 A.M.

Respectfully submitted,

W. C. Owens Jr.

Representative W. C. Owens, Jr.
Chairman

Judith M. Veorse

Judith M. Veorse
Legislative Assistant

Attachment 1

VISITOR REGISTRATION SHEET

NER
Name of Committee

12/7/2000
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mike Lopazanski	DENR Div. of Coastal Mgmt
Jaye Poole	DENR Coastal Mgmt.
Bill Crowell	↓
NELS ROSELAND	OSBPM
Sally Hunter	OSBPM
Robin Pasquarello	Commerce
J.W. Reef	OSBPM
Lu-Ann Coe	NC ABC
William Polk	Gov-elect Easley Transition
Carlton Myrick	Dept. of Adm.
Michael Hughes	Dept. of Admin.
Jim Norvell	OSBM
Julie Mitchell	OSBPM
Whitney Oberg	OSBM
Byron Haines	OSBM
Gary Fuquay	DHHS
Cleve Simpson	DOC
Cathey Cottle	DENR- Budget, Planning & Analysis
Cathy Handy	" " "
Jane Smith	" " "
Robin Smith	" Sec'ys Office
[illegible]	DENR
Dave Wood	DENR DSWC
Marsha Glass	DOA
Larry Shirley	DOA
[illegible]	DOA
[illegible]	DOT
Dianne Beasley	Forest Resources
Anne Bander	OSBPM
Tom Newsome	"

Attachment 2

OSBPM

COST BENEFIT STUDY OF RELOCATING THE DIVISION OF COASTAL MANAGEMENT of the DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

November, 2000

Office of State Budget, Planning and Management

INTRODUCTION

Scope

The Office of State Budget, Planning and Management (OSBPM) was requested to conduct a study for the Division of Coastal Management (DCM) of the Department of Environment and Natural Resources (DENR). The purpose of the study was to determine the costs and benefits of moving the Raleigh-based DCM staff to one of the twenty coastal counties over which it has jurisdiction. DENR is to report to the General Assembly by January 15, 2001, about what it recommends, and it wished to have an objective analysis performed in order to comply with both the letter and the spirit of the law. A copy of the text of the legislation is in Appendix A.

Methodology

To conduct the study, OSBPM analysts reviewed statutory functions of the Division, its staffing and organizational structure, its locations throughout the eastern part of the state, its expenditures for three years, travel data for two years, telephone use data, automation in use, and key workload indicators. In addition, OSBPM distributed a letter to over 800 people who work with DCM, including local government elected officials and employees, private businesses, members of the Coastal Resources Commission and the Coastal Resources Advisory Council, other governmental agencies, and the general public who were on a mailing list who had needed permits from the Division. Responses to the survey were received from 81 people (a response rate of only 10%).

Presentation of Findings

The report is organized as follows. The next section presents the background to the Division: its organization, expenditures, and program requirements by location. The section following that presents the findings that are key to any discussion of relocation, including: housing costs and availability, personnel considerations, office space costs, state policies related to relocation costs, and stakeholder views. A projection of costs and benefits is also included in the report along with our recommendation.

BACKGROUND

Organization And Functions

The Division of Coastal Management has four organizational units, with eight distinctly different program functions, which are located in nine geographically separate offices. The organizational units are:

- Division Management: Raleigh-based, this section has overall responsibility for the Division carrying out its statutory mission, as well as legislative, public information, planning, and budgeting tasks. The Director also serves as Executive Secretary to the Coastal Resource Commission, the appointed regulatory and policy development body, and it is she who sets the CRC schedules, agenda, ensures staff preparation of position papers and research as required.

- Division Administration: Raleigh-based, this section has responsibility for Personnel and Business Functions (recruitment, personnel administration, payroll, purchasing, payables, travel reimbursement, other general services, grants and contracts administration for the nearly 75 that are issued annually)

- Permitting & Enforcement Section: this section has staff/units in Raleigh, Morehead City, Washington, Elizabeth City, and Wilmington. It is responsible for issuing some minor and all major and general permits to applicants for a 20-county jurisdiction proposing development that will impact coastal areas. It also has responsibility for administering federal consistency reviews, for enforcing rules and levying civil penalties. Between fy98-99 and fy99-00, it has experienced an 18% increase (from 148 to 162) in Major Permit applications (which are reviewed at both field and Raleigh office levels and represent the more complex permits) and a 36% increase in General Permit applications (from 2068 to 2818) which are handled solely by staff in the field offices.

- Policy & Planning Section: this section has staff/units in Raleigh, Morehead City, Washington, Elizabeth City, Wilmington, as well as at three of its Coastal Reserve sites (Kitty Hawk, Beaufort, and Wilmington). It is responsible for:

  - Planning Functions: which include developing, modifying, and/or providing staff support in reviewing rules governing land use for adoption by the Coastal Resources Commission; overseeing development and modification of local plans to ensure they are compliant with state and federal regulations; training in development and application of the regulations; coordinating hearings related to rules; providing technical and scientific support to the CRC; and administering an extensive grants program. Planning functions are carried out by Raleigh-based and field-based staff.

  - Coastal and Wetland Planning & Data: which includes verifying, gathering and assessing information for use in analysis, for hazards, mitigation and restoration opportunities, and future land use planning efforts in the 20-coastal counties. This is now extending to the next 20 inland counties because of their impact on coastal areas. Although all staff are Raleigh-based, this section travels extensively throughout the coastal areas.

  - Automation/LAN support: this Raleigh based person provides all computer acquisition, set up, system administration and trouble shooting for the majority of staff.

  - Geographic Information System: this Raleigh based section designs, develops and maintains the data bases to support wetlands identification and location, and coastal

data that it shares with the Center for Geographic Information and Analysis (CGIA) which is a clearinghouse for all geographic data for the state.

– Coastal Reserve Entities: staff in offices located in Kitty Hawk, Beaufort, and Wilmington, administer 33,000 acres of state reserves in nine locations for research, analysis, and teaching.

The organization, staffing and location of all the DCM staff are depicted on Chart 1.

Chart 1

DIVISION OF COASTAL MANAGEMENT'S ORGANIZATION, STAFFING, AND LOCATION

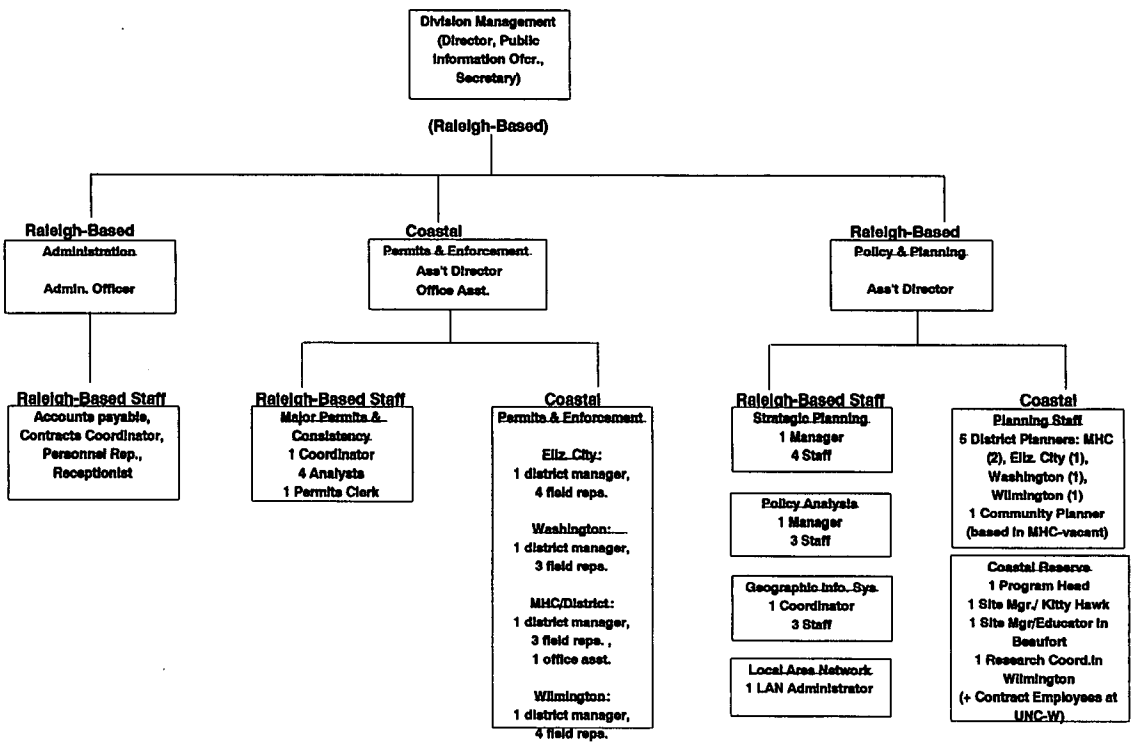


Chart 2 provides another way of looking at the distribution of staff by unit and location.

Chart 2: Staffing Distribution by Location, and Vacancies, as of 11/1/00

Unit / Site	Total	Management	Administration	Permitting & Enforcement	Policy & Planning	Coastal Reserve
Raleigh	29	3	5	6	15	
Morehead City	12			8	3	1
Wilmington	8			5	1	2
Washington	5			4	1	
Elizabeth City	7			6	1	
Kitty Hawk	1					1
TOTAL:	**62**	**3**	**5**	**29**	**21**	**4**
Vacancies	3		1		2	

Chart 3, a 3-page color section following this page, depicts the geographic demands of the different organizational functions, and shows that from a programmatic standpoint, much of DCM's work is done within and by travel to the 20-coastal county jurisdiction. However, there is also work that is Raleigh-based, and some that is not affected either way.

Expenditures

The Division expended over $4.5 million in FY99-00, down 11% from two years prior. The major changes in their expenditure patterns related to the issue of relocation occurred in the areas of:

- Travel Line Items: saw a 19% reduction in expenditures overall. The only exception was Staff In-State Transportation which increased by 25% over the 2-year period. However, there is wide variation among the different functions within the division as to the amount of travel that is occurring. [Note: two years ago, according to DCM staff, the General Assembly reduced DCM's travel budget by $30,000]

- Computing and Communication Line Items: saw a 22% increase over the 2-year period, especially in the areas of software purchases, systems integration and implementation, and telecommunications data charges as well as equipment

The above trends in expenditures are noteworthy because they reflect that the Division is conducting its business differently, as was reported by staff and by survey respondents. Specifically, staff are travelling almost exclusively in-state, staying overnight less, and attending far fewer non-mission specific meetings (such as not attending CRC meetings unless a specific need exists). Second, staff are reportedly doing more business via e-mail and phone, and the changes in both availability and capacity of equipment as well as increased voice and data charges reflect this.

Other changes of note included:

- Grant Program Expenditures: saw a 47% overall reduction, from $1.4 million in FY97-98 to $704,000 in FY99-00. However, there was a moratorium on land use planning grants and this is expected to increase again in the near future, which will also be a workload factor.

- Receipts for Permits: this increased by 12% over the same two year period, a reflection presumably of the increased workload, since the permit fee increase occurred after the fiscal year under review.

- Receipts for Penalties: this went down by 17%. Field staff expressed concern about the time available to do more enforcement and it would seem that this might be a reflection of that concern.

Geographical Locations and Distances

As noted earlier, the Division is located in a variety of sites, from Raleigh to Kitty Hawk to the Northeast and Wilmington to the South. As a look at the map in Appendix B indicates, travelling north and south from coastal locations is almost as time-consuming and/or distant as travel from Raleigh to the field office sites. As the chart below shows, the average mileage, from each field office to the other current DCM locations ranges from a low of 98 miles (Washington) to a high of 173 (Kitty Hawk). Raleigh is an average of 152 miles to each of the current DCM sites.

Chart 4: Mileage Averages

	Raleigh	Elizabeth City	Morehead City	Washington	Wilmington	Beaufort	Kitty Hawk	New Bern	Jacksonville	Avg. all Possible Sites	Avg. of Current DCM Sites	Avg w/o Raleigh + All Possible Sites
Raleigh		165	147	113	123	150	215	112	116	**143**	**152**	
Elizabeth City	165		159	85	211	162	48	124	126	**135**	**138**	**131**
Morehead City	147	159		71	87	3	197	35	43	**93**	**111**	**85**
Washington	113	85	71		120	74	127	37	73	**88**	**98**	**84**
Wilmington	123	211	87	120		90	251	87	51	**128**	**147**	**128**
Beaufort Reserve	150	162	3	74	90		200	38	46	**95**	**113**	**88**
Kitty Hawk Reserve	215	48	197	127	251	200		162	198	**175**	**173**	**169**
Wilmington Reserve												
Jacksonville	116	126	43	73	51	46	198	36		**86**	**93**	**82**
New Bern	112	124	35	37	87	38	162		36	**79**	**85**	**74**

Also analyzed were Jacksonville and New Bern. Neither currently has a field office for DCM, but both are within the 20-county jurisdiction, sit at the junction of highways and have comparable distances to field offices and to Raleigh. Jacksonville is on average 93 miles to the current DCM locations, and New Bern is an average of 85 miles to the current DCM locations.

In addition to looking at the locations of the various offices, staff travel was analyzed for the past two fiscal years as part of the study. A review was made of travel reimbursement requests, of state car request forms, of the logs for the permanently assigned vehicles, and of travel in Raleigh using their private vehicles. Field planning and permitting staff were also requested to provide information on how much travel they did to Raleigh, and for what broad category of purpose of travel. It was impossible to account for all the travel because it is possible that multiple people traveled together, and/or where a state car may have been used. Also a travel reimbursement request may have been submitted covering multiple trips, causing reporting problems with dates and/or number of trips. Nonetheless, the results at even this gross level give an indication of the volume of travel required by the different functions of the division. The results of the analysis are as shown on Chart 5.

Chart 3

FUNCTIONS OF THE DIVISION OF COASTAL MANAGEMENT

DCM has eight broad functions, some of which are more dependent than others on geographic location:

1. Permitting -- both coastal and Raleigh	4. Geo-based information systems -- neutral	7. Reserve administration -- coastal
2. Enforcement -- coastal	5. Coastal Land Assessment/Rating -- coastal	8. Grant making and oversight -- coastal
3. Planning/Rules -- coastal	6. Education & Research -- coastal	

The following (below and subsequent pages) lists for each section its specific program requirements and which seem to be linked to specific locations.

Section	Key Functions/Not Geography Based	Key Raleigh Based Functions	Key Coastal Functions
Division Management Director Receptionist Secretary Public Information Officer	Provides direction and management of DCM (establishes goals, budgets, oversees program issues) Final review for denial of Major Permits Public information regarding coastal matters	Link to DENR Management Communicates to legislative bodies, state agencies regarding coastal issues	Executive Secretary to the Coastal Resources Commission Directs/oversees sections to provide staff support needed for the CRC in their deliberations Communicates to permit applicants, others regarding coastal issues Attends public coastal events, functions
Division Administration Administrative Officer Accounts Payable Clerl Contract Coordinator Personnel Representative	Administer Division fiscal matters such as accounts payable, contracts and grants administration, travel reimbursement, and budget management; Administer Division Personnel matters (Recruiting, hiring, orientation coordination, payroll); Administer General Services such as leases, vehicles, mailings, and purchasing. Maintain grants data on land use planning grants and public access grants		

Section	Key Functions/Not Geography Based	Key Raleigh Based Functions	Key Coastal Functions
Policy & Planning/Section Administration Assistant Director for Policy & Planning		Oversee GIS activities .	Oversee the staff who administer non-regulatory based programs such as Land Use Planning, Strategic Planning, Policy analysis, public access programs, Coastal Reserve Program, Rulemaking TA, Hearings Coordination, and division automated support
Policy & Planning/Strategic Planning Section Overall, responsible for defining coastal management priorities and developing approaches to address them, including wetlands protection, coastal hazards management, and cumulative impact minimization. Strategic Planning Coordinator 2 Wetland SPecialists ~~1 Cumulative Impact Specialist~~	Design wetlands conservation plan Conduct related policy analyses and present proposals to CRC Prepare public information and brochures and maps.	Share information developed with the GIS staff for use in mapping data bases to more accurately represent land	Conduct site visits within the 20 coastal county areas, to gather and verify data for wetland site maps. Conduct permit reviews for the portion where mitigation plans are proposed (and make site visits if necessary) Identify potential restoration priorities and mitigation sites Rate the wetlands, based on their viability and other technical measures
Policy & Planning/Policy Analysis Section Overall, responsible for managing the grants program, administering rulemaking, and extensive work with local governments in land use planning. Also, provide staff support in technical areas needed by CRC and CRAC. 1 Policy Manager 3 Coastal Program Analysts 1 APA Coordinator	Preparing DENR position on ocean policy issues Coordinating land acquisition and funding efforts for Reserve program to locate land, funds to purchase Reserve lands and/or work with groups doing so Preparing publications related to planning Prepare fiscal notes Prepare grant applications to obtain funding in support of grant programs.	Rulemaking processing and administration: Filing all rulemaking proceedings, fiscal notes and analyses; set hearing dates and advertise; attend hearing; distribute information to petitioners and other interested parties Coordinating with DOA's State Clearinghouse on Beach Access grant applications	Manage the Local Planning Grant and Beach Access Grant programs, as well as other grant programs, including preparing application materials for use by local governments to obtain grants, reviewing applications, making award decisions, and administering nearly 75 grants, including site visits. Provide technical support to the CRC such as background studies, maps, and conducting special projects for the CRC, researching/analyzing scientific and technical data to support policy positions Initiate rule revision recommendations and proposing revisions, clarifications where appropriate, based on new data, need for clarity, etc. to the CRC Work with local governments, boards, etc. in development and administration of their land use plans Organize and conducting hearings with communities, other interested parties
Policy & Planning/District Planners 4 District Planners (1 in each field office) 1 Community Planner (MHC)			Work with local governments, boards, etc. in development and administration of their land use plans Participate in review teams for Local Planning Grant and Beach Access Grant programs, as well as other grant programs.

Section	Key Functions/Not Geography Based	Key Raleigh Based Functions	Key Coastal Functions
Policy & Planning/LAN Administration 1 LAN Administrator	Computer purchase Troubleshooting (via remote screen software, on-site)	Provide automation support to all Raleigh based staff Coordination with ITS and with DENR Information Technology staff in Raleigh Computerset up, basic training	Provide automation support to staff in 2 of the 4 field offices and to the Coastal Reserve Offices. (DENR regional staff provide support to the other offices because they are housed within regional office space.) Computer set up, basic training
Policy & Planning/Geographic Information Systems Section 1 GIS Coordinator 3 GIS Analysts	Do computer programming to support design of data bases used by division (permit tracking, wetlands, etc.) and to meet documentation and other standards required to be part of CGIA's clearinghouse of data	Prepare 600-700 packet maps annually to counties, municipalities in support of planning activities (done by mail) Work closely with CGIA, DENR/Division of Water Quality, NC State University, Dept. of Transportation, and DCM Policy & Planning Staff	Assist staff with some field visits.

Section	Key Functions/Not Geography Based	Key Raleigh Based Functions	Key Coastal Functions
Permitting & Enforcement Section/Section Administration Overall, manage the permitting and enforcement functions of the division	Provide direction and management of permitting, enforcement, and consistency review programs as carried out in both Raleigh and the 4 field offices.		
Permitting & Enforcement Section 4 District Managers (1 in each field office) 14 Field Representatives in the field offices 2 Field-based clerks full time, and 2 part time (shared) 5 Raleigh based permit and consistency reviewers 1 Raleigh permits clerk		Major Permits: Application, with field analysis and other documentation, is forwarded from field (see adjacent column) to Raleigh office which distributes for comment to Raleigh-based review agencies. Raleigh DCM reviews field assessment, obtains comments from other review agencies, tries to resolve conflicting views and/or correct plans not in compliance. Approvals are issued permit. Denials are reviewed by division director and signed by her. Provide consistency review for federal agencies Track permits, communicate with permit applicants, other agencies, DCM field staff Forward concerns about inconsistent reviews among different field offices to the Section Chief	Major Permits: 148 processed in fy98-99, and 162 in fy 99-00 (an increase of 18%). Applicant files request to the Field Office where the development is to occur (major permits are for very large projects only). Often face to face consultation occurs. Field office distributes the application to coastal-based counterparts for review; field staff conducts site visit(s) and prepares an assessment of the project. Where needed, digital photos will be used to convey information to Raleigh review staff. (see Note Below) General Permits: 2068 processed in fy98-99 in field, and 2818 in fy99-00 (increase of 36%). According to DCM staff, these permits are generally issued within one business day by the Field-based permitting staff. Minor permits are largely handled by municipalities and counties, using rules approved by the CRC. If a local government does not have the authority to issue permits, applications will go to the field office in jurisdiction of the development.

NOTE: For Major Permits, according to DCM statistics, these took an average of 20 days from receipt in field to analysis and permit forwarding to Raleigh, and average 84 days total processing time to make a final decision.

Chart 5: Travel Estimates

SECTION/UNIT	Where Was Most Travel?	Average Trips Per Traveling Staff
Division Administration/Raleigh-based:	94% in the Raleigh area	66 trips average
GIS Staff/Raleigh-based:	90% in the Raleigh area	23 trips per staff
Permitting & Enforcement/Raleigh-based:	85% in the Raleigh area	42 trips per Raleigh staff
Policy Staff/Raleigh based:	76% in the Raleigh area	14 trips/staff outside Raleigh 44 trips/staff in Raleigh
Planning Staff/Raleigh based:	71% in the Raleigh area	13 trips/staff outside of Raleigh 32 trips/staff in Raleigh
Division Management/Raleigh-based:	62% in the Raleigh area	36 trips average
LAN Administrator/Raleigh-based:	21% in the Raleigh area	24 trips average
Policy & Planning Management/Raleigh-based:	7% in the Raleigh area	14 trips average
Permitting & Enforcement Management/ Morehead CityBased)	N/A	Of 25 trips to Raleigh, 23 were permit or rules related, 2 were administrative
Permitting & Enforcement/Field-based:	N/A	3 trips per staff reported coming to Raleigh
Planning Staff/Field based:	N/A	6 trips per staff reported coming to Raleigh

This chart shows that the level of travel for Raleigh-based is significant. For some, much of the travel is to the field. On the other hand, little travel up to Raleigh was reported by field-based staff.

FINDINGS

The wording of the legislation implies that the General Assembly wants a proposal for relocation of the Division, in order for them to make a decision. Based on the wording, and in order to help DENR be responsive to the legislature, it was decided to project costs of relocation based on sites that seem to make sense geographically and programmatically in order for DENR to examine the feasibility of each. OSBPM, after reviewing program and travel information, reviewed a map to identify possible sites that met the criteria of:

- In one of the 20 Coastal Counties
- Good access to all field sites
- Convenient for travel to Raleigh
- Reduction of travel time

Three sites were initially considered based on these criteria: New Bern, Washington, and Morehead City. A fourth (Jacksonville) was subsequently added at the suggestion of a survey respondent. The first was New Bern (Craven County). Located on Highway 70, it would be an average of 85 miles to the current DCM sites, and 112 miles to Raleigh. It sits at the junction of Hwy. 70 (east-west) and Hwy. 17 (north-south). The second was Washington (Beaufort County), which already houses a field office, is 113 miles from Raleigh, and an average of 98 miles to all the other offices; it is on Hwy. 17 (north-south) and Hwy. 264 (east-west). And the third was Morehead City (Carteret County), which also has a field office, is where the Assistant Director for Permitting and Enforcement is based, as well as the Community Planner (currently a vacant position), is 147 miles from Raleigh, but only an average of 111 to the other DCM offices. It sits at the junction of Hwy. 70 (east-west) and Hwy. 17 (north-south). The fourth site, Jacksonville, is located on Hwy. 17 (north-south) and Hwy. 258 leading to Kinston and Hwy. 70; it is 116 miles from Raleigh, and an average of 93 miles from the current DCM sites.

Office Space Costs

According to DENR staff, the square footage costs for the office space for existing DCM offices range from a high of $15.00 in Morehead City to a low of $3.26 in Elizabeth City. (Raleigh is currently $13.41). The Raleigh staff currently occupy 7,300 square feet of leased space in the Parker-Lincoln Building. A plan developed by DENR's General Services staff suggests that this figure ought to be somewhat higher. However, the 7,300 figure is used in preparing our cost analyses. (For the proposed increase in space, refer to Appendix C). The chart that follows shows both the average costs, as well as the average space per employee in each of the offices.

Chart 6: Office Space Allocations and Costs

	Sq. Ft. Currently Leased	Annual Cost	Cost/Sq. Ft.	Employees In Office	Sq. Ft. Per Employee	Cost Per Employee
Raleigh	7,239	97,080	$ 13.41	30	241	$ 3,236
Elizabeth City	4,786	15,600	$ 3.26	7	684	$ 2,229
Morehead City	2,648	39,720	$ 15.00	8	331	$ 4,965
Washington	1,876	18,856	$ 10.05	6	313	$ 3,143
Wilmington	1,622	-	State-Owned	7	232	$ -
Beaufort Reserve	740	9,200	$ 12.43	4	185	$ 2,300
Kitty Hawk Reserve	700	4,800	$ 6.86	1	700	$ 4,800
Wilmington Reserve	1,400	10,000	$ 7.14	2	700	$ 5,000
Jacksonville			$ 9.27			
New Bern			$ 13.00	-	-	$ -

If one were to look at New Bern as a possible site, the average cost for office rentals there are $13.00/sq. ft., according to the State Property Office. This is only slightly lower than the current Raleigh location's rental cost. Washington, another possible site, has an office space rental average of $12.50/sq. ft. Morehead City's cost per square foot is $15.00. And Jacksonville's cost is estimated at $9.27/sq. ft. However, DENR would have to continue paying for DCM's square footage in Raleigh (at the Parker-Lincoln) for the balance of the lease (4-5 years estimated), because State Property negotiates the lease on behalf of an agency for the square footage it needs. It then is the responsibility of the Department to find another occupant to move into the space and pay for it.

Technology Considerations And Costs

Another major requirement of a relocation of the Raleigh DCM staff are the computing and telecommunication requirements. The availability, as well as installation cost, and monthly cost for T-1 line access must be included. A T-1 line, which is currently available to all DCM offices, is a high speed, broad bandwidth line that can accommodate the voice, data, and image requirements used in the division, and which have been a major factor in their ability to work with less travel. According to the LAN Administrator in DCM, they currently spend $150 per month (or $5/DCM staff) for this availability at the Parker-Lincoln Building because the line is shared among 600 users. By comparison, they are spending $1,200 per month in Morehead City for the line which is shared only among 11 user. According to the State Telecommunications Office of the Information Technology Services Department, T-1 service would be available elsewhere in the state. The average cost in the state is $1,350 installation and $1,175 per month, a significant cost increase, but one that is necessary to continue to do business as they have been doing.

Employee Relocation Cost Factors

Again, based on a review of the map and road links to the field offices, OSBPM analysts requested information concerning the possible locations for a move by some or all of the Raleigh staff. Housing costs and availability were obtained for Morehead City, New Bern, and Washington. A search was conducted on the Internet for an 1800 sq. ft single family home in price range from $75K-$175K. It was found that for these sites:

- New Bern & Vicinity: Homes are available, with an average price of $126,000.
- Washington & Vicinity: Homes are available, with an average price of $121,000.
- Morehead City & Vicinity: Homes are available, with an average price of $189,900.
- Jacksonville/Onslow County Area: Homes are available, with an average price of $98,000

A review of the State Budget Policy Manual indicated several benefit policies related to transferring state employees. When the agency head deems it necessary to transfer an employee to a new duty station 35 miles or more away from their current residence, the employee becomes eligible for reimbursement of moving expenses if the employee chooses to change place of residence. The move must be accomplished within 90 days for this reimbursement to

occur, with a departmentally-approved extension possible for another 90 days. Beyond that time period, OSBPM must approve the extension in writing. Household items for which employees can be reimbursed include such things as furniture, clothing and personal effects. It does not include items requiring special handling. Payment includes, and is limited to, the cost of packing, transporting and unpacking a maximum of 15,000 pounds and if going over 50 miles and paying on a weight basis, the rate to be reimbursed must be the lowest available regulated tariff rate. Additional storage is not reimbursable. Transit insurance is limited to $1.25 per pound per article up to 15,000 pounds. Up to $200 can be reimbursed for disconnecting and reinstalling/reconnecting appliances, electrical hookups, a single phone connections, etc. but not the deposits. The employee and family can also be reimbursed for mileage and per diem up to state rates for both house hunting trips, as well as day of moving travel. The employee can also obtain subsistence for up to 40 consecutive working days from the time of beginning work in the new location until moving into the new home. A rough estimate for a move, based on 10,000 lbs., 3-bedroom house, 500 mile (which was the lowest option available) ranges from $3,800-$5,100, based on whether the individual packs themselves or the van line does the packing.

The State Personnel Manual says that paid leave may be granted for a maximum of three trips of three days each to locate a new residence.

Moving Costs/Office

Contact was made with NC Department of Correction/Prison Enterprise/Manpower Services regarding their office relocation service and prices. They charge $950/day per truck for out of town moves. This would not include the time of staff preparing for and boxing materials in anticipation of a move.

It is estimated that a move from Raleigh to New Bern, Washington, or Morehead City would require a minimum of two tractor-trailer trucks for a period of 3 days, to include loading, travel, and unloading.

Personnel Considerations

Interviews were conducted with the majority of the staff in both the Raleigh Office and the four field offices to understand the workflow between the Raleigh staff and the field. Many of the Raleigh staff expressed the strong desire to remain in Raleigh because of access to educational resources, family concerns (new homes, spouse employment that could not be replicated in coastal counties), contact with other agencies with whom they did much of their work. Many said they would leave DCM rather than transfer, and felt that due to their technical skills, they could find other employment with relative ease. Based on those conversations, OSBPM requested the Office of State Personnel (OSP) to provide a "cost of turnover" rate. Based on OSP's data, it is conservatively estimated that it will cost DCM a minimum of $45,000 per position that is vacated; the assumptions used to arrive at this figure include staff time involved in termination processing, hiring processing, and learning curve loss (which could be significant in a technical area such as this which requires knowledge of North Carolina's coast, of the federal and state regulations, and the scientific knowledge about coastal resources and areas, etc.) The detail of OSP's calculations are in Appendix D. This assumption is also based on only a 3-month vacancy, which due to the technical skills required for some of these positions, may be too short an assumption.

DCM has had a much higher turnover rate in the past two years than DENR, which makes the likelihood of resignations seem more probable. Data from OSP indicates that between July 1998-June 2000, there had been 19 staff separations. In the first fiscal year there were 9 separations (16.4% compared to DENR's 9.3%). In the second fiscal year, there were 10 separations (15.8% compared to DENR's 10.2%).

Stakeholder Considerations

The discussions in the preceding pages about the functions and services of the various division units demonstrates the wide variety of people and organizations with a stake in the Division of Coastal Management. One group of stakeholders were the 800 (out of almost 3,000) who had used one or more of the services of DCM (i.e., either of a regulatory nature such as applying for a permit, or in the form of assistance such as land use planning, education, grant, or technical assistance type services). This group was surveyed about the services they had used, the frequency with which they used them, which offices they contacted most, etc. For those services that potentially involved Raleigh office staff and field based staff, a question was also asked as to whether services and processes would improve, be worsened, or would not change if the Raleigh office were to move. The responses are shown below in Chart 7, along with the total number who said they had used the specific services. (NOTE: the number of responses does not always add up to the number who said they used the services because not everyone expressed an opinion.)

Chart 7: Services Used and Perceived Service Improvement

Type of Service Used	# Respondents Who Used the Service	# Respondents Who Say DCM Move Would Improve Process	# Respondents Who Say DCM Move Would Not Affect the Process	# Respondents Who Say DCM Move Would Make Worse
Major Permits	40	27	30	10
General Permits	45	29	34	3
Minor Permits	39	19	46	3
Consistency Reviews	19	24	30	11
Technical Assistance	46	40	23	7

The above chart indicates that for certain key services, respondents believe a move would either improve services or at least the services would remain unaffected. However, the comments included from some respondents add insight to the chart. The comments expressed understanding of the need to be close to certain Raleigh-based agencies who play a key role in the functions; they acknowledged the need to be present at the legislature, and that process improvements (both streamlining and more electronic communications) could serve the same purpose as a relocation. However, the comments also reflected the wish that the local perspective were better "felt" by Raleigh staff, and that the workload increases in the field offices could be helped by a move. The low response rate to the survey may also reflect the ambivalence about the urgency of a move.

As noted earlier, another group of stakeholders are the DCM staff. During interviews in Raleigh and at the field offices, the question was asked of all: "What are the advantages and disadvantages of relocating the staff from Raleigh?" Staff in the field had widely varying opinions. Some felt that the dual locations were logical because the Raleigh staff worked so closely with DENR, with other regulatory and state applicant agencies, with universities, and with the legislature, while the field staff worked with the coastal based customers. Some also expressed the view that Raleigh-based staff could be more objective by maintaining a distance from the actual coastal locations and applicants when reviewing the major permit requests or doing consistency reviews. However, others felt that the Raleigh staff lacked the understanding and sensitivity to local matters, and that they also lacked day to day knowledge of some of the areas about which plans and rules were being suggested. Some felt that the staff could be of greater use to the field staff in carrying out the increasing workloads, noted earlier.

The Director of the Division of Marine Fisheries was also consulted because his division is based at the coast (at Morehead City) and he once was on the DCM permit staff. He thus is

knowledgeable about both models, and was able to share his thinking on the matter as well. Essentially, he believes the advantages to moving to the coast are similar to those expressed by others: improved public perception of the accessibility of management staff, improved public perception of staff knowledge of the area over which they have jurisdiction; improved morale of the field staff; avoiding some of the perceived bureaucratic requirements of being in Raleigh; and the fact that technology makes remote work processing much more viable. The key disadvantage that he expressed would be for the Division Director, who will continue to be on the road extensively to and from Raleigh as well as to all the field offices. The one key difference he cited between Division of Marine Fisheries and Coastal Management were the relationships that DCM regulatory staff have with other Raleigh-based agencies.

SUMMARY OF COSTS AND BENEFITS

As noted earlier, the sections and staff/units within those sections each have different requirements and key functions. The legislation to which DENR must respond speaks of "feasibility" of relocating the Raleigh based office of DCM. It also speaks of "consider[ing] the cost of relocation, the impact on program efficiency, the availability of office space, and other factors affecting program functions." In our review, OSBPM wished to address the full range of issues in determining both the costs and the value of relocation. These are summarized in the charts below. In order to prepare this summary, however, two models were considered. The first was that a move of all staff would take place, and the second is that only a portion of the staff would be relocated, based on their functions. Each is presented separately.

Model #1: The Entire Division is Relocated

In this model, it is assumed that:

- Relocation would be to New Bern or Jacksonville, not to an existing field office
- One-third of the 29 Raleigh-based staff in filled positions as of 11/1/00 (a total of 10 positions) would choose not to relocate, and there would be costs associated with both recruitment, hiring, training/learning curve for the positions assumed to be vacated rather than relocate
- DENR does not have another unit to fill the space allotted in the Parker-Lincoln Building in Raleigh for DCM
- In-state employee transportation expenses would be reduced by for some who would be relocated closer to the field units, but would increase for others who must regularly travel to Raleigh to work with other agencies, the General Assembly and DENR, resulting in no net savings.
- Lease costs in New Bern would be reduced by approximately 3% and in Jacksonville by approximately 31%

With the above assumptions in mind, Chart 8 details the projected savings of a relocation:

Chart 8: Projected Savings from Relocation

SAVINGS CATEGORY	BASIS	AMOUNT
Employee Travel to Field Sites and Offices	Average distance from New Bern is 85 miles, and from Jacksonville is 93 miles, vs. avg. distance from Raleigh to current sites is 152 miles or 40% closer from New Bern/Jacksonville. If all Raleigh staff relocate, there is likely to be little or no travel savings, since it will increase for some and decrease for others.	$ - 0 -
Lease Cost	3% savings, based on average office space cost vs. Raleigh for New Bern, and 31% savings for Jacksonville vs. Raleigh	$3,063 - $31,058 recurring
	TOTAL ANNUAL SAVINGS	**$3,063 - $31,058 recurring**

With the same assumptions in mind, Chart 9 details the projected costs of a 100% relocation:

Chart 9: Projected Costs of Relocation

DIRECT COST CATEGORY	BASIS	AMOUNT
Employee Household Move	Estimated 66% of 29 filled positions considered for relocation, move @ $4,000/household	$77,720–one time
Office Move	Estimated 3 days, 2 tractor trailers @$950/per trailer per day, if done by Prison Enterprise	$ 5.700–one time
T-1 Service	Installation Fee	$ 1.350–one time
Purchase Key System With Voice Mail		$24,000—one time
Phone Line Installation	Installation Fees est. @ $70/ First line and $24 X 31 lines	$ 814–one time
Employee Turnover, and Recruitment, as well as Lost Service to Customers during vacancy, training time	Estimated 33% of 29 filled positions proposed for moving are projected to not move and will need to be replaced, at an average of $45,000/position	$430,650–one time
	TOTAL ONE TIME COSTS	$540,234
T-1 Monthly Fee Increase	From $150/month to $1,175/month (an increase of $1,025/month	$12,300/year
Lease Forgiveness Cost	Unless DENR re-leases space vacated by the 29 positions that would be relocated, there will be costs for approx. 4 years: (29 positions X $13.41/sq.ft.X241 sq.ft. avg per employee	$ 93,722/year for approx. 4 years
	ANNUAL RECURRING COSTS:	**$106,022**
	TOTAL YEAR ONE COSTS (ONE-TIME & ANNUAL):	**$646,256**
	TOTAL YEARS TWO THRU FIVE COSTS:	**$106,022**
	TOTAL YEARS SIX & FUTURE COSTS:	**$ 12,300**

Chart 10 looks at the costs and savings projections over a ten year period to see how long it would take the State to recoup the expense of relocating the Division.

Chart 10: Ten Year Costs and Savings Projections

YEAR	COSTS	Savings/ New Bern	Savings/ Jacksonville
1	$646,256	$3,063	$31,058
2	$106,022	$3,063	$31,058
3	$106,022	$3,063	$31,058
4	$106,022	$3,063	$31,058
5	$106,022	$3,063	$31,058
6	$ 12,300	$3,063	$31,058
7	$ 12,300	$3,063	$31,058
8	$ 12,300	$3,063	$31,058
9	$ 12,300	$3,063	$31,058
10	$ 12,300	$3,063	$31,058
TOTAL	**$1,131,846**	**$30,631**	**$310,577**

Based on this projection, it would take over 50 years for the Department to recoup the costs of relocating all the division to Jacksonville.

Model # 2: Two-thirds of DCM is Relocated

In our second model it is assumed that:

- Relocation would be to New Bern or Jacksonville, not to an existing field office
- The unit which handles Major Permits and Consistency Reviews would remain in Raleigh, because it is primarily with other state and federal agencies that they work on a daily basis (this is 6 positions)
- The Geographic Information Systems Unit in the Policy & Planning Section would not move because its work is not based on physical location (this is 4 positions)
- One-third of the 19 remaining staff in filled positions, or 6 people, would choose not to relocate, and there would be costs associated with both recruitment, hiring, training/learning curve
- DENR does not have another unit to fill the space allotted in the Parker-Lincoln Building in Raleigh for the 19 positions that would be relocated
- In-state employee transportation expenses would be reduced by nearly one-third for the 66% of staff who would be relocated closer to the field units
- Lease costs in New Bern would be reduced by approximately 3% and by 31% in Jacksonville

With the above assumptions in mind, Chart 11 details the projected savings of a relocation .

Chart 11: Projected Savings from Relocation

SAVINGS CATEGORY	BASIS	AMOUNT
Employee Travel to Field Sites and Offices	Average distance from New Bern is 85 miles, and from Jacksonville is 93 miles, vs. avg. distance from Raleigh to current sites is 152 miles or 40% closer from New Bern/Jacksonville. Applied to in-state transportation costs for staff only, and only for the 19 who would be relocated	$15,239—recurring
Savings on Lease Cost	3% savings in New Bern or 31% in Jacksonville, based on average office space cost vs. Raleigh for only the positions being relocated	$1,976—recurring (New Bern) $20,037—recurring (Jacksonville)
	TOTAL ANNUAL RECURRING SAVINGS	**$17,215 (New Bern) to $35,277 (Jacksonville)**

With the same assumptions in mind, Chart 12 details the projected costs of a relocation:

Chart 12: Projected Costs of Relocation

DIRECT COST CATEGORY	BASIS	AMOUNT
Employee Household Move	Estimated 66% of 19 filled positions considered for relocation, move @ $4,000/household	$50,920–one ime
Office Move	Estimated 3 days, 2 tractor trailers @$950/per trailer per day, if done by Prison Enterprise	$ 5,700–one time
T-1 Service	Installation Fee	$ 1.350–one time
Purchase Key System With Voice Mail		$24,000—one time
Phone Line Installation	Installation Fees est. @ $70/ First line and $24 X 20 lines	$ 526–one time
Employee Turnover, and Recruitment, as well as Lost Service to Customers during vacancy, training time	Estimated 33% of 19 filled positions proposed for moving are projected to not move and will need to be replaced, at an average of $45,000/position	$282,150–one time
	TOTAL ONE TIME COSTS	$364,646
T-1 Monthly Fee Increase	From $150/month to $1,175/month, or $1,025 monthly increase	$ 12,300-recurring
Lease Forgiveness Cost	Unless DENR re-leases space vacated by the 19 positions that would be relocated, there will be costs for approx. 4 years: (19 positions X $13.41/sq.ft.X241 sq.ft. avg per employee	$ 61,404 – annual for approx. 4 years

Chart 13 looks at the costs and savings projections over a ten year period to see how long it would take the State to recoup the expense of relocating the Division.

Chart 13: Ten Year Costs and Savings Projections

YEAR	COSTS	Savings/ New Bern	Savings/ Jacksonville
1	$438,350	$17,215	$35,277
2	$73,704	$17,215	$35,277
3	$73,704	$17,215	$35,277
4	$73,704	$17,215	$35,277
5	$73,704	$17,215	$35,277
6	$12,300	$17,215	$35,277
7	$12,300	$17,215	$35,277
8	$12,300	$17,215	$35,277
9	$12,300	$17,215	$35,277
10	$12,300	$17,215	$35,277
TOTAL	**$794,668**	**$172,155**	**$352,765**

Based on this projection, it would take 30 years for the Department to recoup the costs of a partial relocation to Jacksonville, and a much longer period for a move to New Bern.

What the General Assembly and the Department must decide is whether the non-direct savings make relocation a good decision.

Such savings are those that were discussed earlier in the report, and it is worth revisiting some of them. Some of the reasons noted by people responding to the survey, by DCM staff, during meetings with them, and by discussions with others indicate that there is a public perception that the Division should be closer to the area over which it has jurisdiction. Again, reference is made to the survey comments as well as to the summary of whether stakeholders believe the process itself would be improved, worsened or not changed at all (Chart 7), because the poor response rate and the tenor of the responses do not indicate that this is a burning issue. It must also be noted that the "cost of turnover" is a very real cost in this division, which is processing important permit applications and making major decisions about future uses of the land in the 20-county area; a decision to relocate some of the services and people must recognize that there may be disruption of service which will displease the taxpayers and other stakeholders who rely on them.

There would also be a presumed positive economic benefits to the counties to which DCM staff would be relocated, either wholly or partially.

RECOMMENDATION

Based on a review of the kind of work that is being done, the amount of travel involved in carrying out the work, the view of stakeholders who use the services of DCM, the perception of a division being managed remotely from its jurisdiction, and the projected costs and savings that would result from a move, as summarized above, OSBPM recommends that:

On a cost/savings basis alone, the relocation of some or all DCM positions is not to the state's advantage at this time, as shown in the various charts above.

If DENR management, however, believes it to be in State's interests to move the Division of Coastal Management for reasons other than cost to within the 20-county jurisdiction, OSBPM suggests that the location should be in a neutral (i.e., non-field office) location. From our analysis, it appears that Jacksonville offers the greatest advantage, but New Bern would also be an acceptable site. OSBPM believes any move should be done at one time, not as a phased in action, in order to minimize disruption of service to customers and to minimize paying dual costs. And lastly, OSBPM suggests that there are two units, with 10 positions, which should remain in Raleigh for programmatic reasons, with the remaining 21 positions being relocated from Raleigh and from Morehead City as shown below:

Chart 14: Relocation Options

SECTION/UNIT	PROPOSED LOCATION	# Positions
Division Management	New Bern or Jacksonville	4
Division Administration:	New Bern or Jacksonville	4 (1 vacant)
Permitting & Enforcement – MHC based Section Head	New Bern or Jacksonville	1
Policy & Planning – Raleigh Based Section Head	New Bern or Jacksonville	1
Policy & Planning – MHC based Community Planner, serving all District Planners	New Bern or Jacksonville	1 (vacant)
Policy Analysis Unit Staff – Raleigh	New Bern or Jacksonville	4
Strategic Planning Unit Staff – Raleigh	New Bern or Jacksonville	5
LAN Administrator	New Bern or Jacksonville	1
Geographic Information Systems staff	Raleigh	4
Permitting & Enforcement – Raleigh	Raleigh	6
TOTAL	10 – Raleigh 21 – New Bern or Jacksonville (2 vacant)	

* * * * *

OSBPM gratefully acknowledges the cooperation of DENR management, DCM staff, the Office of State Property, and Information Technology Services, who provided background information to conduct this study.

APPENDIX A

LEGISLATION DIRECTING STUDY OF RELOCATION OF DENR/DCM

Attachment 3

REPORT TO THE NATURAL AND ECONOMIC RESOURCES SUBCOMMITTEE ON THE LEGISLATIVELY MANDATED TRANSFER OF ENERGY DIVISION FUNCTIONS

Thursday, December 7, 2000 – 10:00 A.M.

OFFICE OF STATE BUDGET, PLANNING, AND MANAGEMENT

ATTACHMENTS:

1. Section 14.18 paragraphs (a) through (e) of House Bill 1840 transferring Energy Division to Departments of Administration and Health and Human Services
2. Organizational location of State Energy Office and energy fiscal functions within Department of Administration
3. Organizational location of State Energy Office and energy fiscal functions within Department of Health and Human Services
4. Position-by-position listing and current status, organizational, and physical location
5. Sections 14.1 and 14.2 paragraphs (a) through (d) concerning other appropriations from Petroleum Overcharge trust funds
6. Chart of how funds were divided among the agencies as a result of the transfer and trust fund balances as of 7/1/00

Attachment 1

From:
GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 1999
HOUSE BILL 1840 RATIFIED BILL
AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 1999 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Odom, Perdue

TRANSFER ENERGY DIVISION FROM DEPARTMENT OF COMMERCE TO DEPARTMENT OF HEALTH AND HUMAN SERVICES AND DEPARTMENT OF ADMINISTRATION

Section 14.18.(a) The State Energy Conservation Plan is renamed State Energy Efficiency Program.

Section 14.18.(b) The statutory authority, powers, duties and functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the Residential Energy Conservation Assistance Program (RECAP) in the Energy Division of the Department of Commerce are transferred from the Department of Commerce to the Department of Health and Human Services.

Section 14.18.(c) The statutory authority, powers, duties and functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the Energy Policy Council and State Energy Efficiency Program in the Energy Division of the Department of Commerce are transferred from the Department of Commerce to the Department of Administration.

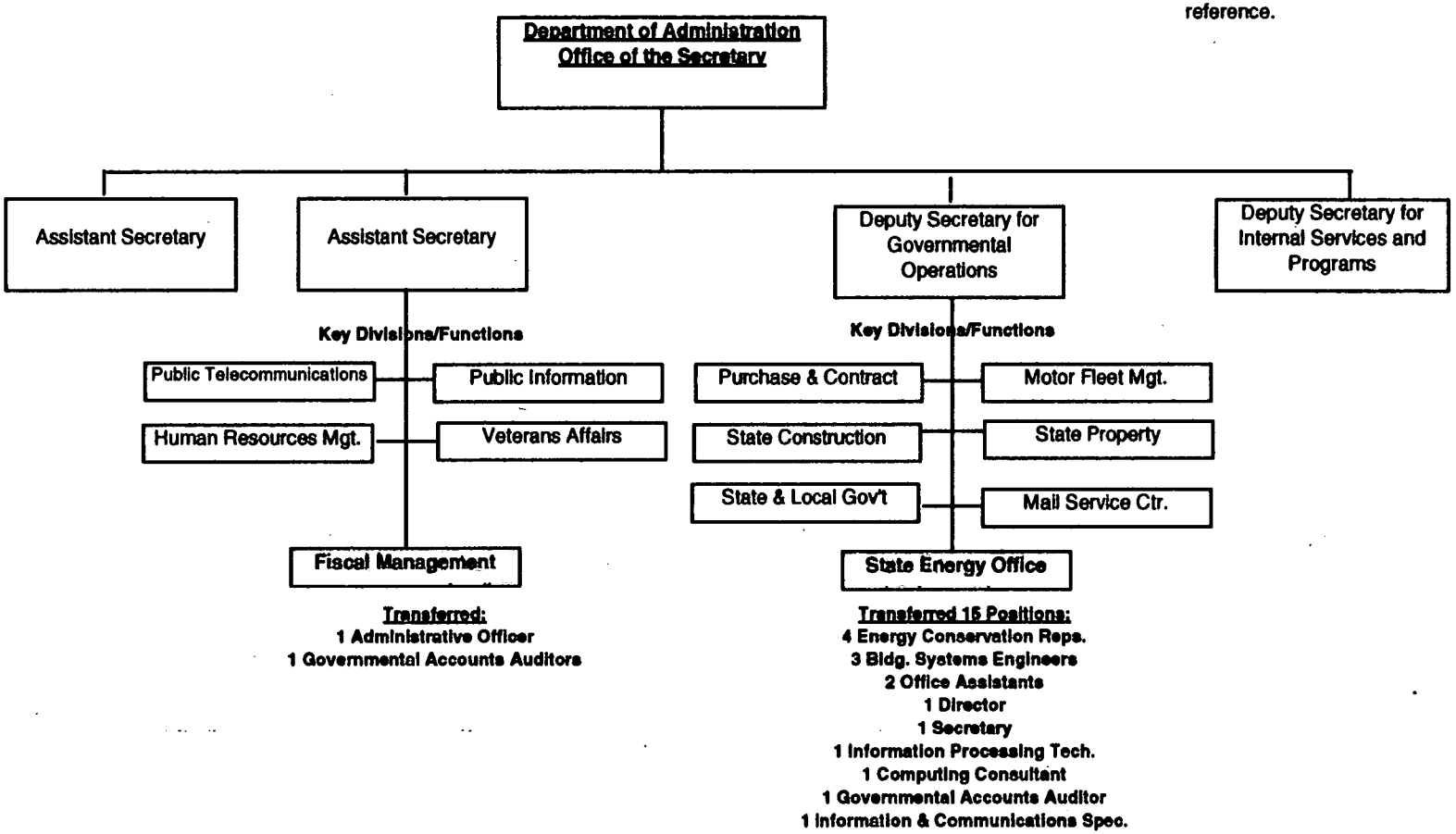
Section 14.18.(d) The transfers in subsections (b) and (c) of this section shall have all of the elements of a Type I transfer as defined by G.S. 143A-6.

Section 14.18.(e) The transfers described in subsections (b), (c), and (d) of this section shall become effective September 30, 2000. Effective July 1, 2000, all vacant positions in the Energy Division of the Department of Commerce shall be abolished.

Attachment 2

Organizational Location of Energy Functions within Department of Administration

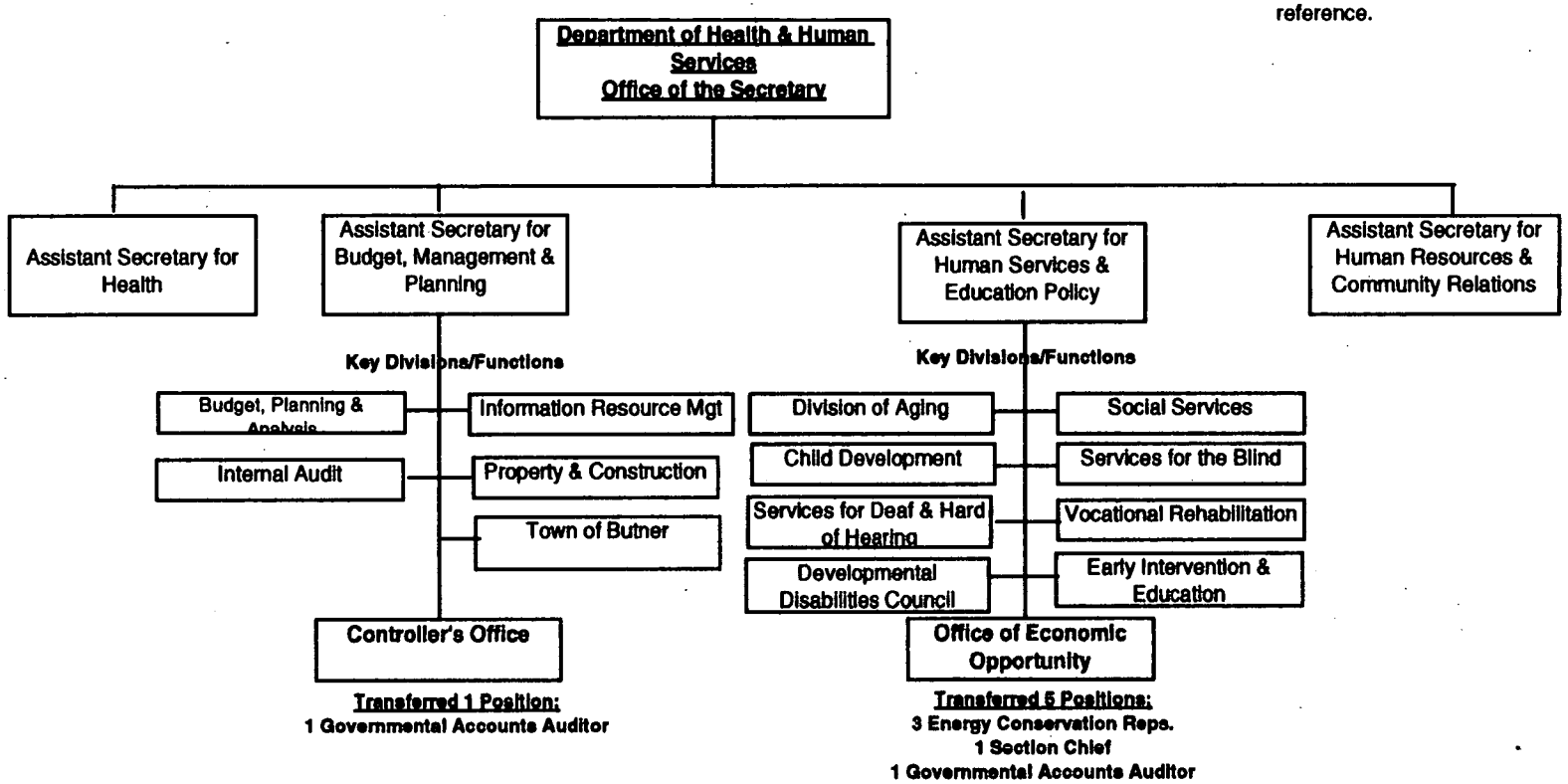
The following organization chart shows the two locations within DOA where energy functions have been transferred, as well as the other key units within those organizational areas, for reference.



Attachment 3

Organizational Location of Energy Functions within Department of Health and Human Services

The following organization chart shows the two locations within DHHS where energy functions have been transferred, as well as the other key units within those organizational areas, for reference.



Attachment 4

ENERGY POSITIONS AND STATUS

Commerce Position #4614-0000-0014-xxxxx	Position Title	Section within Energy Division/Commerce	Vacant or Filled at 7/01/00	Vacant or Filled at 9/30/00	DHHS Position Number	Budgeted Salary	Current Organizational Location	Current Physical Location
14-300	Section Chief/WAP & HARRP Programs	WAP/HARRP Section	Filled	Filled	4410-3131-0000-021	$64,765	DHHS/OEO	Tillery Place/Relocating
14-306	Energy Conservation Representative Mgr	WAP/HARRP Section	Filled	Filled	4410-3131-0000-022	$53,809	DHHS/OEO	Tillery Place/Relocating
14-308	Energy Conservation Representative I	WAP/HARRP Section	Filled	Filled	4410-3131-0000-024	$37,340	DHHS/OEO	Tillery Place/Relocating
14-309	Energy Conservation Representative I	WAP/HARRP Section	Filled	Filled	4410-3131-0000-025	$30,464	DHHS/OEO	Tillery Place/Relocating
14-307	Governmental Accounts Auditor I	Fiscal Section	Filled	Filled	4410-0102-3403-327	$39,479	DHHS/OEO	Tillery Place/Relocating
14-319	Governmental Accounts Auditor I	Fiscal Section	Filled	Filled	4410-3131-0000-026	$34,386	DHHS/Controller's Office	Oberlin Road
					TOTAL:	**$260,243**	**Dept. of Health & Human Services**	
14-000	Division Director	Director's Staff	Filled	Filled	4173-0000-0000-150	$64,745	DOA/State Energy Office	Tillery Place
14-016	Computing Consultant	Director's Staff	Filled	Vacant	4173-0000-0000-151	$57,310	DOA/State Energy Office	Tillery Place
14-018	Energy Conservation Representative II	Business & Industrial Section	Filled	Filled	4173-0000-0000-152	$38,123	DOA/State Energy Office	Tillery Place
14-103	Section Chief, Building Systems Engineer	Business & Industrial Section	Filled	Vacant	4173-0000-0000-153	$53,373	DOA/State Energy Office	Tillery Place
14-107	Information & Communication Specialist I	Fiscal Section	Filled	Filled	4173-0000-0000-154	$38,758	DOA/State Energy Office	Tillery Place
14-108	Administrative Secretary II	Director's Staff	Filled	Vacant	4173-0000-0000-155	$31,555	DOA/State Energy Office	Tillery Place
14-201	Energy Conservation Representative II	Business & Industrial Section	Filled	Filled	4173-0000-0000-156	$39,710	DOA/State Energy Office	Tillery Place
14-204	Office Assistant	Business & Industrial Section	Filled	Filled	4173-0000-0000-157	$26,008	DOA/State Energy Office	Tillery Place
14-206	Energy Conservation Representative II	Business & Industrial Section	Filled	Filled	4173-0000-0000-158	$36,765	DOA/State Energy Office	Tillery Place
14-302	Information Processing Technician	Fiscal Section	Filled	Filled	4173-0000-0000-159	$26,427	DOA/State Energy Office	Tillery Place
14-305	Building Systems Engineer I	Business & Industrial Section	Filled	Filled	4173-0000-0000-160	$49,238	DOA/State Energy Office	Tillery Place
14-311	Office Assistant	Fiscal Section	Filled	Filled	4173-0000-0000-161	$26,050	DOA/State Energy Office	Tillery Place
14-314	Energy Conservation Representative II	Director's Staff	Filled	Filled	4173-0000-0000-163	$39,710	DOA/State Energy Office	Tillery Place
14-316	Governmental Accounts Auditor I	Director's Staff on Loan	Filled	Vacant	4173-0000-0000-164	$46,964	DOA/State Energy Office	Tillery Place
14-318	Building Systems Engineer I	Business & Industrial Section	Filled	Filled	4173-0000-0000-165	$38,624	DOA/State Energy Office	Tillery Place
14-312	Section Chief/Administrative Officer III	Fiscal Section	Filled	Filled	4118-0000-0000-344	$41,068	DOA/Fiscal	Administration Bldg.
14-320	Governmental Accounts Auditor I	Fiscal Section	Filled	Vacant	4118-0000-0000-345	$32,690	DOA/Fiscal	Administration Bldg.
					TOTAL:	**$654,428**	**Dept. of Administration**	
14-017	Governmental Accounts Auditor II	Fiscal Section	Vacant			$34,860	Abolished	
14-301	Building Systems Engineer I	Business & Industrial Section	Vacant			$43,845	Abolished	
14-303	Energy Conservation Representative II	WAP/HARRP Section	Vacant			$32,486	Abolished	
14-304	Energy Conservation Representative II	WAP/HARRP Section	Vacant			$36,339	Abolished	
14-310	Office Assistant	WAP/HARRP Section	Vacant			$25,750	Abolished	
14-313	Accounting Technician III	Fiscal Section	Vacant			$30,900	Abolished	
14-315	Energy Conservation Representative II	Director's Staff	Vacant			$38,449	Abolished	
14-317	Energy Conservation Representative II	WAP/HARRP Section	Vacant			$31,293	Abolished	
					TOTAL:	**$273,922**	**Abolished**	

Attachment 5

From:

GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 1999--HOUSE BILL 1840 RATIFIED BILL
AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 1999 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
ENERGY CONSERVATION PROJECTS IN STATE-OWNED BUILDINGS Section 14.1. Of the funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation, the Energy Division shall use up to one million dollars ($1,000,000) to implement energy conservation projects in State-owned buildings. The Division shall identify those buildings whose energy costs per square foot are the highest and shall implement energy conservation projects that substantially reduce energy use and provide an opportunity for savings by reducing energy costs.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Hunter, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom **PETROLEUM OVERCHARGE FUNDS ALLOCATION**
Section 14.2.(a) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of two million six hundred thousand dollars ($2,600,000) for the 2000- 2001 fiscal year to be allocated for the Residential Energy Conservation Assistance Program (RECAP).

Section 14.2.(b) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Housing Finance Agency the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to be allocated for the Housing Trust Fund. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

Section 14.2.(c) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Community Development Initiative, Inc., the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

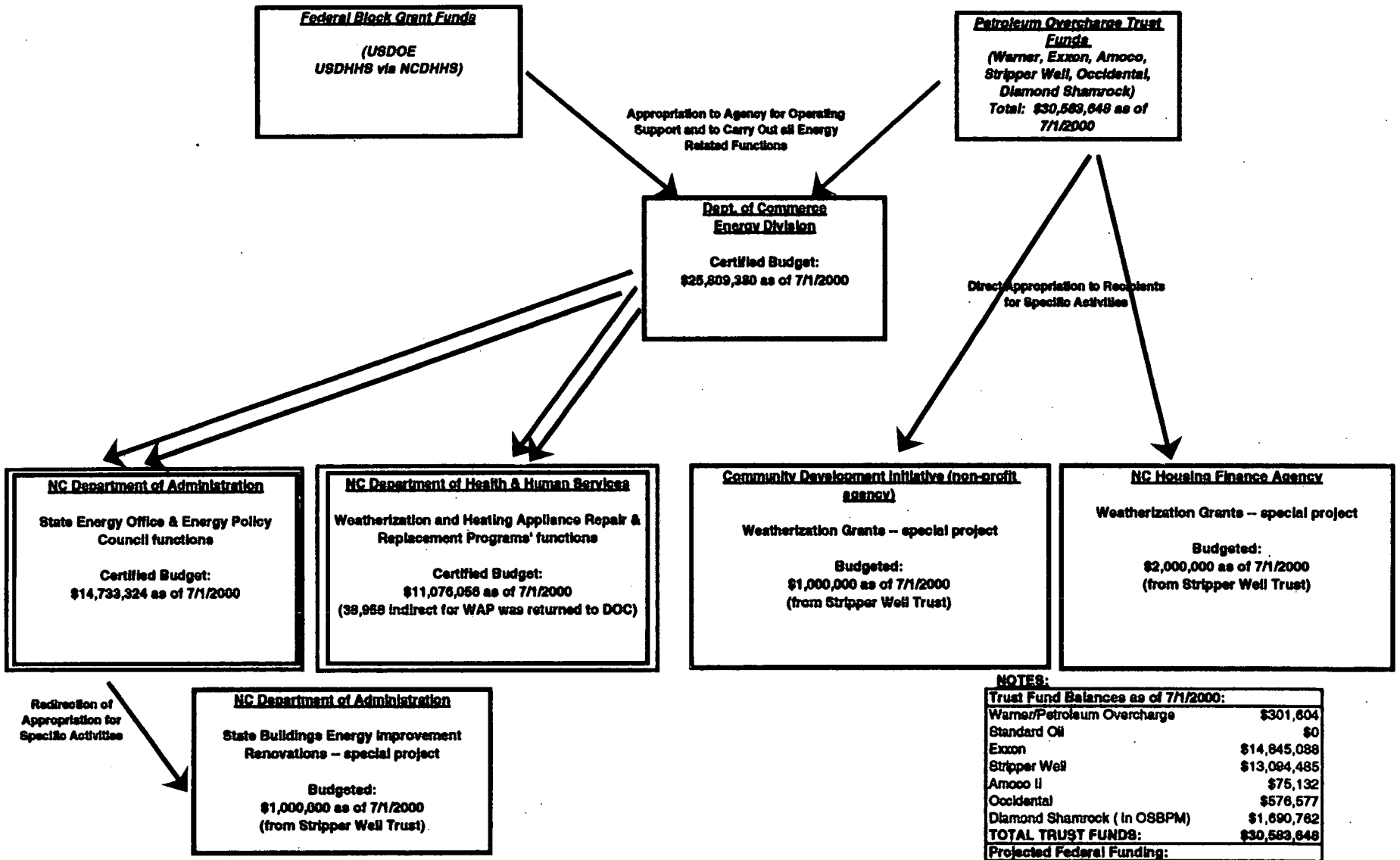
Section 14.2.(d) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the allocations made pursuant to subsections (a) through (c) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve for Oil Overcharge Funds. Section 14.2.(e) The funds and interest thereon received from the Diamond Shamrock Settlement that remain in a reserve in the Office of State Budget and Management for the Department of Commerce to administer the petroleum overcharge funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the Department of Commerce on an as-needed basis.

PART XIV. DEPARTMENT OF COMMERCE Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Hunter, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom **AUTHORIZATION TO REALLOCATE PREVIOUSLY APPROPRIATED PETROLEUM OVERCHARGE FUNDS**

Section 14. Section 16.9A of S.L. 1999-237 reads as rewritten: "Section 16.9A. Funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation for projects under the State Energy Conservation Plan, the Energy Extension Service Program, or the Institutional Conservation Program may be reallocated by the Department of Commerce to be used for projects under the State Energy Efficiency ~~Programs.~~ Programs and Residential Energy Conservation Assistance Program (RECAP)."

Attachment 6

Funding Sources, Streams, & Available Trusts as of 7/1/2000 and Reallocation of Funds as a Result of Legislated Transfer of Functions



NOTES:

Trust Fund Balances as of 7/1/2000:	
Warner/Petroleum Overcharge	$301,604
Standard Oil	$0
Exxon	$14,845,088
Stripper Well	$13,094,485
Amoco II	$75,132
Occidental	$576,577
Diamond Shamrock (in OSBPM)	$1,690,762
TOTAL TRUST FUNDS:	**$30,583,648**
Projected Federal Funding:	
US Dept. of Energy	$4,971,075
US Dept. of Health & Human Servic	$4,374,115
TOTAL PROJECTED/FEDERAL:	**$9,345,190**

Attachment 4

NORTH CAROLINA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES

RESPONSE TO ISSUES FOR DIVISIONS OF SOIL & WATER CONSERVATION AND FOREST RESOURCES FOR

NORTH CAROLINA GENERAL ASSEMBLY SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

(December 7, 2000)

FOR THE DIVISION OF SOIL AND WATER CONSERVATION

1. What are the pros of keeping DSWC within DENR?

   Expansion of the enforcement agenda of recent years for the DSWC and the local District programs would be easier if the Division were retained in DENR. Maintaining status quo would also eliminate the paperwork and administrative time needed to complete the transfer.

2. What are the pros of moving DSWC to Ag?

   a. Bringing the DSWC under NCDA&CS would allow the integration of Division and District programs under a broader mission with a return to service as a primary goal. DSWC programs would complement on-going efforts in NCDA&CS agronomic services, research stations, aquaculture & natural resources, pesticides, and marketing.

   b. Public awareness and comfort level would be improved with the better defined roles of the DENR and NCDA&CS (enforcement or service) made more apparent, especially at the local level of program activities. (For example, NCDA&CS Regional Agronomists are "designated" to certify animal waste management plans for individual farmers and to work with farmers to prepare farms for certification. But, the NCDA&CS agronomists do not inspect these same farms and make reports to DWQ. However, DSWC staff may either be at a farm to assist with development of a waste management plan or to file a report that might cause further

investigation by DWQ. Farmers often express concern that they are not sure at times what agenda DSWC personnel have when arriving at the farm.)

c. The General Assembly, through S.L. 2000-171, renewed its original assignment (1985) to NCDA&CS for the responsibilities of Farmland Preservation. The DSWC has developed several programs over the past few years that are also designed for farmland preservation. The DSWC programs, by law, seem to fall under the purview of the NCDA&CS.

3. What are the negatives/challenges?

None beyond the initial establishment period. There would be challenges or opportunities to review the administrative assistance given to Districts, the Soil and Water Conservation Commission's increased role in services, marketing, and resource protection.

4. What costs for transfer?

Initial review projects no increase in costs of services as NCDA&CS absorbs DSWC programs and personnel under its much larger umbrella. The Department is currently networked across the state and comfortable in accepting additional regional personnel. NCDA&CS already has employees working with the local Soil and Water Conservation Districts, has some employees who have served as Soil and Water Conservation District Supervisors, and has employees in Raleigh who serve on various DSWC and Commission committees either through statutory appointment or departmental request.

5. What effect would this have on relationship between DSWC and DWQ?

If the animal operation inspectors recently provided DSWC are moved to DWQ there should be a positive response by DWQ and by the animal growers. These DSWC inspectors brought a rash of complaints from growers who preferred that inspections be performed by those in the enforcement branch and the technical assistance be offered by those in the service branch.

The housing of the remainder of DSWC's programs in NCDA&CS should have no more effect on DWQ than having Aquaculture & Natural Resources, Agronomic Services, Research Stations, Pesticides, or Marketing now in NCDA&CS.

6. What would be impact on relationship between DSWC and NRCS?

   The assumption stands that if NRCS is to remain a part of USDA, then NRCS would be very comfortable working with NCDA&CS should the Department become the administrator of current DSWC programs. Most states currently house Soil and Water state agencies in the respective state's Department of Agriculture.

7. Could Ag absorb the management responsibilities of a new division?

   Obviously, the "new division" absorbed would determine how comfortably this could be accomplished. The DSWC would be an easier, if not the easiest division to absorb because of the existing complementing responsibilities in some activities and because of the historical cross training of NCDA&CS and DSWC personnel in field and administrative responsibilities. The Department was a member of the Agricultural Task Force that initiated the need for a Division of Soil and Water Conservation. That the original Division was housed in DENR was a matter of logistics in that the positions initially pulled together for the new division were carved out of Land Resources, (a sediment control and dam safety division within DENR). NCDA&CS helped with the establishment of the State Cost Share Program, the major funding activity in DSWC. The Department also offered technical and administrative assistance in developing the Tar-Pam trading program, the 319 nps program, the CREP program and most of the other activities in the Division.

   There are many situations in which NCDA&CS employees have extended their responsibilities in response to increased needs of the DSWC or the Soil and Water Conservation Districts. (For example, NCDA&CS has regional agronomists who were *"Designated"* by the Soil & Water Conservation Commission to provide technical assistance to the Division and to the Districts as well as the landowners, and the department has a number of personnel who serve as advisors to Division and Commission committees.)

8. Where would DSWC fit with Ag's mission? Is it appropriate?

   DSWC's mission to *"Conserve the state's soil and water resources"* fits very neatly under the NCDA&CS umbrella mission statement to operate programs *"consistent with environmentally sound production practices; and to operate programs to benefit consumers and agricultural producers, to protect the environment,*

health and economic well-being of all North Carolina citizens and business enterprises."

A search for "agriculture" in the NC Government Information Locator Service (http://ospl3.ospl.state.nc.us) returns a number of DSWC activities such as "percentage of Agriculture Cost Share Program funds spent ...", number of Soil & Water Conservation District agriculture technicians employed ...", "number of cost share contracts approved for installation ...", number of Agriculture Cost Share Compliance Reviews conducted ...",etc. That these performance measures for DSWC are interspersed within the thousands included for the NCDA&CS, establishes the direct connection and the conclusion that the DSWC mission does indeed fall under the mission of the Department of Agriculture & Consumer Services.

General Comment: With an authorized budget of almost $86 million and 1400 positions statewide, NCDA&CS could comfortably accommodate the addition of a Division (Soil & Water Conservation) designed to assist local Soil and Water Conservation Districts with a $14 million program (over $10 m of which is pass-through grant monies) and 56 positions.

The DENR DSWC has recently requested millions of dollars for a farmland preservation program and has organized its personnel to administrate such a program. This recently requested program, the existing Conservation Reserve Enhancement Program, and other conservation easement initiatives within the Division seem to fall within the statutory authority of the NCDA&CS **(Session Law 2000-171)** in which is provided that ***"There is established a 'North Carolina Farmland Preservation Trust Fund' to be administered by the Commissioner of Agriculture. The Trust Fund shall consist of all monies received for the purpose of purchasing agricultural conservation easements ..."*** NCDA&CS is prepared to accept these programs in their entirety to remain consistent with the charge given the department by the General Assembly.

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FOR THE DIVISION OF FOREST RESOURCES

1. What are the pros of keeping DFR within DENR?

   DFR is a large division of 650 or so positions (all but approximately 50 located outside Raleigh) and a budget of almost $40 million. There would obviously be some logistical advantages to not moving the Division.

2. What are the pros of moving DFR to DACS?

   There are over 650,000 forest landowners in North Carolina. The farming community is a large holder of the 16.77 million acres of privately owned forestland. DFR's *"primary purpose is to ensure adequate and quality forest resources for the state to meet present and future needs."* The DFR mission complements that of NCDA&CS *"to provide an adequate, wholesome supply of food and fiber."* A reasonable argument could be made for increasing the efficiency of operation by combining these complementary goals, by these complementary agencies, which in so many instances are serving the same individual landowner.

   The NCDA&CS network of research stations and farms would also seem to go hand-in-hand with the DFR network of tree seedling nurseries, forestry education, and research opportunities for University programs in forestry.

3. What are the negatives/challenges?

   NCDA&CS is not aware of negatives at this point. The DFR Regional, District and County offices are already established, but are not co-located with the NCDA&CS research stations or other facilities. The opportunity might present itself at some point in the future to co-locate regional activities and use currently budgeted funds for other activities. Because of the size of the two agencies and the amount of land managed by the respective agencies, detailed planning would be required to determine how best to bring the regional activities to one central location.

4. What costs would the GA have to consider with a transfer of the DFR to Ag?

   NCDA&CS probably could not absorb a division as large as DFR unless additional staff was added for the administration of personnel, purchasing, etc. The opportunity exists however to save costs in the long term if there are practical means to combine regional or district offices and to modify the number of administrative staff needed in the co-located activities.

5. What would be the effect, if any, on the county co-op program?

   NCDA&CS could find no reason that the county co-op program would need to change and therefore why there should be any effect on the county co-op program. *"Each county signs an agreement with the*

Division and shares in the cost of the county program." NCDA&CS sees no benefit in making changes to staff or offices at the local level. Local participation is critical to the success of forestry, soil & water, cooperative extension and other "on-the-ground" programs where agency personnel must work one-on-one with individual landowners.

4. Would the relationship between the Division and the federal forest service be impacted should DFR be transferred to Ag?

   NCDA&CS would expect the US Department of Agriculture, Forest Service to be very receptive to bringing together the State's agencies responsible for agricultural and forestry activities. A benefit of moving any forestry or agricultural related agency to NCDA&CS would be the direct lines of communication between the US Secretary of Agriculture and the NC Commissioner of Agriculture.

5. Could Ag absorb the management responsibilities of a new division?

   NCDA&CS could absorb the management responsibilities of many of the smaller divisions within state government. However, DFR is a very large division with well over 600 employees and NCDA&CS would need to secure administrative staff for personnel and fiscal activities, if such positions are not transferred with DFR.

6. Where would forestry "fit" with the mission of DACS? Is it an appropriate fit?

   Agriculture and Forestry seem an obvious "fit", whether at the federal, state, or local level. Can DFR and NCDA&CS fit together in North Carolina would probably be answered by the financial and logistical implications of such a move more than whether the programs could complement each other. Both agencies are oriented towards service to the landowner and in most of the cases, the same landowner.

   NCDA&CS, with its biologists and inspectors who guard against the introduction of plant pests that might destroy our forests, is currently working in concert with those county forest rangers who are teaching landowners how to recognize insect or disease damage in their timber stands.

   Training pesticide applicators by NCD&CS is an obvious benefit to forest rangers who are working with landowners who will use herbicides to manage timber stands for production, wildlife or other purposes.

County forest rangers who are recommending tree species, spacing, etc, to a landowner who is establishing a tree stand know full well the value of getting a soil's analysis run at the NCDA&CS Agronomic Lab prior to planting.

NCDA&CS manages a statewide infrastructure of research stations, farms, and state lands. The DFR has a similar infrastructure of stations and lands. The DFR has listed in the State Planning & Budgeting System a goal to provide "*technical assistance to agricultural, aquaculture and forestry-based commerce ...* ", a goal that falls under the responsibilities of NCDA&CS.

The mission of NCDA&CS is an umbrella for the producers and the consumers in North Carolina. That umbrella covers the production of food and fiber while protecting the quality and safety of these products that go to the citizens of this state and the world. DFR has a similar service goal that is more limited to forest products but falls well within the mission to operate *"service programs that ensure the availability of life-sustaining food and natural fiber, free of adulteration and contamination, and produced in a manner consistent with environmentally sound practices ..."*

2000

JOINT APPROPRIATIONS – NATURAL & ECONOMIC RESOURCES

MINUTES

APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

HOUSE
STAN FOX, CHAIR
BILL OWENS, CHAIR
EDITH WARREN, V. CHAIR
REX BAKER
ARLIE CULP
HOWARD HUNTER
FRANK MITCHELL
CAROLYN RUSSELL
JOE TOLSON
NURHAM WARWICK
ROGER WEST

SENATE
R. L. BOB MARTIN, CHAIR
DAVID WEINSTEIN
BETSY COCHRANE
HAM HORTON
STEVE METCALF
ERIC REEVES
DAN ROBINSON
LARRY SHAW

STAFF
JENNIFER HOFFMAN
JENNIFER WILLIS

COM. ASSISTANTS
MARY CAPPS
JUDY VEORSE
CAROLYN GOODEN

2000 SESSION

JOINT MEETINGS OF THE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

May 23, 2000
May 24, 2000
May 30, 2000
June 1, 2000
June 6, 2000

2000 SESSION

HOUSE MEETINGS OF THE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

June 12, 2000

SENATE MEETINGS OF THE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

June 15, 2000
June 20, 2000

NER MEMBERSHIP

Senator Bob Martin
Room 410 LOB
NC General Assembly
Raleigh, NC 27601

Senator David Weinstein
Room 2108 LB
NC General Assembly
Raleigh, NC 27601

Senator Betsy Cochrane
Room 1119 LB
NC General Assembly
Raleigh, NC 27601

Senator Ham Horton
Room 1117 LB
NC General Assembly
Raleigh, NC 27601

Senator Steve Metcalf
Room 520 LOB
NC General Assembly
Raleigh, NC 27601

Senator Larry Shaw
Room 625 LOB
NC General Assembly
Raleigh, NC 27601

Senator Eric Reeves
Room 1028 LB
NC General Assembly
Raleigh, NC 27601

Senator Dan Robinson
Room 2113 LB
NC General Assembly
Raleigh, NC 27601

HOUSE COMMITTEE on APPROPRIATIONS
Subcommittee on Natural and Economic Resources

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Fox, Stan	Mary Capps	3-5757	1217	46
Owens, Bill	Judy Veorse	3-0010	632	9
Warren, Edith	Nancy Willis	5-3019	417-A	93
Baker, Rex	Dawn Ellis	3-5787	608	86
Culp, Arlie	Waneta Lord	3-5865	1010	50
Hunter, Howard	Barbara Phillips	3-2962	613	68
Mitchell, Frank	Susan West	3-5931	513	77
Russell, Carolyn	Susan Brothers	5-0873	1213	62
Tolson, Joe	Gayle Christian	5-3024	402	59
Warwick, Nurham	Carolyn Honeycutt	5-3003	419-C	14
West, Roger	Linda Johnson	3-5859	1004	109
Ex officio members:				
Baddour, Phil	Elizabeth Kirkland Carolyn Coordes	5-0850	2301	31
Cunningham, Pete	Valerie Rustin	3-5778	541	7
Dedmon, Andy	Donna Abu Harb	3-5732	2213	12
Earle, Beverly	Ann Raeford	3-5747	535	95
Hackney, Joe	Emily Reynolds	3-5752	2207	69

ATTENDANCE

House Appropriations/Natural & Economic Resources

(Name of Committee)

DATES	05/23/00	05/24/00	05/30/00	06/01/00	06/06/00	06/12/00												
Fox, Stan, Chair	√	√	√		√	√												
Owens, Bill, Chair	√	√	√	√	√	√												
Warren, Edith, Vice-Chair	√	√	√	√	√	√												
Baker, Rex	√	√	√	√	√	√												
Culp, Arlie	√	√	√	√		√												
Hunter, Howard		√	√	√	√													
Mitchell, Frank	√	√	√	√	√	√												
Russell, Carolyn	√	√	√			√												
Tolson, Joe	√	√	√		√	√												
ck, Nurham	√	√	√	√	√	√												
West, Roger	√	√	√	√	√	√												
Ex Officio Members:																		
Baddour, Phil																		
Cunningham, Pete																		
Dedmon, Andy						√												
Earle, Beverly																		
Hackney, Joe																		

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

May 23, 2000

The Joint House and Senate Appropriations / Subcommittee on Natural and Economic Resources met on Tuesday, May 23, 2000 in Room 423 of the Legislative Office Building at 8:30 AM. The following House Members were present: Representative Owens, Chairman, Representatives Fox, Warren, Baker, Culp, Mitchell, Russell, Tolson, Warwick and West. Five Senators were present. Jennifer Hoffmann and Jennifer Willis, Fiscal Staff members were in attendance. . A Visitor Registration list is attached and made part of these minutes.

Representative Owens called the meeting to order. He asked the members of the committee to introduce themselves. He also recognized the Pages and the Sergeant-at-Arms. The staff members were then introduced.

Ms. Jennifer Willis of the Fiscal Research Staff made brief remarks regarding the meeting. Members of the committee were given handouts; The Governor's FY 2000-01 Recommended Changes to the Budget (Attachment 1) and the NER Interim Study of DENR Organization / NER Interim Study of Energy Division of Department of Commerce (Attachment 2).

Rep. Owens introduced Maurice Weaver, Deputy Commissioner of the Department of Agriculture and Consumer Services. Commissioner Weaver discussed the Farmland Preservation Trust. A question and answer period followed the Commissioner's remarks.

Mr. Rick Carlisle, Secretary, Department of Commerce spoke to the committee about expansion requests. He explained the Rural Prosperity Task Force – Rural Redevelopment Authority requests. Secretary Carlisle then asked Leza Aycock, Assistant Secretary for Administration, Department of Commerce to continue the Department's report to the committee. Ms. Aycock explained budget requests for the following areas: NC Competitive Commission, Center for Entrepreneurship and Technology (CET)-New and Emerging Industries, Welcome Centers, Travel Film and Sports Development, and the Workforce Commission. A section called the Fund Balance was explained. A question and answer period followed this discussion.

Dr. Charles Hamner, President of the North Carolina Biotechnology Center spoke and explained Rural Prosperity Task Force – North Carolina Biotechnology Center (Attachments 3 and 4). A question and answer period followed this discussion.

Secretary Bill Holman, Department of Environment and Natural Resources, spoke on the following reduction and expansion budget issues relating the Department of Environment and Natural Resources: Aquarium – the delay of construction at Pine Knoll Shores, Division of Air Quality, Division of Forest Resources, Division of Coastal Management – Land Use Planning Funds, Division of Marine Fisheries – IT Operating

Funds, Storm-water Pollution, and Sedimentation Pollution. A question and answer period followed this discussion.

Commissioner Harry Payne, Department of Labor, spoke to the committee regarding employment growth and positions within the Department. Commissioner Payne also gave examples of training and education, expansion, safety and health issues, and briefly discussed the Ergonomics Center. A question and answer period followed this discussion.

There being no further business, the Chair adjourned the meeting at 9:50 A.M.

Respectfully submitted,

Representative W. C. Owens, Jr.
Chairman

Judith M. Veorse
Legislative Assistant

Joint Appropriations Subcommittee on
Natural and Economic Resources
Tuesday, May 23, 2000

1. Welcome and Introductions

2. Chairmen's Comments

3. Governor's Recommended Changes to the FY 2000-2001 Budget

Department of Agriculture and Consumer Services
Maurice Weaver, Deputy Commissioner

Department of Commerce
Leza Aycock, Assistant Secretary for Administration

N.C. Biotechnology Center
Dr. Charles Hamner, President

Department of Environment and Natural Resources
Bill Holman, Secretary

Department of Labor
Harry Payne, Comissioner

4. Committee Discussion

5. Adjourn

VISITOR REGISTRATION SHEET

JT ERC — 5/23/00

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Laura DeVivo	DENR
DEWEY BOTTS	DENR
Doug Lassiter	NC Septic Tank Assoc.
Ru Holmes	DENR
Michael Williamson	DENR
~~Jane Smith~~	~~DENR~~
Cathey Cottle	DENR
Dianne Beasley	DENR-Forestry
Donna Moffitt	DENR-DCM
Tommy Stevens	DENR. DWQ
Linda Powell	McKees Consulting
Joe McKees	McKees Consulting
DAVID EMMETT	NC TDA
Bill Rowe	NC JCDC
Wanda Taylor	Labor
Danny Sullivan	Labor
Henry Payne	"
JEFF VAN DYKE	BELLSOUTH
Kathy Sawyer	Commerce
GETERY Hancock	EGHS

VISITOR REGISTRATION SHEET

5/23/00

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Becky Brown	Labor
J. W. Reel	OSBM
Sheila Abreu	OSBM
Mark Fleming	NC State University
Robin Pasquarello	Dept of Commerce
Rick Callise	"
Inga Ayscue	"
Mike Waters	NCRPS
Clara Gay	NCDA & CS
Maurice Weaver	NCDA & CS
Lowell Denning	NCDA & CS
Robert Caldwell	NC State Grange
Jim Newell	OSBM
Johnny Gray	OSBM
Brian Busby	NC Cattle

JT ERC

5/23/00

Joint Appropriations Subcommittee on Natural and Economic Resources

Governor's FY 2000-01 Recommended Changes

May 23, 2000

Department of Agriculture and Consumer Services

Recommended Changes to the 2000-01 Expansion

	2000-01	
1. **Farmland Preservation Trust** This will begin to fund the Million Acre Initiative which protects open space and farmland through agricultural conservation easements. This will help farmers continue farming; slows the loss of productive agricultural land; sustain the production of food and fiber and the viability of an agricultural industry; prevent development from damaging existing farmland and protect natural resources required for farming, and contribute to the conservation of water quality and natural areas. This includes $200,000 for CGIA for mapping and operating support, which is essential to the program.	$ 1,200,000	NR
Total Recommended Changes to the 2000-01 Expansion for Department of Agriculture and Consumer Services		
Requirements	$ 1,200,000	
Receipts	-	
Appropriation	$ 1,200,000	NR

NR – Nonrecurring

GOV-1

Department of Commerce

Recommended Adjustments

		2000-01	
1.	**NC Competitive Commission Repealed** The law authorizing the Commission was repealed by the 1999 General Assembly; therefore, the funding is no longer needed.	$ (218,000)	
2.	**Center for Entrepreneurship and Technology (CET)-New and Emerging Industries** Created in 1997-98 with a $300,000 appropriation, this program addressed the need for ongoing planning and program development in the recruitment of new and emerging technology industries. This action will reduce the program by one-third.	(100,000)	
3.	**Welcome Centers** Budgets for utilities and supplies are reduced.	(10,000)	
4.	**Travel Film and Sports Development** Telephone and postage savings associated with increased use of the internet have been realized.	(100,000)	
5.	**Workforce Commission** Excess Salary Reserve was created when a position was moved from appropriation to receipt support.	(25,000)	
6.	**Eliminate Fund Balance** Years ago, Commerce had a centralized copying office for the entire department. Agencies were charged for usage so that they could eventually replace the machines. This function is no longer active. The fund balance will be transferred to the General Fund for reduction.		
	Requirements	$ -	
	Receipts	64,329	
	Appropriation	$ (64,329)	NR
	Total Recommended Adjustments for Department of Commerce		
	Requirements	$ (453,000)	
	Receipts	64,329	
	Appropriation	$ (453,000)	
		(64,329)	NR

NR – Nonrecurring

GOV-2

Recommended Changes to the 2000-01 Expansion

	2000-01	
1. **JobReady Implementation Grants and Operating Support** In 1994, the state received a $30 million five-year federal School-To-Work grant to expose students to the world of work. This approach combines advanced classroom courses and high academic standards with real life learning to prepare students for college and the cutting-edge jobs of the twenty-first century. Federal Funding ended in 1999-00. Seventy-seven partnerships covering all 100 counties have been funded on a three-year implementation grant schedule. ~~Fifty-three~~ Sixty five partnerships have received their full three-years of implementation grants. However, ~~19~~ change to 7 partnerships need one more year of funding and five partnerships need two more years of funding totaling nonrecurring funding in the amount of $732,958 for 2000-01 as well as $366,578 for 2001-02. This appropriation will replace a portion of the federal funding to complete the three-year implementation grant commitment made to local partnerships and provide continuing technical assistance to all local partnerships through the state program staff.	$	289,851	
		732,958	NR
Number of Positions		4.0	
2. **Industrial Recruitment Competitive Fund** The Industrial Recruitment Competitive Fund was established in 1993 for the purpose of providing financial assistance to those businesses and/or industries deemed to be vital to a healthy and growing state economy and that are making significant efforts to establish or expand in North Carolina. The fund provides grants to companies for machinery and equipment, based upon the number of jobs created ($1,000 per job) and the tier ranking of the county. The current maximum grant is $125,000 per project for Tier 1 counties and is reduced by $25,000 for each Tier increase.		2,000,000	NR
3. **Rural Prosperity Task Force—Rural Redevelopment Authority** Funds are recommended to create the Rural Redevelopment Authority to actively seek out and fund proposals supporting on-farm and community-based agricultural enterprises, including independent animal-processing facilities and other value-added processing facilities, including biopharmaceuticals. see new language next page		250,000	

NR – Nonrecurring

note : Changes per OSBM

GOV-3

Rural Prosperity Task Force - Rural Redevelopment Authority

3, Funds are recommended to create the Rural Redevelopment Authority to administer funds to finance rural economic development projects and invest in rural business developments. The Authority will administer grants and revolving loans for investments in land, buildings, site development, and project-specific infrastructure. It will also have the power to issue bonds and to provide low-cost to market-rate long-term financing for rural development projects.

SOURCE: OSBM

GOV-4

Recommended Changes to the 2000-01 Expansion - Continued

	2000-01	
4. **Rural Prosperity Task Force—Agricultural Advancement Consortium** Funds are recommended to create the Agricultural Advancement Consortium which will bring together a coalition of experts and interested parties, including farm organizations, universities, the North Carolina Department of Agriculture and Consumer Services, N.C. Cooperative Extension, State Ports, and others to research trends and identify and promote opportunities to improve the state's economic development through farming and agricultural interests.	$ 250,000	
Total Recommended Changes to the 2000-01 Expansion for Department of Commerce		
Requirements	$ 3,522,809	
Receipts	-	
Appropriation	$ 789,851	
	2,732,958	NR
Number of Positions	4.0	

Department of Commerce – State Aid to Non-State Entities

Recommended Changes to the 2000-01 Expansion

1. **Rural Prosperity Task Force—North Carolina Biotechnology Center** Funds are recommended to provide additional funding for research into value-added genetic changes of crops, including tobacco, to produce industrial enzymes, pharmaceutical proteins, vaccines, new forest products and other products.	$ 2,000,000	NR
Total Recommended Changes to the 2000-01 Expansion for Department of Commerce – State Aid to Non-State Entities		
Requirements	$ 2,000,000	
Receipts	-	
Appropriation	$ 2,000,000	NR

NR - Nonrecurring

GOV-5

Department of Environment and Natural Resources

Recommended Adjustments

	2000-01	
1. Aquarium – Delay Construction at Pine Knoll Shores		
The 2000-01 Budget included $1,569,337 in a reserve for staffing and operating the expanded aquarium at Pine Knoll Shores. The capital project has been delayed, therefore the reserve will not be required, until the capital funding is available. The reserve will be required to be restored when the capital project is completed.	$ (1,569,337)	
Number of Positions	(25.0)	
2. Division of Air Quality – Budget Excess Receipts		
The Division of Air Quality receives a portion of the fuel tax charged for gasoline. There are adequate receipts to replace appropriations within the Division's budget without reducing services. This will involve shifting appropriation supported positions to receipt support.		
Requirements	$ -	
Receipts	200,000	
Appropriation	$ (200,000)	
3. Division of Forest Resources – 2% Reduction		
The Department is considering the following reductions: equipment replacement delays, reduction in temporary firefighters funding, increasing local match requirement, and consolidation of fire districts.	(662,000)	
4. Division of Coastal Management – Land Use Planning Funds		
There has been a moratorium on new land use plans since July 1, 1999, to allow the Division to review the process for efficiencies. This moratorium is expected to continue through June 30, 2001. Therefore all the grant funding to local governments will not be required during SFY 2001. This reduction may be made for one year only.	(100,000)	NR
Total Recommended Adjustments for Department of Environment and Natural Resources		
Requirements	$ (2,331,337)	
Receipts	200,000	
Appropriation	$ (2,431,337)	
	(100,000)	NR
Number of Positions	(25.0)	

NR – Nonrecurring

GOV-6

Recommended Changes to the 2000-01 Expansion

	2000-01

1. **Division of Marine Fisheries – IT Operating Funds**
The General Assembly has provided funding for the past three years for the development of a data management system for the Marine Fisheries programs. The appropriation has been non-recurring, except for a small amount of recurring funding to cover the cost of two positions, therefore there are no funds for on-going operations such as line charges, SIPS processing time, and software licenses fees. These funds will be provided by the commercial fishing license fees.

Requirements	$ 750,000
Receipts	750,000
Appropriation	$ -

2. **Stormwater Pollution**
Urbanization and development of watersheds is increasing stormwater pollution and flooding. The federal National Pollutant Discharge Elimination System (NPDES) Stormwater Program currently covers 3600 facilities throughout North Carolina. New EPA requirements will add more facilities, construction sites and local governments to the program. Seven of the recommended staff will be located at the regional offices to improve stormwater permitting, compliance and enforcement and technical assistance. One environmental engineer and ~~two~~ one environmental specialists will be located in the central office to support regional staff and improve compliance oversight.

Number of Positions	775,000 (9.0)

adding 12 positions

GOV-7

Recommended Changes to the 2000-01 Expansion - Continued

	2000-01
3. **Sedimentation Pollution**	
Sedimentation is a primary source of water pollution. Increasing inspections increases proper installation and maintenance of erosion and sediment control measures and protects water quality. Recommended staff will be located in the regional offices to increase inspections and provide technical assistance.	$ 225,000
Number of Positions	(3.0)
Total Recommended Changes to 2000-01 Expansion for Department of Environment and Natural Resources	
Requirements	$ 1,750,000
Receipts	750,000
Appropriation	$ 1,000,000
Number of Positions	(12.0)

Note: The Department of Environment and Natural Resources will introduce legislation during the May Session that will help North Carolina meet the statutory 40% solid waste reduction goal. The legislation will include a landfill tipping fee. Proceeds from this fee will be used to: (1) complete the detoxification of the PCB landfill in Warren County; (2) monitor, contain, and clean up abandoned landfills; (3) redevelop brownfields; and (4) provide grants to local governments to build recycling capacity.

GOV-8

Department of Labor

Recommended Adjustments

	2000-01
1. Indirect Cost Receipts	
This recommendation will reduce the department's general fund appropriation by budgeting indirect cost receipts.	
Requirements	$ -
Receipts	300,000
Appropriation	$ (300,000)
2. Ergonomics Center	
The state has funded the Ergonomics Center since 1994-95 with a $750,000 general fund appropriation to establish the Center. Since then, the appropriation has been reduced to a $500,000 recurring appropriation for operating expenses. The Department of Labor reduced the Ergonomics Center's allocation by $100,000 this year to make reversions for Hurricane Floyd.	
This recommendation proposes to (1) follow the department's 1999-00 reduction by reducing the Center's 2000-01 appropriation by an equal amount and (2) continue reductions by an additional $100,000 each year after that until the Center is entirely self-supporting. Recommended appropriation to the Ergonomics Center:	
2000-01 $400,000	
2000-02 $300,000	
2000-03 $200,000	
2000-04 $100,000	
2000-05 $ -	(100,000)
Total Recommended Adjustments for Department of Labor	
Requirements	$ (100,000)
Receipts	300,000
Appropriation	$ (400,000)

Partnership w/ NC State & OSHA

GOV-9

Joint Appropriations Subcommittee on Natural and Economic Resources (NER)

NER Interim Study of DENR Organization

NER Interim Study of Energy Division of Department of Commerce

REPORT TO THE
2000 SESSION OF THE
1999 GENERAL ASSEMBLY
OF NORTH CAROLINA

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Relevant Portions of Session Law 1999- 237

May 1, 2000

TO THE MEMBERS OF THE GENERAL ASSEMBLY:

Attached for your consideration is the report to the 1999 General Assembly (Regular Session 2000) on **NER Interim Study of DENR Organization** and **NER Interim Study of Energy Division of Department of Commerce**. This report was prepared pursuant to SL 1999-237, Sections 15.5 and 16.11.

Respectfully submitted,

Senator R.L. "Bob" Martin

Representative Stanley H. Fox

Representative William C. Owens, Jr.

1999 - 2000

JOINT NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

MEMBERSHIP

Senate Members

Sen. R.L. Martin, Chair

Sen. David Weinstein, Vice-Chair
Sen. Betsy Cochrane
Sen. Hamilton Horton
Sen. Stephen Metcalf
Sen. Eric Reeves
Sen. Dan Robinson
Sen. Larry Shaw

House Members

Rep. William C. Owens, Co-Chair
Rep. Stanley H. Fox, Co-Chair

Rep. Edith Warren, Vice-Chair
Rep. Rex Baker
Rep. Jim Carpenter
Rep. Arlie Culp
Rep. Howard Hunter
Rep. Frank Mitchell
Rep. Carolyn Russell
Rep. Joe Tolson
Rep. Nurham Warwick

PREFACE

SL 1999-237, Sections 15.5 and 16.11 charged the Joint NER Subcommittee with two tasks for the interim:

1. *To study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and report and report any recommendations to the 2000 Regular Session of the 1999 General Assembly;*
2. *To study the current organization and responsibilities of the Division of Energy of the Department of Commerce to determine its effectiveness and efficiency in managing the State's energy programs and administering Petroleum Overcharge funds.*

The Joint Appropriations Subcommittee on Natural and Economic Resources ("Joint Committee") held three meetings as a full committee and established one subcommittee to address the Energy Division study. The Energy Subcommittee met twice and its activities and recommendations are contained in this joint report.

The Joint Committee was co-chaired by Senator Bob Martin and Representatives Bill Owens and Stan Fox. Representative Bill Owens chaired the Energy Subcommittee.

The Joint Committee held its final meeting on Wednesday, April 26 to finalize recommendations to the 2000 General Assembly

A detailed committee notebook containing the Joint Committee minutes and all the information/handouts presented to the Joint Committee will be filed in the Legislative Library upon completion.

COMMITTEE PROCEEDINGS

Meeting on January 13, 2000

The Joint NER Appropriations Subcommittee held its first meeting on Thursday, January 13, 2000 at 10:00 a.m. in room 423 of the Legislative Office Building. Bill Holman, Secretary of the Department of Environment and Natural Resources (DENR), made the committee's first presentation. Secretary Holman presented an overview of the department's current efforts at organizational improvement, which included a summary of the following activities:

- Customer service training program
- Customer service program task force initiatives
- Customer service center
- Organizational excellence initiatives
- Staff retention efforts
- Enforcement and compliance efforts
- Permit reform implementation plan
- Decentralization of permitting
- Delegation of pilot projects
- Management techniques and performance measures
- Electronic permitting

Secretary Holman's presentation was followed by committee discussion about the department's initiatives. Sherri Evans-Stanton, Deputy Secretary for Policy and Programs, then presented an overview of the department's Hurricane Floyd recovery efforts. Ms. Stanton concluded the meeting with an update on the department's progress toward implementing a "one-stop" permitting process.

Meeting on February 23, 2000

The Joint NER Appropriations Subcommittee held its second meeting on Thursday, February 23, 2000 at 10:00 a.m. in room 423 of the Legislative Office Building. Jennifer Hoffmann, Fiscal Research Division, provided an explanation of the purpose of the Energy Division study. T.C. Adams, Director of the Energy Division, then presented a general overview of the programs and activities of the division. Mr. Adams also presented an explanation of the Petroleum Overcharge Funds, the limitations and restrictions of those funds, and how the division was currently using those funds. Following committee discussion about the division, a motion was made and seconded that three members of the House and three members of the Senate be appointed to look more closely at the Energy Division's effectiveness in administering the petroleum overcharge funds. The following members were appointed: Senators Hamilton Horton, Stephen Metcalf, and Dan Robinson and Representatives Stanley Fox, Frank Mitchell, and Bill Owens.

The afternoon session began with Michael Williamson, Deputy Secretary for Operations, presenting DENR responses to follow-up questions from the January 17, 2000 meeting. Mr. Williamson also presented the department's report of the "one-stop" permit process, a study required by SL 1999-237, Section 15.10. Committee discussion followed, and NER staff was requested to work with the Bill Drafting staff to draft legislation requiring the department to implement a one-stop permitting program. The committee also directed staff to work on draft legislation to consolidate and eliminate various divisions within DENR in order to create greater efficiencies within the department.

The Joint Committee then recognized Bill Kreutzberger, Chair of the North Carolina Water Quality Workgroup, to provide a report on the North Carolina Water Quality Workgroup's Rivernet monitoring system pilot program, as required by SL 1999-237, Section 15.14. The committee concluded the meeting with an update from Mr. Williamson on the progress of department's customer service center.

Meeting on March 9, 2000

The Energy Subcommittee held its first meeting on Thursday, March 9, 2000 at 12:30 p.m. in room 423 of the Legislative Office Building. The committee first heard from Shelle Wheless Altieri, Budget Analyst with the Office of State Budget and Management (OSBM), who presented Governor Hunt's 1995 proposal to abolish the Energy Division. Specifically, Ms. Altieri provided an explanation of the following points:

- the rationale behind the Governor's proposal to abolish the Energy Division
- a brief review of the proposed division of responsibilities once the Energy Division was abolished
- a brief review of the specific programs to be transferred to the Division of Community Assistance (DCA) and the Department of Administration .

Ms. Leza Aycock, Assistant Secretary for Administration at the Department of Commerce, next presented the department's response to the Governor's 1995 proposal. Ms. Aycock expressed concern about the timing of a transfer of the Weatherization program to DCA, given DCA's large responsibility in the Hurricane Floyd redevelopment efforts. The committee's meeting concluded with a discussion of the Energy Division's responses to follow-up questions from the previous meeting by T.C. Adams, Director of the Energy Division. Specifically, the committee heard a brief presentation about the Energy Division employees, what they do and where they are assigned. The committee directed Ms. Aycock to request OSBM's Management and Productivity Section to conduct a study of the staffing patterns and organizational structure of the Energy Division.

Meeting on April 26, 2000

The Energy Subcommittee held its final meeting on Wednesday, April 26, 2000 at 9:00 a.m. in room 632 of the Legislative Office Building. Jennifer Hoffmann, Fiscal Research Division, presented an update to the committee's request for OSBM to conduct a study of the staffing

patterns and organizational structure of the Energy Division. She explained that OSBM had begun the study in early April and plans to submit a final report by the end of May. Ms. Hoffmann also presented a summary of the FY 1998 and 1999 Audit Results of the Department of Commerce, which focused on the Energy Division, and provided the subcommittee with copies of the Auditor's report. The meeting concluded with a discussion of the subcommittee's recommendations.

Meeting on April 26, 2000

The Joint NER Appropriations Subcommittee held its final meeting on Wednesday, April 26, 2000 at 9:30 am in room 423 of the Legislative Office Building. Senator Ham Horton began the meeting with his draft legislative proposal for DENR reorganization. He emphasized to the committee that this draft was a working document for the committee's consideration. Secretary Holman offered the departmental response, and considerable committee discussion followed. The meeting continued with Secretary Holman presenting the department's responses to follow-up questions from the February 23, 2000 meeting.

The committee next heard from Staff Attorney Emily Johnson, who explained Representative Bill Owens' draft legislation for "One-Stop Environmental Permitting". In response, Secretary Holman indicated that the department had a number of permit reform activities underway, and that an in-house team would report to him by mid May on their progress to date, with plans for a one-stop permit pilot program running in a DENR regional office by July 2000. Secretary Holman committed to continue working towards a one-stop permitting program, to develop a simplified permitting process, to make the system less bureaucratic, to establish reasonable time frames for permittees to expect a departmental decision, and to make the permitting process simpler and better for the customer. Committee discussion followed, and the department was asked to come back during the Short Session and report on the progress to date in implementing one-stop.

FINDINGS AND RECOMMENDATIONS

NER Interim Study of DENR Organization

Organizational Efficiency

The Joint Committee and the department agreed to ongoing dialogue with one another to identify programs and areas in which organizational efficiency could be achieved. The Joint Committee requested that the department look at two areas in which to consider improvements, and report back to the Joint Committee early in the Short Session. The Committee Chairmen intend to continue discussions after the legislature adjourns but before the new administration is installed to ensure that the department continues to move towards improving service delivery.

One-Stop Permit Process

The Joint Committee and the department again agreed to ongoing dialogue with one another for updates on the department's progress towards implementing a one-stop permitting system. The Joint Committee asked the department to work towards simplifying the permitting process, to establish reasonable time frames in which customers could expect to receive notification about their permit, and to make the system less bureaucratic.

NER Interim Study of Energy Division of Department of Commerce

Rep. Bill Owens presented the Energy subcommittee's report to the Joint NER subcommittee. Based on the Energy subcommittee's findings, the subcommittee recommends the following three actions:

1. Request the Energy Division to place a voluntary temporary hiring freeze on all vacant positions within the Division until the Management and Productivity Section of the Office of State Budget and Management has reported the results of their study of the Energy Division.

2. Postpone further discussion about abolishing or downsizing the Energy Division until the Management and Productivity Section of the Office of State Budget and Management has reported the results of their study of the Energy Division.

3. Direct the Energy Division to use up to $1 million of the Petroleum Overcharge Funds previously appropriated to the Division to begin an energy audit of state-owned buildings and implement audit recommendations. The division shall identify those buildings whose energy costs per square foot are the highest, and shall implement energy conservation projects that substantially reduce energy use and provide an opportunity for savings by reducing energy costs.

Appendix 1

Excerpts from Session Law 1999-237:

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine, Senators Martin of Pitt, Plyler, Perdue, Odom

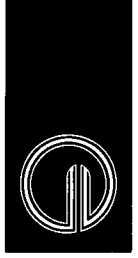
NER INTERIM STUDY OF DENR ORGANIZATION

Section 15.5. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives shall study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and shall report any recommendations, including any legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine, Senators Martin of Pitt, Plyler, Perdue, Odom

NER INTERIM STUDY OF ENERGY DIVISION OF DEPARTMENT OF COMMERCE

Section 16.11. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources shall study the current organization and responsibilities of the Division of Energy of the Department of Commerce to determine its effectiveness and efficiency in managing the State's energy programs and administering Petroleum Overcharge funds, and shall report any recommendations, including legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. In conducting the study the committees may obtain assistance from any resources outside the General Assembly that the committees determine are needed to adequately perform the study.



North Carolina Biotechnology Center

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Research Triangle Park

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20 January 2000

To Morris Cook, PhD
Governor's Agriculture Advisor
and
Bill Friday
Chair, Implementation:
North Carolina Rural Prosperity Task Force

From Charles E. Hamner, DVM, PhD
President and CEO
and
W. Steven Burke
Senior Vice President, Corporate Affairs and External Relations

Working for Increased Rural Prosperity from Biotechnology

Application of biotechnology to rural areas and enterprises can most feasibly yield measurable gain to North Carolina in four main ways over the next 25 years:

1 • More efficiently growing more productive crops
2 • Development and planting of value-added and customized crops
3 • Development, planting, and harvesting of transgenic trees
4 • Establishment of biomanufacturing facilities in rural and non-urban counties.

1 • More efficiently growing more productive crops

Among crops of particular importance to North Carolina, biotechnology has yielded herbicide-tolerant, disease-resistant, and insect-resistant corn, soybeans, and cotton. The genetically engineered strains reduce labor and input costs, and increase yields – measurably boosting farm productivity and returns. Comparable gain – as well as improved product characteristics – can be reasonably expected from the steadily increasing range of other genetically altered crops, particularly vegetables, grown in North Carolina.

FEASIBLE ACTION: Continued encouragement of state farmers to understand and use genetically engineered crops.

TIME FRAME TO ECONOMIC RETURN: Economic gain to North Carolina farmers has been seen since 1996, and will increase.

MINIMAL COST PER YEAR FOR 4-5 YEARS: $500,000

2 • Development and planting of value-added and customized crops

Research and early trials verify that certain plants can be genetically altered to effectively produce – in their seeds or biomass – industrial enzymes as well as pharmaceutical proteins, vaccines, and components. Producing such ingredients in plants will prove cheaper than by other means and enormously rewarding to farmers, nicely benefiting North Carolina's strong agricultural and pharmaceutical sectors. While corn, soybeans, potatoes, and other plants offer feasible vehicles, tobacco is scientifically quite promising. It is reasonable to envision a substantial body of state farmers growing, under contract to pharmaceutical and other companies, plants with value- added and customized traits. At least one such company currently views North Carolina with particular interest.

FEASIBLE ACTION: Encouraging – by policy, programs, and agency assistance – the research and industry actions needed to make North Carolina a leading early site for development, growth, and use of such crops. Strengthened research capabilities in genomics and informatics at the state's research universities are a requisite foundation.

TIME FRAME TO ECONOMIC RETURN: 5+ years

MINIMAL COST PER YEAR FOR 4-5 YEARS: $3,000,000

3 • Development, planting, and harvesting of transgenic trees

With demands for lumber and derived products increasing worldwide, and available public land for harvesting constrained increasingly by policy in America and other forest-producing nations, the world has one clear imperative: to more efficiently and more quickly grow more trees, with targeted altered characteristics, on less land. North Carolina is among the most productive American sites for forestry and its derived products, and is well positioned to take leadership as well in forest biotechnology. Development and planting of transgenic trees can yield production benefits as well as value-added traits – desirable characteristics for wood, pulping, and paper-making – for both industrial and smaller private landowners.

FEASIBLE ACTION: Encouraging – by policy, programs, and agency assistance – the scientific foundations and industry actions needed to make North Carolina a leading early site for development, growth, and use of transgenic trees. Strengthened capabilities in genomics and informatics at the state's research universities are a requisite foundation.

TIME FRAME TO ECONOMIC RETURN: 15+ years

MINIMAL COST PER YEAR FOR 4-5 YEARS: $1,400,000

4 • Establishment of biomanufacturing facilities in rural and non-urban counties

Biomanufacturing and pharmaceutical production facilities need not be in more expensive urban areas, and in fact have found North Carolina's semi-urban locations, particularly the eastern and mid-southern counties, to be attractive. Developing biopharmaceutical companies, in North Carolina and elsewhere, will steadily seek cost-efficient manufacturing locations as they move from research to products. In particular, companies manufacturing with proteins gained from transgenic crops will in coming years find proximity to growing sites logical and efficient.

FEASIBLE ACTION: Targeted encouragement of such facility locations by the North Carolina Department of Commerce, local economic agencies, and the North Carolina Biotechnology Center; preparation by the North Carolina Department of Community Colleges of the trained workforce that companies regard as a key first consideration.

TIME FRAME TO ECONOMIC RETURN: Production facilities are already established in non-urban North Carolina areas. Their number can be expected to increase.

MINIMAL COST PER YEAR FOR 4-5 YEARS: $100,000

ESTIMATE OF REQUIRED MONIES

$5 million per year is required, over four to five initial years.

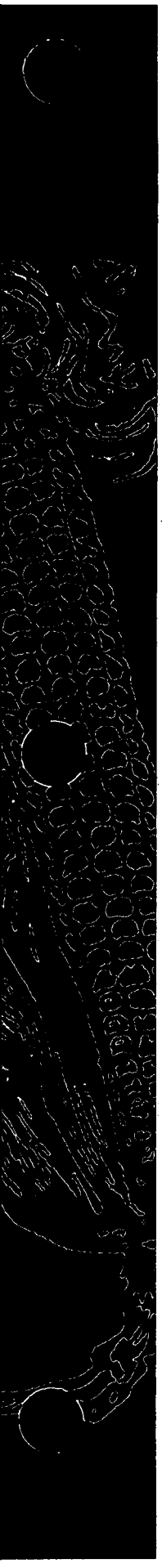
Eventual and sustained gain from these four areas of biotechnology will spring from four sequential *and requisite* steps:

1 • Strong science capabilities at North Carolina universities.
2 • Practically-directed research.
3 • Effective technology-transfer between universities and industry.
4 • New or established companies working innovatively with North Carolina's resources, institutions, and growers.

The estimated monies will support these steps, and in particular be directed to:

- Genomics, informatics, and plant molecular biology for both crops and trees, at the state's research universities.
- Cooperative partnerships between universities and companies targeting new agricultural biotechnology.
- Workforce preparation.

In the main, these areas of agricultural biotechnology are new and barely explored, whether in North Carolina or elsewhere. As such, the initial foundational research and development costs are high – as is habitually true for life-based technologies. From such foundations, however, can in time come applications directly useful to the growers and users of North Carolina's crops and trees.



CONSIDERING THE NATURE AND ISSUES *of food biotechnology*

EVER SINCE HUMANS BEGAN CULTIVATING CROPS instead of hunting and gathering, we have been genetically modifying our food. Until recently, this meant simply breeding crops with the best characteristics and saving those seeds to plant the next year.

As we've learned more about DNA — the molecule in every cell that gives the instructions for life — we understand better why some corn tastes sweeter or some squash resist viruses. These traits are determined by genes, pieces of DNA that give a plant or animal specific traits.

Today we can insert into a plant cell a gene that carries a beneficial trait. That gene can come from the same type of plant, from a different plant or even from an animal. For example, a gene from citrus fruit may allow potatoes to grow in soil with high acid levels.

These advances carry a lot of potential benefits for farmers, food processors, consumers and the environment. These advances also carry a lot of questions, from whether the technology creates new problems to whether it's right to "mess with Mother Nature." This brochure addresses some of these questions and illustrates the advantages that biotechnology brings to one of our most basic needs — food.

This publication is on the Web at www.ncbiotech.org/news/foodbt.cfm

Overview

Biotech food, also called genetically modified or genetically engineered, comes from plants that are modified using DNA technology. Inserting specific genes produces desired characteristics. The first biotech food on the market, in the early 1990s, was a tomato that ripened on the vine and could be transported without bruising. Today, the products of agricultural biotechnology include plants that are protected from insects or are tolerant to herbicides. Biotech foods have made their way onto our tables: more than a third of the corn and more than half of the soybeans in the 1999 U.S. harvest were grown from seeds produced using biotechnology.

As biotechnology crops and foods have proliferated, so have questions and concerns. European consumers — perhaps because of unrelated food scares about diseased beef and contaminated soda — are arguing to label biotech food or keep it out of stores.

U.S. consumers are starting to pay more attention to these issues. Concerns range from food safety to environmental impact. Ethical questions, including whether it is right to change the genetic makeup of a plant, also frame the debate. However, some objections that activists raise also apply to conventional crops grown with modern high-intensity agriculture.

Biotechnology is still the world's best hope for crops that are hardier, have a higher yield and are more nutritious. Individuals, governments, corporations and public interest groups must weigh the benefits and risks of the technology. The facts below provide a basis for further discussion.

Who benefits from biotech crops and food?

We all benefit from lower food production costs. Farmers planting biotech crops have reduced expenses, reaped higher crop yields and used less pesticide, which is good for the environment. Future biotech crops will allow farmers to grow food in areas with poor soil or no irrigation. New crops will also be more nutritious. Consumers may soon be able to buy oils with reduced saturated fat, fruits with higher vitamin C and E levels, and rice with more protein and vitamins. Businesses that have developed biotech seeds and those who own their stock make money.

Portrait of Biotech Corn

By using traditional breeding for centuries, f[redacted]s h
that had tiny kernels on a 1- to 2-inch-long cob. Ho
One pesticide that organic farmers have used for the
These bacteria make a protein called Bt that kills co

Bt spray doesn't remain on plants very long,
insects. So a few years ago, scientists had
biotechnology to modify a corn plant by
plant. Soon plants were making their

Seed companies began producing
they have higher yields of corn
third of all corn planted in th

After the farmers harvest t
Grain buyers mix corn f
corn. The corn is then
sors and used in foo

Oil. A percentage of oil in chips might come from biotech soybeans, corn or canola. Of the 1999 U.S. soybean harvest, 57 percent tolerated herbicide, thanks to biotechnology. ***Corn.*** Some corn in chips may be biotech corn, which is just as safe and nutritious. Biotech corn is mixed with traditional corn after farmers sell it. ***Cheese flavor.*** Enzymes, including rennet, are needed to make cheese. Since ancient times, the stomachs of calves and other young animals were the source of rennet. Now a biotech process produces the enzyme. Higher quality rennet can be made in large quantities without killing young animals.

"W[redacted]re
th[redacted]h
attribute

— *Dr. Ja*
FDA

Are biotech foods safe to eat?

Yes. Biotech foods have been a safe part of our nation's food supply for nearly a decade. The 40-plus biotech foods reviewed so far by the U.S. Food and Drug Administration have proven to be as safe as conventional foods.

Are biotech foods different from traditional foods?

Biotech foods and crops look and taste the same as traditional foods and crops. The difference between the two is usually one or two genes out of tens of thousands in the entire plant. These few genes yield traits that are beneficial to the grower, consumer or the environment. They do not change the basic nature of the plant. By analogy, if a Lincoln owner puts a Ford part on his car to make it run better, the Lincoln is still a Lincoln.

Are biotech foods labeled?

No. Some people favor labeling all biotech foods, but that policy would be difficult and costly to implement. Traditional and biotech crops are mixed in the food distribution system. Routine testing to determine if a food has been modified by biotechnology would be expensive. Labeling is required for biotech foods only if a substance known to cause an allergic reaction is present or if a food's composition

ave ged modern corn significantly from its ancestor, a plant vever, these improved corn plants are still vulnerable to insects. last 30 years contains bacteria called Bacillus thuringiensis *(Bt). n borers but is harmless to people.*

and the application must be timed just right to kill the infesting n idea: what if corn had its own built-in Bt pesticide? They used moving a copy of the gene for Bt from the bacteria to the corn own Bt protein.

t seed for corn and other crops. The seeds are popular because nd require less effort for pest management. By 1999, almost a U.S. was Bt corn.

eir corn, they sell it to grain buyers and produce marketers. om many farmers, so biotech corn is combined with traditional sold again by the grain buyers. Some is bought by food proces- ds, animal feed and snacks, such as corn chips.

not re of any information that foods developed gen engineering ... differ in quality, safety or any other from foods developed through conventional means."

ne E. Henney,
Commissioner

or nutritional content has been substantially changed. New regulations require that foods labeled as organic can contain no biotech components.

Can biotech food cause allergic reactions?

A very small percentage of foods, whether traditional or biotech, can potentially cause allergic reactions in some people. The FDA screens for those effects. If a biotech food contains a gene from a food known to cause reactions, the company must label the food, unless it proves the product does not cause a reaction. Foods do not cause allergic reactions just because they are produced using biotechnology.

What is a gene?

A gene is a section of DNA that tells cells how to make a specific protein. That protein might make a human's eyes blue or a tomato plant resist infection by a fungus. Characteristics of plants, animals or bacteria are passed to the next generation through genes. Genes are in all living things: us, our pets, plants, trees and most of the food we eat.

Will biotech foods create new allergies?

Biotechnology may actually help remove allergy-causing substances from food. Scientists are also working to identify allergy-causing substances, so problems can be caught before any reactions occur. The FDA looks for these substances in any new food, whatever its origin. Using biotechnology to alter food may be safer than traditional breeding methods, which could accidentally introduce an allergy-causing substance or natural toxins.

How does the government regulate biotech foods?

Three government agencies test and approve food regardless of the method used to grow it. The FDA looks for harmful substances in food and ensures foods are safe. The U.S. Department of Agriculture and the U.S. Environmental Protection Agency investigate and monitor the potential agricultural and environmental impacts of biotech food crops.

How are the environmental effects of biotech crops regulated?

Companies must conduct extensive field tests to prove their crops won't damage the surrounding soil, water, animals or plants before they can sell biotech seeds to farmers. University and industry researchers continue to study the effects of biotech crops on the surrounding environment. Farmers have planted these crops commercially across the country for four years, including nearly 200 million acres in 1999, with no reports of significant problems.

Will insect-resistant plants and herbicide-tolerant crops lead to more chemicals in the environment?

The most common pesticide made by biotech plants is Bt toxin, a natural substance produced by bacteria found in soil. *(See Biotech Corn sidebar.)* The pesticide's repeated application is not practical for large-scale farming, so its gene was placed in plants. U.S. farmers planting Bt cotton used one million pounds less pesticide in 1998 than in previous years. Plants have also been modified to resist a weed-killing chemical that is much less harmful to the environment than older herbicides. Some biotech crops reduce herbicide use.

North Carolina Biotechnology Center

"I think there are a lot more dire threats than that [Bt corn pollen] to monarchs. In the Midwest, mowing roadsides and using herbicides is probably much more devastating, actually."

— *Jeffrey Glassberg, president of the North American Butterfly Association*

Will these new crops create insects, weeds or viruses that aren't controlled by chemicals?

When humans develop ways to combat pests — bacteria, weeds or insects — then a few pests with resistance to the treatment survive and reproduce. More than 100 weeds have already emerged that can survive the herbicides used liberally around traditional crops since the 1950s. To slow the evolution of bugs resistant to Bt toxin, the EPA now requires farmers to plant a certain percentage of traditional crops alongside the biotech variety as a refuge where non-resistant bugs can thrive. Researchers continue searching for new ways to manage pests.

Are biotech foods natural?

Our traditional staple crops, such as corn, wheat, rice and soybeans, have been bred for greater quantity and quality for thousands of years. Today we continue this tradition of genetic modification using both conventional breeding and biotechnology to pass along specific genes for crop improvement. No food is completely natural except for berries, nuts, fish and game harvested from the wild.

Looking to the Future

The world's population is rapidly increasing, while a lower percentage of people farm now than ever before. We must ensure that the U.S. and the world have enough food, and biotechnology is one of several tools we can use. The greatest beneficiaries will be farmers in the Third World, where crops can potentially grow on less land, produce higher yields with less labor and thrive in places where they haven't before. Nutritional levels in food will rise. Risks, which are closely regulated in the U.S., have proven so far to be minimal when measured against these compelling benefits.

Monarch Butterfly

In May 1999, researchers published a study that showed about half of the monarch butterfly caterpillars in a laboratory died after eating plants coated with pollen from Bt corn plants. However, further studies showed that in the field, the effect wasn't nearly that devastating. In fact, about a third of the 1999 U.S. corn harvest was Bt corn, and it was also a bumper year for the monarch butterfly.

Scientists have found multiple reasons why Bt corn pollen is not as threatening to butterflies as initially thought. First, corn pollen is likely to settle close to the cornfield, so only caterpillars feeding on plants very close to the corn are affected. Second, corn pollen is present only for a short period of time, and caterpillars have to be present and feeding during that narrow window to be exposed. Bt corn reduces ~~herbicide~~ pesticide use, which is a bigger problem for caterpillars.

Please contact Robin Deacle for futher information or more copies.

MARCH 2000

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Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, May 24 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, May 24 at 8:30 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Owens, Fox, Warren, Baker, Culp, Hunter, Mitchell, Russell, Tolson, Warwick and West were present.

Senator Weinstein called the meeting to order. Jennifer Willis, Fiscal Research, presented a general description of the Community Development Block Grant Plan. This is Attachment A of these minutes.

Mr. Bill McNeil, Director of the Division of Community Assistance with the Department of Commerce further explained the information in Attachment A. He said that in the 2001 program year, North Carolina expects to receive a federal grant of $45 million and every county will receive $400.000 in needs for low-income people. These funds will be distributed every three years.

Mr. McNeil answered questions of the Committee members.

The meeting adjourned at 9:15 a.m.

Carolyn M. Gooden, Committee Clerk

Senator David Weinstein, Chairman

Joint Appropriations Subcommittee on
Natural and Economic Resources
Tuesday, May 24, 2000
Senator Bob Martin, Presiding

1. Chairmen's Comments

2. Community Development Block Grant Plan

Jennifer Willis, Analyst
Fiscal Research Division

Bill McNeil, Director
Division of Community Assistance
Department of Commerce

3. Committee Discussion

4. Adjourn

Attachment A

Program and Funding Options for Federal Block Grants

Within block grant eligibility requirements, and as allowed under federal authorizing legislation, the following options are available for block grants:

Block Grant Programs and Categories

1. Delete existing category(ies)
2. Combine existing categories
3. Add new category(ies)
4. Change funding amounts

Allocation of Decreases in Federal Block Grant Funding

1. Across the board
2. Targeted
   - Trigger by dollar amount or percentage
   - Specify which categories are decreased first and by how much
   - Exempt specific category(ies)

Allocation of Increases in Federal Block Grant Funding

1. Across the board
2. Targeted
   - Trigger by dollar amount or percentage
   - Specify which categories are decreased first and by how much
   - Exempt specific category(ies)

State of North Carolina

Office of State Budget and Management

James B. Hunt Jr.
Governor and Director
of the Budget

Marvin K. Dorman, Jr.
State Budget Officer

April 19, 2000

MEMORANDUM

TO: Jim Johnson
Director of Fiscal Research

FROM: Marvin K. Dorman, Jr.
State Budget Officer

RE: Community Development Block Grant (CDBG) Plan

According to G.S. 143-16.1, state administered block grant funding plans are to be provided from state departments, reviewed by the Office of State Budget and Management, and forwarded to the Fiscal Research Division of the North Carolina General Assembly. Pursuant to statute, attached herewith is the plan for the Small Cities Community Development Block Grant as administered by the Department of Commerce, Division of Community Assistance.

Please contact the department or Shelle Wheless Altieri in our office if you have any questions.

CC: Jennifer Herrera Willis, Fiscal Research Division
J.W. Reel, Office of State Budget and Management

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NORTH CAROLINA DEPARTMENT OF COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANT PLAN

GENERAL DESCRIPTION

The State of North Carolina's overall community development objectives are to expand jobs, build community assets, provide decent housing, improve living environments, and meet other local needs having a particular urgency, principally for persons of low-and-moderate income.

Annually, the U.S. Department of Housing and Urban Development (HUD) provides Small Cities Community Development Block Grant (CDBG) funds to the state to invest in partnership with local governments in pursuit of these objectives. The Department of Commerce (DOC) administers these funds, distributing them primarily on a competitive basis because the demand for funds far exceeds the amount available. Local governments submit applications to DOC describing their proposed projects and how they will carry out the project.

In order to carry out the objectives of the North Carolina CDBG program, local applicants may receive funding through six different categories: Community Revitalization, Scattered Site Housing, Infrastructure, Housing Development, Urgent Needs/Contingency, and Economic Development. Local government applicants may also secure loans to finance economic development or housing developments through the Section 108 loan guarantee program, approved by the General Assembly in 1995 and amended in 1996.

All counties are eligible to apply for Small Cities CDBG funds, except for the HUD-designated Urban Counties of Wake and Cumberland and their participating municipalities. All municipalities are also eligible to receive Small Cities CDBG funds, except for 22 entitlement cities that receive funds directly from HUD.

Local governments may undertake a wide range of activities under the CDBG program. Eligible activities are listed under Section 105 of the Housing and Community Development Act of 1974, as amended, and include, among other activities:

A. Acquisition of real property;
B. Acquisition, construction, and reconstruction of public works and facilities and site or other improvements;
C. Economic Development activities creating jobs
D. Provision of public services;
E. Technical assistance for capacity building
F. Planning activities; and
G. Payment of reasonable administrative costs.

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PROGRAM CHANGES

In October 1998, the Community Development Council (CDC) asked the Commerce Department to review the overall CDBG program, the first major review since 1985, to determine if the present program addresses current needs. The review process solicited input from a broad array of local governments, individuals, citizens' groups, non-profit organizations, community service agencies and public interest groups. . The process included five citizen forums during the summer of 1999, several focus groups, and presentations at major constituent conferences.

The DCA staff worked with the NC Community Development Partners, a group of local practitioners, to compile and analyze forum results and advise the Commerce Department on proposed changes. The program changes contained herein address some of the recurring themes heard throughout the review process.

The Department of Commerce plans to make several changes to the 2001 CDBG program that will give local governments more flexibility in designing local strategies, focus funding on high poverty areas with chronic needs, improve distribution of funds to underserved counties, target needs of very low families, improve the perception of fairness and improve the State's efficiency in expending appropriated funds.

The Community Revitalization category will continue to make grants to eligible communities to improve housing and neighborhood conditions on a competitive basis. The Concentrated Needs sub-category will continue in the way it now operates. A new sub-category, **Revitalization Strategy**, will make multi-year grants through a competitive process to eligible local governments to address high poverty areas through a comprehensive strategy.

A change proposed for the Scattered Site Housing program will make grants available to every eligible county every three years. Counties choosing to participate will be divided into 3 groups for funding in 2001, 2002, and 2003. Local governments in each county will decide their housing priorities, with funds targeted to people with incomes below 50% of median income and living in seriously substandard dwellings.

During 2001, the Infrastructure category will be expanded to include a new sub-category proposed to fund connections to existing water/sewer systems for lower income persons.

Other improvements include allocating funds within the Economic Development category to support loan programs that assist very small "micro" businesses. Funds will not be allocated to the Community Empowerment category in 2001; however, the Revitalization Strategy sub-category will allow greater flexibility to address needs that are now attacked through Community Empowerment projects.

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2001 ALLOCATION RECOMMENDATIONS

In the 2001 program year North Carolina expects to receive a federal grant of $45 million and to award $43,550,000 to eligible applicants, after administrative and technical assistance costs are deducted. The exact size of the 2001 Small Cities CDBG allocation is subject to Congressional appropriations for federal fiscal year 2000-2001.

Of the total funds available, the Department of Commerce proposes to award up to 20 percent for Economic Development loans and grants, up to 7 percent for Housing Development, up to 2 percent for Urgent Needs related to natural disasters and contingencies, up to 16 percent for Infrastructure projects and up to 24 percent for Scattered Site Housing rehabilitation projects. The remaining funds, at least 31 percent of the total, will be awarded to Community Revitalization projects in the Concentrated Needs and Revitalization Strategy sub-categories.

EXPECTED PROGRAM OUTCOMES

The primary goal of the program is to enable local communities to build stronger communities and develop decent neighborhoods. Pursuing this goal, the program provides incentives to spur local investments, both public, private and individual, in economic and neighborhood development. In 2001 CDBG funds will be invested to achieve the following outcomes:

- Increase the number of households living in improved housing. (500 units rehabilitated)
- Increase the number of households with access to safe water and sanitary wastewater disposal systems.
- Increase community and individual economic independence. (1,000 jobs created or retained)
- Increase homeownership opportunities for low-moderate income citizens. (150 units built)
- Increase the supply of rental units affordable to low-moderate income citizens (300 units built).
- Increase the capacity of local governments and non-profits to carry out successful improvement projects.
- As a source of last resort, assist local communities with recovery from disasters or situations that threaten health and safety.

PROGRAM DESCRIPTIONS

Community Revitalization will fund two types of projects: concentrated needs and revitalization strategy. Concentrated needs projects will be chosen from applications received and rated in October 2000 for funding in 2001 and 2002. Maximum grant amount will change to $700,000. Revitalization Strategy projects will be selected initially on competitive process based on comprehensive strategy. Eligible applicants may receive up to $350,000 per year for 3-5 year strategies.

Scattered Site Housing will make grants available to every eligible county on non-competitive 3-year rotating basis. Counties choosing to participate will be divided into 3 groups for funding in 2001, 2002, and 2003. Counties must submit detailed plan, which includes all interested municipalities within the county for up to $400,000. Housing activities must be targeted to people with incomes 50% of median income and below. Up to 15% of each grant may be used

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for other housing related activities. Counties who choose to not participate may designate a lead municipality as applicant of record.

Infrastructure will fund public water and/or public sewer installation in residential areas lacking infrastructure or needing improvements to existing infrastructure. Projects will be chosen from a ranked list of applications received in the yearly cycle. The Department will also continue to monitor awards by geographic location and consider regional balance as directed by the General Assembly. A new sub-category is proposed to fund connections to existing water/sewer systems for low and moderate-income (LMI) persons. The amount of the grant to be determined.

Economic Development activities will focus on job creation projects in concert with the State's 1996 *William S. Lee Quality Jobs and Business Expansion Act.* This Act governs the annual designation of Enterprise Tier Areas and offers specific business incentives to improve job quality in general, particularly within the counties that rank higher in rates of unemployment and lower per capita income levels. CDBG program funds are available for public facilities needed to serve a specific business, or as direct loans to private businesses to support job creation or retention. In 2001, $500,000 will be allocated to capitalize a micro enterprise loan program. Communities may apply for up to $100,000 to assist small business development.

Housing Development will be expanded to increase the supply of affordable housing through new construction or conversion of buildings, with priority to rental units in rural Tier 1 and Tier 2 counties. CDBG funds will provide grants to local governments for public water or sewer installation, hazardous materials removal, and land or building acquisition by non-profit organizations that will make housing affordable for low-moderate income families. Funds will also be devoted to expanding homeownership opportunities in high poverty portions of State Development Zones. Priority will also be given to projects in existing in-fill center city, or downtown locations that meet sound growth principles.

Urgent Needs/Contingencies funds will address conditions, which are of recent origin that poses a serious and immediate threat to the health or welfare of the community. Funds not committed to Urgent Needs situations may be awarded to applications in other categories that offer unusual development opportunities in creating or retaining housing affordable to low- and moderate-income families in an area with a severe shortage of affordable housing or in meeting severe infrastructure needs in a low-income residential area.

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	1999-2000 Actual	2000-2001 Recommended
1. Community Revitalization Funds to the Division of Community Assistance to award to local governments to improve existing housing and infrastructure in residential areas and comprehensive revitalization activities that benefit primarily persons of low and moderate income.	$20,283,318	$13,500,000
2. Scattered Site Housing Funds to the Division of Community Assistance to award to county governments to increase the supply of safe, decent and affordable housing.	$ 8,818,834* (included in total for Community Revitalization above)	$10,340,000
3. Infrastructure Funds to the Division of Community Assistance to award to local governments to install or improve public water and/or public sewer systems in residential areas. Also increase access to existing water and sewer lines for low and Moderate-income residents	$ 9,259,776	$ 7,000,000
4. Economic Development Funds to the Commerce Finance Center to award to local government projects that promote the creation and/or retention of jobs. Also assist with small business development.	$ 8,818,834	$ 8,710,000
5. Community Empowerment Funds to the Division of Community Assistance to award to local governments to undertake comprehensive community-based economic revival, to increase jobs and small business opportunities, and foster self-sufficiency among, low income persons especially those involved in Work First welfare reform.	$ 881,883	N/A

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6. Housing Development Funds to the Division of Community Assistance to award to local governments to expand the supply of affordable housing for low-and moderate-income persons through approaches that leverage local support and other funds.	$ 3,527,534	$3,000,000
7. Urgent Needs/Contingency Funds to the Division of Community Assistance to award to local governments for eligible projects submitted in other categories and for Urgent Needs projects based on conditions posing an imminent threat to public health or safety resulting from hurricanes or other events within the last 18 months for which no other funds are available. Funds for such projects must remove the imminent threat.	$ 1,322,825	$1,000,000
8. Administration/Technical Assistance	$1,466,830	$1,450,000
Total Federal Grant to State	$45,561,000	$45,000,000

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Capacity Building

Grants of up to $50,000 are provided to assist non-profit organizations in partnership with local governments in developing appropriate and competitive CDBG projects. A capacity building award is expected to result in a future application in one of the CDBG categories. As designated by the General Assembly, Community Empowerment category funds not obligated as of December 31, 1999 will be used to fund capacity building for projects in any category. In 2001, capacity building grants may be made from funds in any category.

Program Income

Since 1986, loan payments from local governments assisted with CDBG funds have been made to the State. In 2000 loan payments from projects funded by DCA prior to 1992 may be used to fund Housing Development or Urgent Needs projects. Loan repayments from projects funded after 1992 by the Commerce Finance Center will be used to fund additional economic development projects.

NC Consolidated Plan for 2001-2005

This Action Plan for 2001 will cover the first year in the N.C. Consolidated Plan for 2001-2005 required by the U.S. Department of Housing and Urban Development (HUD). North Carolina receives fund from HUD in four formula programs, which together have three basic goals: to provide decent housing, a suitable living environment and to expand economic opportunities.

The State has begun a planning process that assesses the previous five-year plan and identifies major housing and community development needs to be addressed in the 2001-2005 plan. The Plan determines priorities for addressing these needs, and lays out a strategy for using the resources available. The Consolidate Plan serves as the single document meeting the planning and submission requirements for the State to receive HUD funds.

During the summer and fall, state housing and CD agencies will prepare overall housing goals and proposed community development objectives for the next five years in consultation with local governments, housing authorities, non-profit organizations and citizen interest groups.

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Draft CDBG Investment Plan For 2001

05/23/2000

HUD Grant To DCA	**45,000,000**
Administration (Subtract)	1,000,000
Technical Assistance (Subtract)	450,000
Available For Distribution	**43,550,000**

Category	*Budget*	*Percent*
Community Revitalization	13,500,000	**31%**
Concentrated Needs	(10,000,000)	
Revitalization Strategy	**(3,500,000)**	
Scattered Site Housing	**10,340,000**	**24%**
Infrastructure	7,000,000	**16%**
W/S Connection Demo	(1,000,000)	
Housing Development	3,000,000	**7%**
Economic Development	8,710,000	**20%**
Microenterprise Program	(500,000)	
Urgent Needs/Contingencies	1,000,000	**2%**
Totals	**$43,550,000**	**100%**

every county will receive funds every 3 yrs.

Notes

1) Scattered Site projects will be funded under a separate grant category. Counties will be eligible to receive funds every three years with the submission of a plan

2) Revitalization Strategy grants will be made to eligible Tier 1 and 2 counties and non-entitlement municipalities based on a strategy that addresses high poverty areas and distress.

3)The Infrastructure category will be expanded to include new sub category which will fund water and sewer connections to existing systems for low and moderate income persons

4) The Economic Development program will be expanded to include funding for microenterprise loan programs.

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"(b) The Secretary of each State agency that receives and administers federal Block Grant funds shall prepare and submit the agency's Block Grant plans to the Fiscal Research Division of the General Assembly not later than February 20 of each odd-numbered calendar year and not later than April 20 of each ~~fiscal~~ even-numbered calendar year. The agency shall submit a separate Block Grant plan for each Block Grant received and administered by the agency, and each plan shall include, but not be limited to, the following:

(1) A delineation of the proposed dollar amount allocations by activity and by category, including dollar amounts to be used for administrative costs; and

(2) A comparison of the proposed funding with two prior years' program budgets.

The Director of the Budget shall review for accuracy, consistency, and uniformity each State agency's Block Grant plans prior to submission of the plans to the General Assembly."

Section 5.(s) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine, Senators Martin of Pitt, Plyler, Perdue, Odom

NER BLOCK GRANT FUNDS

Section 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2000, according to the following schedule:

WELFARE TO WORK BLOCK GRANT		$ 23,663,882
COMMUNITY DEVELOPMENT BLOCK GRANT		
01.	State Administration	1,000,000
02.	Urgent Needs and Contingency	1,306,500
03.	Community Empowerment	871,000
04.	Economic Development	8,710,000
05.	Community Revitalization	20,033,000
06.	State Technical Assistance	450,000
07.	Housing Development	3,484,000
08.	Infrastructure	9,145,500
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2000 Program Year		$ 45,000,000

Section 5.1.(b) Decreases in Federal Fund Availability. --

Decreases in federal fund availability for the Community Development Block Grants. -- If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SOURCE: 1999 APPROPRIATIONS ACT

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Section 5.1.(c) Increases in Federal Fund Availability for Community Development Block Grant. --

Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: -- Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

Section 5.1.(d) Limitations on Community Development Block Grant Funds. -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million three hundred six thousand five hundred dollars ($1,306,500) may be used for Urgent Needs and Contingency; up to eight hundred seventy-one thousand dollars ($871,000) may be used for Community Empowerment; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than twenty million thirty-three thousand dollars ($20,033,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to three million four hundred eighty-four thousand dollars ($3,484,000) may be used for Housing Development; up to nine million one hundred forty-five thousand dollars ($9,145,000) may be used for infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

Section 5.1.(e) Increase Capacity for Nonprofit Organizations. -- Assistance to increase capacity for nonprofit organizations to carry out eligible activities with units of local government is an allowable activity under any program category, in accordance with federal regulations. Community Empowerment category funds not obligated as of December 31, 1999, may be used to fund assistance to increase capacity for projects in any category.

Section 5.1.(f) Welfare to Work Block Grant. -- The Department of Commerce, the Employment Security Commission, and the Department of Health and Human Services may identify within their respective budgets sources of State funds which may be used as a match for the federal Welfare-to-Work Block Grant.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine, Senators Martin of Pitt, Plyler, Perdue, Odom

COMMUNITY DEVELOPMENT BLOCK GRANT/CHANGES TO PREVIOUS BLOCK GRANT PLANS

Section 5.2. Notwithstanding any other provision of law, Community Development Block Grant funds allocated pursuant to Section 5.1 of S.L. 1998-212 which represent an increase in the State's federal grant shall be allocated in a manner to ensure that twenty percent (20%) of such funds are allocated to the Economic Development program category. The remaining increase in federal grant funds and funds not obligated under any Block Grant category at the close of the 1998 program year, may be allocated to the Housing Development program category.

PART VI. GENERAL FUND AND HIGHWAY FUND AVAILABILITY STATEMENTS

Requested by: Representatives Easterling, Hardaway, Redwine, Senators Plyler, Perdue, Odom

GENERAL FUND AVAILABILITY STATEMENT

Section 6.(a) The General Fund availability used in developing the 1999-2001, biennial budget is shown below:

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VISITOR REGISTRATION SHEET

JT APPROP. NER — 5/24/00

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Louis Guisto	HMCS 1116 STERLING GREEN DR. MORRISVILLE, NC. 27560-7954
Wanda Paylor	Labor
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David Harlong	State Planning
[illegible]	OSBM
[illegible] Sims	DOC
Bill McNeil	DOC - DOC
Joe McCleeb	TDA
Linda Powell	TDA
Kathy Sawyer	Commerce
Cleveland Simpson	Commerce
J W Reel	OSBM
[illegible]	"
[illegible]	"
Jim Nowell	"
Lori A Harris	LAHA
[illegible]	Commerce
Robin Pasquarello	Commerce
Mark Fleming	NCSU
Steve Woodson	NLFB
Emily Meeker	CCNC
ROGER SHEATS	NC RURAL CENTER
Rick Carlisle	DOC
Andy Rumpert	NCLMI
Bill Kowl	NCJCDC

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
David Emmett	NCTDA

Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

May 30, 2000 9:00 a.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Tuesday, May 30, 2000, at 9:00 a.m. in Room 423 of the Legislative Office Building. Eleven House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Rex Baker, Arlie Culp, Howard Hunter, Frank Mitchell, Carolyn Russell, Joe Tolson, Nurham Warwick and Roger West.

Chairman Stan Fox called the meeting to order. He announced the committee would consider the proposed budget the chairs put together working within our budget. If we had taken the entire Governor's cuts and the entire expansion budget, we would have been approximately $5,000,000 over budget. The chairs tried to make cuts where they would hurt the least and tried to be fair to everybody. If committee members have changes, they must come up with a corresponding cut in the budget so we stay within our numbers.

NER TARGET

The Chair called upon Ms. Jennifer Hoffman to review the NER Operating Budget Subcommittee Target (ATTACHMENT I). The committee was given a target of $293,400,000. The NER Agency's Continuation/Base Budget was $294,357,741. If we did nothing this year the NER committee would have started off $1,000,000 in the hole. The Governor's Recommended Reductions totaled $3,400,000. The Governor's Recommended Expansion totaled $7,700,000. Had the committee taken both the reductions and expansions it would have been $5,200,000 in the hole. The committee had tough choices to make.

Ms. Jennifer Willis was recognized to review the tally sheet (page 2). It is a brief representation of the items included in the Governor's Recommended Reduction and Expansion List. The chairs accepted all the Governor's Recommended Reductions. At the previous committee meeting there was a $100,000 recommended reduction in the Department of Labor for the Ergonomics Center. State Budget Office had informed committee at that time they would come back with a replacement cut for the Ergonomics Center. They did and that reduction was recommended in the Department of Environment and Natural Resources in the Division of Parks and Recreation - Item 16. It is the Continuation Budget Operating Reserve for State Parks. There were two projects at Hammocks Beach State Park and at Kerr Lake State Park that were not coming on-line in time and there would be savings realized without much pain. That is where the

replacement cut was taken for the Ergonomics Center. Representative Owens pointed out we had over $26,000,000 last year of non-recurring funds. We had $2,500,000 to try to find a way to deal with the $26,000,000 not counting the expansion. Senator Horton stated with respect to the Ergonomics Center it looks like it is supposed to phase out completely by 2005. Ms. Willis said that was the proposal that was put forth in the original Governor's Plan. Since State Budget has recommended taking $100,000 out of the Parks Operating Reserve for the Ergonomics Center, she is not sure about the phasing out now since the cut does not take place in this fiscal year. Senator Horton said given the enthusiasm we showed the Ergonomics Study requested by the Department of Labor last year he wonders why we need to have the center anyway. If it is going to be phased out in five years why not go ahead and phase it out. Ms. Becky Brown, Department of Labor clarified the ergonomics standards have nothing to do with the Ergonomics Research Center. The Research Center started in 1994, and the $500,000 goes to NC State University to continue consulting with people who have ergonomics issues. Senator Horton said that if NCSU thinks the center is valuable, the University could use their appropriation to support it. Representative Warwick asked about Item 22 - Travel & Tourism postage, etc. and the reduction in the Parks area. If we follow through with Senator Horton's suggestion, the $100,000 could be added back. Ms. Becky Brown told committee she would ask someone from the Research Center to come and address the committee. Representative Culp asked about Item 8-Aquariums-PKS and FF construction delay. Ms. Willis said the department had budgeted a substantial amount of money in second year of biennium, but all the money reverted to the Hurricane Floyd reserve. Until construction begins the 25 positions will not be needed, and these items can be taken out for upcoming fiscal year. Representative Warwick asked about Item 22 - Travel & Tourism postage, etc., and Ms. Willis stated Department of Commerce is receiving an increase in savings due to Internet utilization. Instead of calling department for travel guides, folks can go on-line and find the information they need. Representative Warwick would like for committee to consider adding to Travel and Tourism funds if committee cuts the Ergonomics Center. The East has been hit so hard. Representative Owens stated we added last year $2,000,000 for Travel and Tourism, and we put in recurring monies and thank goodness we did. Senator Reeves followed up on comments he made last week about fragmentation. Lots of conversations are going on now about the Rural Redevelopment Authority. He appreciates the words of encouragement from the committee, and he hopes for good success in rural North Carolina.

Ms. Willis stated there are 35 items on the tally and a note that there is a recommendation to take $2,000,000 of unspent Petroleum Overcharge funds and provide a one-time appropriation to the House Finance Agency for the Housing Trust Fund. It was put in last year's continuation budget at $3,000,000 and had given the Fund $6,000,000 in non-recurring funds so this proposal keeps their $3,000,000 in the Continuation Budget and provides them $2,000,000 in non-recurring funds. Representative Tolson asked if the House Trust Fund monies would effect the grant process that the Energy Division has, and Ms. Hoffman said the $2,000,000 is unappropriated funds. There are a little different requirements once the money goes to the House Finance Agency from Petroleum Overcharge money, but the trust fund was started in the mid 1980s with Petroleum Overcharge money. Representative Owens stated

we told DENR on the Stormwater Pollution if there was $750,000 added to Information Technology Operating Funds would they want to split it some way, but right now they want to leave it where it is. We can fight the battle in the Senate if we want to change it. Representative Warwick asked where the $200,000 Air Quality-Budget excess receipts Item #9 came from, and Ms. Willis believes they are fuel tax receipts that are over collected, and it is a reduction committee has taken for past several years. Representative Russell asked about the construction delay at Pine Knoll Shores and Fort Fisher, and Ms. Willis stated the delays are indefinite now that the money has been taken. Secretary Holman was recognized, and he said there was a delay in getting construction underway at Fort Fisher, and Hurricane Floyd took capital money for Pine Knoll Shores. We will recommend to the Governor in his budget for the next session that if the capital funding for Pine Knoll Shores can be funded then we will make a decision about operating funds.

Chairman Fox stated the chairmen agreed to give members time to think about the budget and have another meeting later in week and at that time take suggestions for changes. Representative Owens stated in the Rural Center supplemental funding we were able to put in $400,000.

ERGONOMICS RESOURCE CENTER

The Chair recognized Mr. Danny Sullivan, Chairman to the Board to the Ergonomics Resource Center. He gave a brief summary of what the center does for the State of NC. The center provides to the state a group of technical experts in the field of ergonomics. Employers across the state can call the center and talk about any questions they might have about ergonomics. For example, an employer who has an employee who has a repetitive trauma disorder might call and ask how to help the employee. Also, from an employer standpoint learn what can be done to make the work place free from ergonomics hazards. Consultations are also provided for employers. Much of what is done with state funding is to educate people about ergonomics. They do quite a bit of public speaking and public forums and a lot of consultation comes from walk-ins. Ergonomics is one of the leading causes of increases in ergonomics costs, and it is the third leading cause of rising Worker's Compensation costs. The center provides employers across the state with a resource to find better ways and things to use or do to eliminate some of that from happening. Training classes are offered for employers, and last year it trained about 2,000 employers in NC. Senator Horton asked how many calls came in from employers, and Mr. Sullivan said the center responded to around 5,000 calls last year. Senator Horton asked how employers know this service exists since it is the first time some of the committee member's knew about this service. Mr. Sullivan said the staff goes out and tries to market the Center to make sure public knows about the resource. They also go to many safety and trade shows. We plan this year to hire a consultant to go out and market this resource so people will know more about it. There are 12 center employees and a budget of a little over $700,000. This past year's funding was $500,000 from the Legislature and $250,000 was earned by providing consulting. Senator Horton asked if they received any contributions from citizens, business, industry, or grants, and they do not. He asked Mr. Sullivan if he was aware of plan to cut support by $100,000 each year over the next five years so center would be totally self-sufficient,

and Mr. Sullivan was made aware of that a week ago. Mr. Sullivan did not have any input in this. Senator Horton asked if training of the 2,000 employers was done at one time. Mr. Sullivan said employers could come to the center and have training provided, they could attend workshops across the state and workshops were held at work sites. Ms. Becky Brown clarified that no one in Department of Labor had any input in the reduction.

BUDGET APPROVAL

The Chair called for a recess at 9:35 a.m. At 9:43 a. m. Senator Horton moved that the committee approve the 35 Items subject to the co-chairmen's determination as to the availability of additional funds. Representative Mitchell asked how much additional money is in the Petroleum Overcharge Fund that can be drawn out. It seems like Housing Trust Fund always gets money, and he is reluctant to take from Petroleum Overcharge. Ms. Hoffman said there is roughly $16,000,000 left in Treasury's account that can be appropriated elsewhere. Representative Baker asked if this is an allowable use of the fund, and Ms. Hoffman said the Housing Finance Agency started the Petroleum Overcharge Fund. Representative Owens said we are not doing Special Provisions today, and you would have to have a Special Provision that directs the funds be allocated from the Petroleum Overcharge account to the Housing Trust Fund. Representative Warren seconded Senator Horton's motion. A vote was taken and the motion carried. Chairman Fox stated Special Provisions would be handled at next meeting tentatively set for May 31, 2000 at 1:00 p.m.

There being no further business, the Chair adjourned the meeting at 9:45 a.m.

Respectfully submitted,

Stan Fox

Representative Stan Fox, Co-Chair, Presiding

Mary Capps

Mary Capps, Clerk

Representative Bill Owens, Co-Chair

Joint Appropriations Subcommittee on
Natural and Economic Resources
Tuesday, May 30, 2000
Representative Stan Fox, Presiding

1. Chairmen's Comments

2. NER FY 2000-2001 Budget Proposal

Jennifer Hoffmann, Analyst
Fiscal Research Division

Jennifer Willis, Analyst
Fiscal Research Division

3. Committee Discussion

4. Adjourn

Natural and Economic Resources

Operating Budget Subcommittee Target:	**$293,400,000**	**million**

Governor's Recommended Budget:

Continuation/Base Budget	$294,357,741	million
Recommended Reductions	($3,448,666)	million
Recommended Expansion	$7,722,809	million
Governor's Total Budget	**$298,631,884**	**million**
Over/Under Target	**($5,231,884)**	

			NER Target		293,400,000	
			Amount Unspent		0	
				FY 2000-2001		
	Dept	Item		Recurring	Nonrecurring	Pos
1	HFA	Continuation Budget		5,300,000		
2	AG	Continuation Budget		54,146,601	0	0.0
3	AG	Gypsy Moth Control			122,623	
4	AG	Structural Pest positions and operating support		(159,698)		(4.0)
5	Lab	Continuation Budget		16,369,251		
6	Lab	Indirect Cost Receipts		(300,000)		
7	DENR	Continuation Budget		157,700,273		
8	DENR	Aquariums - PKS and FF construction delay		(1,569,337)		(25.0)
9	DENR	Air Quality - Budget excess receipts		(200,000)		
10	DENR	Forestry - 2% reduction		(662,000)		
11	DENR	Coastal Management - Land Use Plans moratorium			(100,000)	
12	DENR	Marine Fisheries use receipts for IT		0	0	
13	DENR	Environmental Education Grants			120,000	
14	DENR	Food Sanitation Training Funds			50,000	
15	DENR	Resource Development & Conservation Councils			108,000	
16	DENR	Parks Operating Reserve			(100,000)	
17	DENR	Grassroots Science Museums cut		(600,000)		
18	Com	Continuation Budget		43,745,365		
19	Com	NC Competitive Commission repealed		(218,000)		
20	Com	Center for Entrepreneurship & Technology		(100,000)		
21	Com	Welcome Centers - utilities and supplies		(10,000)		
22	Com	Travel &Tourism postage etc.		(100,000)		
23	Com	Workforce Commission - salary reserve		(25,000)		
24	Com	Department wide copy machine reserve			(64,329)	
25	Com	Industrial Recruitment Competitive Fund			800,000	
26	Com	Rural Redevelopment Authority		125,000		
27	St. Aid	Continuation Budget		5,200,000		
28	St. Aid	Technological Development Authority		special provision		
29	St. Aid	World Trade Center			200,000	
30	Biotech	Continuation Budget		7,638,913		
31	Biotech	Rural Pros. Task Force recom. - Ag research funds			800,000	
32	REDC	Continuation Budget		4,257,338		
33	REDC	Ag Advancement Consortium		125,000		
34	REDC	Supplemental Funding			400,000	
35	REDC	Capacity Building Program			400,000	
		Totals		**290,663,706**	**2,736,294**	**(29.0)**

NOTE ***Housing Trust Fund - $2,000,000 from Petroleum Overcharge***

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources May 30 **2000**

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
MIKE WATERS	NCRPS
Linda Powell	TDA
Joe McCleer	"
Dave Emmett	"
R ROGERS	DENR
Jane Smith	DENR
Cathy Cottle	"
Cathy Hardy	"
J. W. Reed	OSBM
Leza Alycock	Comm.
Jim Nowell	OSBM
Johnny Gray	OSBM
David Herlong	State Planning
Buck Lattimore	NC INDUSTRIAL Comm
Henry M Lancaster III	NCLM
Angie McMillan	The Nature Conservancy, NC Chapter
Brian Buzby	NC ConNet
Becky Brown	Labor
Wanda Paylor	"
Kathy Sawyer	Commerce
Jill Holman	DENR

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, June 1, 2000 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, June 1 at 8:30 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting. Senator David Weinstein, Vice Chair, presided. Representatives Owens, Warren, Baker, Culp, Hunter, Mitchell, Warwick and West were present.

Senator Weinstein called the meeting to order. Jennifer Hoffmann and Jennifer Willis, Fiscal Research, explained the Special Provisions package to the Committee members. This is Attachment A of these minutes. Representative Baker asked that SP-5 be flagged. Senator Horton asked that SP-9 be flagged. Representative Baker asked that SP-10 be flagged then asked that the flag be removed. Chairman Weinstein so noted.

Representative Mitchell asked for a report on the amount of money to date appropriated to Global Transpark. Representative Warwick asked that SP-21 be flagged.

Senator Horton moved that SP-5 be deleted from the Special Provision package. Motion carried.

Representative Baker sent forward a Special Provision. This is Attachment B of these minutes. He then explained that this was wording change only and no change in dollars. He then moved the adoption of the SP. Motion carried.

Jennifer Hoffman presented a Special Provision at the request of Representative Redwine. Representative Baker moved for adoption. Motion carried. This is Attachment C of these minutes.

Representative Hunter sent forward two Special Provisions and moved for adoption. Representative Owens asked that the Committee take a vote on these at the Tuesday meeting. These are Attachments D and E of these minutes.

The meeting adjourned at 9:30 a.m.

Carolyn M. Gooden, Committee Clerk

Senator David Weinstein, Chairman

Joint Appropriations Subcommittee on
Natural and Economic Resources
Thursday, June 1, 2000
Senator David Weinstein, Presiding

1. Chairmen's Comments

2. Review of NER Draft Special Provisions

Jennifer Hoffmann and Jennifer Willis, Analysts
Fiscal Research Division

3. Committee Discussion

4. Adjourn

Attachment A

DRAFT

NER

Special Provisions

June 1, 2000

DRAFT

CODE NO. 2000COMM-H014A

Requested by: Representatives Fox, Owens

NER BLOCK GRANT FUNDS

Section @. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2001, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT	
01. State Administration	1,000,000
02. Urgent Needs and Contingency	1,000,000
03. Scattered Site Housing	10,340,000
04. Economic Development	8,710,000
05. Community Revitalization	13,500,000
06. State Technical Assistance	450,000
07. Housing Development	3,000,000
08. Infrastructure	7,000,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2001 Program Year	$ 45,000,000

Section @. (b) Decreases in Federal Fund Availability. --

Decreases in federal fund availability for the Community Development Block Grants. -- If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

Section @. (c) Increases in Federal Fund Availability for Community Development Block Grant. --

Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: -- Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

Section @. (d) Limitations on Community Development Block Grant Funds. -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be

SP-1

allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to ten million three hundred forty thousand dollars ($10,340,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to three million dollars ($3,000,000) may be used for Housing Development; up to seven million dollars ($7,000,000) may be used for infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

Section @. (e) Increase Capacity for Nonprofit Organizations. -- Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

Section @. (f) Future CDBG Proposals. -- In developing future CDBG proposals, the Department of Commerce shall consider ways in which to address the abatement of outhouses in the State.

SP-2

CODE NO. 2000COMM-H003

Requested by: Representatives Fox, Owens

INDUSTRIAL DEVELOPMENT FUNDS

Section @. (a) Funds appropriated to the Department of Commerce in Section 15.1 of S.L. 1998-212 to be used to recruit a large recycling facility, as defined in G.S. 105-129.25, that are unexpended and unencumbered as of June 30, 2000 shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department and shall be used to increase the Industrial Development Fund.

Section @. (b) Funds appropriated to the Department of Commerce in S.L. 1999-237 for the 1999-2000 fiscal year as Job Loss Assistance funds that are unexpended and unencumbered as of June 30, 2000 shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department to be used to increase the Industrial Development Fund.

Section @. (c) This section becomes effective June 30, 2000.

SP-3

CODE NO. 2000COMM-H002

Requested by: Representatives Fox, Owens

PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section @. (a) The funds and interest thereon received from the case of the United States vs. Exxon are deposited in the Special Reserve for Oil Overcharge Funds. There is appropriated from the Special Reserve to the Department of Commerce the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year to be used for projects under the State Energy Efficiency Programs.

Section @. (b) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) which remain in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of one million six hundred dollars ($1,600,000) for the 2000-2001 fiscal year to be allocated for the Residential Energy Conservation Assistance Program (RECAP).

Section @. (c) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the allocations made pursuant to subsections (a) and (b) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve for Oil Overcharge Funds.

Section @. (d) The funds and interest thereon received from the Diamond Shamrock Settlement which remain in a reserve in the Office of State Budget and Management for the Department of Commerce to administer the petroleum overcharge funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the Department of Commerce on an as needed basis.

SP-4

CODE NO. 2000LAB-H001

Requested by: Representatives Fox, Owens

REPEAL SECTION OF STATE WAGE AND HOUR ACT CONCERNING YOUTHS WHO MAY DRIVE ON THE JOB TO CONFORM WITH FEDERAL WAGE AND HOUR ACT

Section @. G.S. 95-25.5(l) is repealed.

SP-5

CODE NO. 2000ENV-H002

Requested by: Representatives Fox, Owens

DENR STUDY/RELOCATE DIVISION OF COASTAL MANAGEMENT OFFICE

Section @. The Department of Environment and Natural Resources shall study the feasibility of relocating the main office of the Division of Coastal Management to one or more of the 20 coastal counties within the jurisdiction of the Coastal Area Management Act. In its study, the Department shall consider the cost of relocation, the impact on program efficiency, the availability of office space, and other factors affecting program functions. If the Department determines that relocation of the main office is feasible, then the Department shall include in its report a draft plan for the relocation.

The Department shall report its findings and recommendations to the 2001 General Assembly no later than January 15, 2001.

SP-6

CODE NO. 2000ENV-H006

Requested by: Representatives Fox, Owens

DENR STUDY OF DENR

Section @. The Department of Environment and Natural Resources shall continue to evaluate its organization to identify ways to increase efficiency and to retain staff and to identify ways to better serve the public through permit reform and organizational excellence. The Department shall report any recommendations to the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate and to the Environmental Review Commission no later than January 15, 2001.

CODE NO. 2000ENV-H007A

Requested by: Representatives Fox, Owens

ERC STUDY RECODIFICATION OF ENVIRONMENTAL STATUTES

Section @.(a) The Environmental Review Commission shall study the recodification of the General Statutes relating to the environment and environmental agencies.

Section @.(b) Notwithstanding any rule or resolution to the contrary, any proposed legislation to implement any recommendations made by the Environmental Review Commission under subsection (a) of this section may be introduced and considered during any session of the General Assembly.

CODE NO. 2000ENV-H005

Requested by: Representatives Fox, Owens

AGRICULTURE COST SHARE/TECHNICAL ASSISTANCE FUNDS

Section @. Of the funds appropriated to the Department of Environment and Natural Resources for the Agriculture Cost Share Program for financial assistance funding, the sum of two hundred forty thousand dollars ($240,000) for the 2000-2001 fiscal year shall be used to support cost-share technical assistance in soil and water conservation districts participating in the Agriculture Cost Share Program.

CODE NO. 2000ENV-H004C

Requested by: Representatives Fox, Owens

ONE STOP PERMIT ASSISTANCE PILOT PROJECTS

Section @.(a) The Department of Environment and Natural Resources shall establish a one-stop environmental permit application assistance and tracking system pilot project for one year in two regional offices. As part of the pilot project, the Department shall also ~~each~~ provide to each person who submits an application for an environmental permit to one of the regional offices participating in the project, a time frame within which the applicant may expect a final decision regarding the issuance or denial of the permit. The procedure regulating the time frame estimates and sanction for failing to honor the time frame shall be as set out in subsection (b) of this section.

Section @.(b) Upon receipt of a complete application for an environmental permit, the Department shall provide to the applicant a good faith estimate of the period of time that will be required to process and review the appropriate criteria and documentation and when the Department expects to make the final decision of whether to issue or deny the permit. If an applicant provides to the Department the information and documentation required and requested by the Department and the Department fails to issue or deny the permit within 60 days of the date originally projected by the Department for the final decision of whether to issue or deny the permit, then the permit shall be automatically granted to the applicant, unless otherwise prohibited by law.

Section @.(c) The Department of Environment and Natural Resources shall track the time required to process each complete environmental permit application received as part of the pilot project on or after July 1, 2000. The Department shall compare the time in which the permit was issued or denied with the projected time frame provided to the applicant by the Department as required by this section. The Department shall identify each permit that was issued or denied more that three months after receipt of a complete application by the Department and shall document the reasons for the delayed response.

Section @.(d) The Department shall report to the cochairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the cochairs of the Senate Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division regarding the number of environmental permits that took more than three months to

issue or deny, the types of permits those were, the reasons for the extended processing time of those permits, and how the time within which the permit was actually issued or denied compared with the time frame originally provided by the Department to the applicant. Based on the data gathered in the pilot projects, the Department shall include in its report recommendations regarding permit time frames for all major permits issued by the Department. The Department shall report to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources regarding the results of the pilot project by April 1, 2001.

SP-10a

Transfer Clean Water Revolving Loan and Grant Fund Program Personnel and Functions from the Division of Environmental Health to the Division of Water Quality.

Language Pending

CODE NO. 2000NATRES-H002

Requested by: Representatives Fox, Owens

GRASSROOTS SCIENCE PROGRAM FUNDS

Section @. Section 15.2 of S.L. 1999-237 reads as rewritten:

"Section 15.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million six hundred seventy thousand dollars ($3,670,000) for fiscal year 1999-2000 and the sum of ~~three million four hundred twenty thousand dollars ($3,420,000)~~ two million eight hundred twenty thousand dollars ($2,820,000) for fiscal year 2000-2001 are allocated as grant-in-aid for each fiscal year as follows:

	1999-2000	2000-2001
Aurora Fossil Museum	$64,066	~~$64,066~~ $69,986
Cape Fear Museum	$203,944	~~$203,944~~ $169,288
Catawba Science Center	$179,172	~~$179,172~~ $151,702
Colburn Gem and Mineral Museum, Inc.	$63,942	~~$63,942~~ $69,898
Discovery Place	$776,577	~~$776,577~~ $575,815
Granville County Museum Commission, Inc. - Harris Gallery	$54,420	~~$54,420~~ $63,138
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$210,860	~~$210,860~~ $174,198
Imagination Station	$108,202	~~$108,202~~ $101,319
Iredell County Children's Museum	$56,243	~~$56,243~~ $64,432
Museum of Coastal Carolina	$318,274	~~$68,274~~ $72,973
Natural Science Center of Greensboro	$321,802	~~$321,802~~ $252,959
North Carolina Museum of Life and Science	$465,240	~~$465,240~~ $354,789
Rocky Mount Children's Museum	$98,007	~~$98,007~~ $94,081
Schiele Museum of Natural History	$381,489	~~$381,489~~ $295,332
Sci Works Science Center and Environmental Park of Forsyth County	$247,501	~~$247,501~~ $200,210
Western North Carolina Nature Center	$120,261	~~$120,261~~ $109,880
Total	$3,670,000	~~$3,420,000~~ $2,820,000"

SP-12

CODE NO. 2000NATRES-H003

Requested by: Representatives Fox, Owens

ENVIRONMENTAL EDUCATION GRANTS

Section @.(a) Of the one hundred twenty thousand dollars ($120,000) appropriated in this act to the Department of Environment and Natural Resources for the 2000-2001 fiscal year for environmental education grants, up to thirty thousand dollars ($30,000) may be used by the Department for the 2000-2001 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

(1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or

(2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

Section @.(b) The Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2001, and again by July 1, 2001, on the grant program. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

CODE NO. 2000COMM-H006

Requested by: Representatives Fox, Owens

WORLD TRADE CENTER NORTH CAROLINA REPORT

Section @. World Trade Center North Carolina shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

CODE NO. 2000COMM-H008

Requested by: Representatives Fox, Owens

RURAL ECONOMIC DEVELOPMENT CENTER FUNDS

Section @. Section 16.35.(e) of S.L. 1999-237 reads as rewritten:

"Section 16.35.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand dollars ($5,400,000) for the 1999-2000 fiscal year and the sum of ~~two million four hundred thousand dollars ($2,400,000)~~ three million three hundred twenty-five thousand dollars ($3,325,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $2,450,000 for the 1999-2000 fiscal year and ~~$950,000~~ $1,350,000 for the 2000-2001 fiscal year shall be used for a program to provide supplemental

funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

a. Necessary economic development projects and activities in economically distressed areas;

b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

(4) $1,500,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.

(5) $125,000 for the 2000-2001 fiscal year for the Agricultural Advancement Consortium to be placed in a reserve for expenses associated with the Consortium. The Consortium will facilitate discussions among interested parties and develop recommendations to improve the state's economic development through farming and agricultural interests.

The grant recipients in this section shall be selected on the basis of need."

SP-16

CODE NO. 2000COMM-H011

Requested by: Representatives Fox, Owens

RURAL REDEVELOPMENT AUTHORITY

Section @. Of the funds appropriated in this act to the Department of Commerce for the 2000-2001 fiscal year for the North Carolina Rural Redevelopment Authority, the sum of one hundred twenty-five dollars ($125,000) shall be placed in a reserve. The funds shall be released if House Bill 1819, Senate Bill 1516, or a substantially similar bill creating the North Carolina Rural Redevelopment Authority becomes law.

CODE NO. 2000COMM-H009

Requested by: Representatives Fox, Owens

PETROLEUM OVERCHARGE FUNDS TO NORTH CAROLINA HOUSING FINANCE AGENCY

Section @. There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) which remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Housing Finance Agency the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to be allocated for the Housing Trust Fund. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

CODE NO. 2000COMM-H004

Requested by: Representatives Fox, Owens

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section @. Section 16.3. of S.L. 1999-237 reads as rewritten:

"Section 16.3.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 16.3.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each fiscal year,~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection."

SP-20

CODE NO. 2000COMM-H007

Requested by: Representatives Fox, Owens

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

Section @.(a) There is transferred from the funds appropriated in S.L. 1999-463, Extra Session, to the Hurricane Floyd Reserve Fund for the purpose of agriculture and fishing disaster assistance to the North Carolina Technological Development Authority, Inc. the sum of ten million dollars ($10,000,000) for the 2000-2001 fiscal year. These funds shall be primarily used to implement an agriculture incubator program in areas of the state affected by Hurricane Floyd. Up to three million five hundred thousand dollars ($3,500,000) of these funds may also be used to support the business incubator and other economic development programs of the Authority.

Section --(b) The Technological Development Authority, Inc., shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SP-21

CODE NO. 2000COMM-H013

Requested by: Representatives Fox, Owens

ENERGY CONSERVATION PROJECTS IN STATE-OWNED BUILDINGS

Section @. Of the funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation, the Energy Division shall use up to one million dollars ($1,000,000) to begin an energy audit of state-owned buildings and implement audit recommendations. The division shall identify those buildings whose energy costs per square foot are the highest, and shall implement energy conservation projects that substantially reduce energy use and provide an opportunity for savings by reducing energy costs.

CODE NO. 2000COMM-H012

Requested by: Representatives Fox, Owens

DIVISION OF TOURISM, FILM, AND SPORTS DEVELOPMENT

Section @. (a) G.S. 143B-434.1 reads as rewritten:

"§ 143B-434.1. The North Carolina Travel and Tourism Board -- creation, duties, membership.

(a) There is created within the Department of Commerce the North Carolina Travel and Tourism Board. The Secretary of Commerce and the Director of the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development will work with the Board to fulfill the duties and requirements set forth in this section, and to promote the sound development of the travel and tourism industry in North Carolina.

(b) The function and duties of the Board shall be:

(1) To advise the Secretary of Commerce in the formulation of policy and priorities for the promotion and development of travel and tourism in the State.

(2) To advise the Secretary of Commerce in the development of a budget for the Division of ~~Travel and Tourism.~~ Tourism, Film, and Sports Development.

(3) To recommend programs to the Secretary of Commerce that will promote the State as a travel and tourism destination and that will develop travel and tourism opportunities throughout the State.

(4) To advise the Secretary of Commerce every three months as to the effectiveness of agencies with which the Department has contracted for advertising and regarding the selection of an advertising agency that will assist the Department in the promotion of the State as a travel and tourism destination.

(5) To name a three-member subcommittee, with one member from each of the eastern, central, and western regions of the State, to make recommendations to the Secretary of Commerce regarding any revisions in the matching funds tourism grants program, project applications, and criteria for projects that qualify for participation in the program.

(6) To advise the Secretary of Commerce from time to time as to the effectiveness of the overall

operations of the Division of ~~Travel and Tourism.~~ Tourism, Film, and Sports Development.

(7) To promote the exchange of ideas and information on travel and tourism between State and local governmental agencies, and private organizations and individuals.

(8) To advise the Secretary of Commerce upon any matter that the Secretary, Governor, or Director of the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development may refer to it.

(c) The Board shall consist of 27 members as follows:

(1) The Secretary of Commerce, who shall not be a voting member.

(2) The Director of the Division of ~~Travel and Tourism,~~ Tourism, Film, and Sports Development, who shall not be a voting member.

(3) Two members designated by the Board of Directors of the North Carolina Hotel and Motel Association.

(4) Two members designated by the Board of Directors of the North Carolina Restaurant Association.

(5) Three Directors of Convention and Visitor Bureaus designated by the Board of Directors of the North Carolina Association of Convention and Visitor Bureaus.

(6) The Chairperson of the Travel and Tourism Coalition.

(7) The President of the Travel Council of North Carolina.

(8) A member designated by the Board of Directors of the Travel Council of North Carolina.

(9) The President of North Carolina Citizens for Business and Industry.

(10) One member designated by the North Carolina Petroleum Marketers Association.

(11) One person associated with tourism attractions in North Carolina, appointed by the Speaker of the House of Representatives. One person who is not a member of the General Assembly, appointed by the Speaker of the House of Representatives.

(12) One person associated with the tourism-related transportation industry, appointed by the President Pro Tempore of the Senate. One person who is not a member of the General Assembly, appointed by the President Pro Tempore of the Senate.

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(13) Four public members each interested in matters relating to travel and tourism, two appointed by the Governor (one from a rural area and one from an urban area), one appointed by the Speaker of the House, and one appointed by the President Pro Tempore of the Senate.

(14) One member associated with the major cultural resources and activities of the State in North Carolina, appointed by the Governor.

(15) Two members of the House of Representatives, appointed by the Speaker of the House of Representatives.

(16) Two members of the Senate, appointed by the President Pro Tempore of the Senate.

(d) The members of the Board shall serve the following terms: the Secretary of Commerce, the Director of the Division of ~~Travel and Tourism,~~ Tourism, Film, and Sports Development, the Chairperson of the Travel and Tourism Coalition, the President of the Travel Council of North Carolina, and the President of North Carolina Citizens for Business and Industry shall serve on the Board while they hold their respective offices. Each member of the Board appointed by the Governor shall serve during his or her term of office. The members of the Board appointed by the General Assembly shall serve two-year terms beginning on January 1 of odd-numbered years and ending on December 31 of the following year. The first such term shall begin on January 1, 1991, or as soon thereafter as the member is appointed to the Board, and end on December 31, 1992. All other members of the Board shall serve a term which consists of the portion of calendar year 1991 that remains following their appointment or designation and, thereafter, two-year terms which shall begin on January 1 of an even-numbered year and end on December 31 of the following year. The first such two-year term shall begin on January 1, 1992, and end on December 31, 1994.

(e) No member of the Board, except a member serving by virtue of his or her office, shall serve during more than five consecutive calendar years, except that a member shall continue to serve until his or her successor is appointed.

(f) Appointments to fill vacancies in the membership of the Board that occur due to resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term and shall be made by the same appointing authority that made the initial appointment.

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(g) Board members who are employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. Board members who are legislators shall be reimbursed for travel and subsistence in accordance with G.S. 120-3.1. All other Board members, except those serving pursuant to subdivisions (3) through (10) of subsection (c) of this section, shall receive per diem, subsistence, and travel expenses at the rate set forth in G.S. 138-5. Board members serving pursuant to subdivisions (3) through (10) of subsection (c) of this section shall not receive per diem, subsistence, or travel expenses. The expenses set forth in this section shall be paid by the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development of the Department of Commerce.

(h) At its first meeting in 1991, the Board shall elect one of its voting members to serve as Chairperson during calendar year 1991. At its last regularly scheduled meeting in 1991, and at its last regularly scheduled meeting in each year thereafter, the Board shall elect one of its voting members to serve as Chairperson for the coming calendar year. No person shall serve as Chairperson during more than three consecutive calendar years. The Chairperson shall continue to serve until his or her successor is elected.

(i) A majority of the current voting membership shall constitute a quorum.

(j) The Secretary of Commerce shall provide clerical and other services as required by the Board."

Section @. (b) G.S. 143B-434.2 reads as rewritten:

"**§ 143B-434.2. Travel and Tourism Policy Act.**

(a) This section shall be known as the Travel and Tourism Policy Act.

(b) The General Assembly of North Carolina finds that:

(1) The State of North Carolina is endowed with great scenic beauty, historical sites, and cultural resources, and with a population whose ethnic diversity and traditions are attractive to visitors.

(2) These resources should be preserved and nurtured, not only because they are appreciated by other Americans and by visitors from other lands, but because they are valued by the State's own residents.

(3) Tourism provides economic well-being by contributing to employment and economic development, generating State revenues and receipts

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for local businesses, and increasing international trade.

(4) Tourism is an educational and informational medium for personal growth which informs residents about their State's geography and history, their political institutions, their cultural resources, and their environment, and about each other.

(5) Tourism instills State pride and a sense of common interest among the people of the State.

(6) Tourism enhances the quality of life and well-being of the State's residents by affording recreation, new experiences, and opportunities for relief from job stress.

(7) Tourism promotes international understanding and goodwill, and contributes to intercultural appreciation.

(8) Tourism engenders appreciation of the State's cultural, architectural, technological, and industrial achievements.

(9) The development and promotion of tourism to and within the State is in the interest of the people of North Carolina.

(10) Tourism should develop in an orderly manner in order to provide the maximum benefit to the State and its residents.

(11) A comprehensive tourism policy is essential if tourism is to grow in an orderly way.

(c) The policy of the State of North Carolina is to:

(1) Encourage the orderly growth and development of travel and tourism to and within the State.

(2) Promote the State's travel and tourism resources to the residents of the State, and to potential visitors from other states and other countries.

(3) Instill a sense of history in the State's young people by encouraging family visits to State historic sites, and by promoting the preservation and restoration of historic sites, trails, buildings, and districts.

(4) Promote the mental, emotional, and physical well-being of the people of North Carolina by encouraging outdoor recreational activities within the State.

(5) Strengthen a sense of common interest among the residents of the State by encouraging them to visit

each other's communities and discover each other's traditions and ways of life.

(6) Increase national and international awareness of the State's cultural contributions by encouraging attendance at orchestral, operatic, dramatic, and other productions by artistic groups performing in the State.

(7) Cultivate the State's commercial interests by encouraging local and county fairs so that visitors may learn about local products and crafts.

(8) Encourage the talents and strengthen the economic independence of State residents by encouraging the preservation of traditional craft skills; the production of handicrafts and folk art by private artisans and craftspeople; and the holding of craft demonstrations.

(9) Provide visitors to the State with a hospitable reception.

(10) Develop and maintain a statewide tourism data base.

(11) Encourage the protection of wildlife and natural resources and the preservation of geological, archaeological, and cultural treasures in tourist areas.

(12) Encourage, assist, and coordinate, where possible, the tourism activities of local and area promotional organizations.

(13) Ensure that the tourism interest of the State is fully considered by State agencies and the General Assembly in their deliberations; and coordinate, to the maximum extent possible, all State activities in support of tourism with the needs of the general public, the political subdivisions of the State, and the tourism industry.

(d) The Department of Commerce, and the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development within that Department, shall implement the policies set forth in this section. The Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development shall make an annual report to the General Assembly regarding the status of the travel and tourism industry in North Carolina; the report shall be submitted to the General Assembly by January 15 of each year beginning January 15, 1992. The duties and responsibilities of the Department of Commerce through the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development shall be to:

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(1) Organize and coordinate programs designed to promote tourism within the State and to the State from other states and foreign countries.
(2) Measure and forecast tourist volume, receipts, and impact, both social and economic.
(3) Develop a comprehensive plan to promote tourism to the State.
(4) Encourage the development of the State's tourism infrastructure, facilities, services, and attractions.
(5) Cooperate with neighboring states and the federal government to promote tourism to the State from other countries.
(6) Develop opportunities for professional education and training in the tourism industry.
(7) Provide advice and technical assistance to local public and private tourism organizations in promoting tourism to the State.
(8) Encourage cooperation between State agencies and private individuals and organizations to advance the State's tourist interests and seek the views of these agencies and the private sector in the development of State tourism programs and policies.
(9) Give leadership to all concerned with tourism in the State.
(10) Perform other functions necessary to the orderly growth and development of tourism.
(11) Develop informational materials for visitors which, among other things, shall:
    a. Describe the State's travel and tourism resources and the State's history, economy, political institutions, cultural resources, outdoor recreational facilities, and principal festivals.
    b. Urge visitors to protect endangered species, natural resources, archaeological artifacts, and cultural treasures.
    c. Instill the ethic of stewardship of the State's natural resources.
(12) Foster an understanding among State residents and civil servants of the economic importance of hospitality and tourism to the State.
(13) Work with local businesses, including banks and hotels, with educational institutions, and with the

United States Travel and Tourism Administration, to provide special services for international visitors, such as currency exchange facilities.

(14) Encourage the reduction of architectural and other barriers which impede travel by physically handicapped persons."

Section @. (c) The Revisor of Statutes shall change the term "Division of Travel and Tourism" to "Division of Tourism, Film, and Sports Development" wherever it appears in the general statutes.

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Attachment B

CODE NO. 2000ENV-H001

Requested by: Representative Baker

REALLOCATE TOWN FORK CREEK FUNDS

Section @. Section 15.11(a) of S.L. 1997-443 as amended by Section 15.3 of S.L. 1999-237 reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, 2001. Those funds are reallocated as follows:

(1) Five hundred four thousand five hundred sixty dollars ($504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) Nine hundred thirty thousand six hundred eighty dollars ($930,680) to the Stokes County Water and Sewer Authority, Inc., for the ~~Madison Connection Project.~~ Walnut Cove/Industrial Site Connection Project.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

Attachment C

CODE NO. 2000COMM-H001

Requested by: Representative Redwine

AUTHORIZATION TO EXPEND REED ACT FUNDS

Section @. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million seventy-eight thousand forty-nine dollars ($2,078,049) for the 2000-2001 fiscal year for automation purposes.

Attachment D

CODE NO. 2000COMM-H005

Requested by: Representative Hunter

AUTHORIZATION TO REALLOCATE PREVIOUSLY APPROPRIATED PETROLEUM OVERCHARGE FUNDS

Section @. Section 16.9A of S.L. 1999-237 reads as rewritten:

"Section 16.9A. Funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation for projects under the State Energy Conservation Plan, the Energy Extension Service Program, or the Institutional Conservation Program may be reallocated by the Department of Commerce to be used for projects under the State Energy Efficiency ~~Programs.~~ Programs and Residential Energy Conservation Assistance Program (RECAP)."

CODE NO. 2000COMM-H010

Requested by: Representative Hunter

PETROLEUM OVERCHARGE FUNDS TO NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE, INC.

Section @. There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) which remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Community Development Initiative, Inc. the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

VISITOR REGISTRATION SHEET

JT APPR. NER — Name of Committee

6/1/2000 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Fain	DOC
Rick Carlisle	"
Nat Mund	Conservation Council of NC
Dewey Botts	DENR
Linda Sewell	DEH
Ellen Murphy	Hunton & Williams
Jerry Hardesty	NC Pork Council
Deborah Lamm	NCCAA
Beckie Street	PPAB
Kathy Sawyer	Commerce
Henry M Lancaster	NCLM
Emily Meeker	CCNC
Alyssa Omwake	Legislative Drafting
Dan Bins	DENR
Angela Overton	NC REAL Enterprises
Johnny Gray	OSBM
J.W. Reel	OSBM
David Herlong	State Planning
John Dorman	OSPL
Amy Fullbright	Hunton & Williams
John Bowdish	Alley Associates
Becky Brown	Labor
Tom Harris	"
Henry Sasser	"
Wanda Taylor	"
Lisa Vinoce	Commerce
Jim Quinn	NC Housing Finance Agency

VISITOR REGISTRATION SHEET

JT. APPR NER
Name of Committee

6/1/2000
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Linda Powell	TDA
Joe McClees	"
Dave Emmett	"
[illegible] Holman	DENR
Jane Smith	DENR
Sherri Evans-Stanton	DENR
Cathy Hardy	DENR
Cathey Cottle	DENR
W. Travis Porter	MTE
CHARLES FRANCIS	Attorney
Edythe McKinney	DENR
Billy Ray Hall	RURAL Center

MINUTES
HOUSE APPROPRIATIONS COMMITTEE
Subcommittee on Natural and Economic Resources

June 6, 2000

The Joint House and Senate Appropriations / Subcommittee on Natural and Economic Resources met on Tuesday, June 6, 2000 in Room 423 of the Legislative Office Building at 8:30 AM. The following House Members were present: Representative Owens, Chairman, Representatives Fox, Warren, Baker, Hunter, Mitchell, Tolson, Warwick and West. Five Senators were present. Jennifer Hoffmann and Jennifer Willis, Fiscal Staff members were in attendance. . A Visitor Registration list is attached and made part of these minutes.

Representative Owens called the meeting to order, and recognized the Pages and the Sergeant-at-Arms.

Representative Owens recognized Jennifer Willis to explain the Special Provisions, June 1, 2000 (Attachment 1). Ms. Willis spoke on the following:

- NER Block Grant Funds and Community Development Block Grant Programs. Rep. Mitchell requested that a special provision be worded "owner occupied homes only".
- Industrial Development Funds
- Petroleum Overcharge Funds Allocation
- DENR to Study/Relocate Division of Coastal Management Office
- DENR – Study of DENR
- ERC Study Recodification of Environmental Statutes
- Agriculture Cost Share/Technical Assistance Funds
- One Stop Permit Assistance Pilot Projects
- Grassroots Science Program Funds
- Environmental Education Grants
- World Trade Center North Carolina Report
- Rural Economic Development Center Funds
- Rural Redevelopment Authority
- Petroleum Overcharge Funds to North Carolina Housing Finance Agency
- Regional Economic Development Commission Allocations
- North Carolina Technological Development Authority, Inc.
- Energy Conservation Projects in State-Owned Buildings
- Division of Tourism, Film, and Sports Development

Ms. Willis continued with her explanation and gave the committee members a handout – Additional Members' Provisions (Attachment 2).

- Stop Town Fork Creek Funds
- Authorization to Expend Reed Act Funds

A question and answer period followed the explanation of the above provisions.

The members were given a handout – One Stop Permit Assistance Pilot Projects (Attachment 3). Ms. Hoffman explained the new language in this material. Deputy Secretary Michael Williams (DENR) was called upon to explain the program. A question and answer period followed.

Ms. Hoffman continued her explanation of the special provisions.

- Transfer Administrative Function and Personnel of the Clean Water Revolving Loan and Grant Fund from the Environmental Health Division to the Division of Water Quality.
- Petroleum Overcharge Funds to North Carolina Community Development Initiative, Inc. (Attachment 4), and Special Provisions Related to Petroleum Overcharge Funds Allocation (Attachment 5). Mr. Lockhart Taylor, Governmental relations Specialist with the NC Employment Security Commission answered questions the members had regarding this provision.
- Block Grant Provisions.

A question and answer period followed the discussion and explanation of the above issues.

Representative Owens asked for a motion for the Special Provisions made by the Committee, with changes, be presented to the Full Chairman.

There being no further business, the Chair adjourned the meeting at 9:50 A.M.

Respectfully submitted,

Representative W. C. Owens, Jr.
Chairman

Judith M. Veorse
Legislative Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources
Tuesday, June 6, 2000
Representative Bill Owens, Presiding

1. **Chairmen's Comments**

2. **Continued Review of NER Draft Special Provisions**

   Jennifer Hoffmann and Jennifer Willis, Analysts
   Fiscal Research Division

3. **Committee Discussion**

4. **Adjourn**

VISITOR REGISTRATION SHEET

JT. APPR. NER — 6/6/00

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joe McCless	TDA
Linda Powell	"
Diane Emmett	"
Stan Fordham	Office of Governor
Jane Smith	DENR
[illegible]	DENR
Mr. Joel Williamson	"
Doug Lassiter	NC Septic Tank Assoc.
Robert Spencer	N.C. Community Action Assn.
Dianne Reasley	DENR - Forestry
Mike Watts	NCPPS

VISITOR REGISTRATION SHEET

J.T. APPR. NER — 6/6/00

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wanda Briggs	Labor
Kathy Ashcroft	Commerce
Thomas Adams	Commerce
CLEVELAND SIMPSON	COMMERCE
Emily Meeker	DENR
Linda Sewell	DEH
Jack Holtzman	NCACDC
Kay Agnew	Commerce
John Bourdeau	Alley Associates
Cathey Cottle	DENR
Cathy Hardy	DENR

VISITOR REGISTRATION SHEET

JT. APPR. Wer

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Amy Fulbright	Hunton & Williams

DRAFT

NER

Special Provisions

June 1, 2000

DRAFT

CODE NO. 2000COMM-H014A

Requested by: Representatives Fox, Owens

NER BLOCK GRANT FUNDS

Section @. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2001, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT	
01. State Administration	1,000,000
02. Urgent Needs and Contingency	1,000,000
03. Scattered Site Housing	10,340,000
04. Economic Development	8,710,000
05. Community Revitalization	13,500,000
06. State Technical Assistance	450,000
07. Housing Development	3,000,000
08. Infrastructure	7,000,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2001 Program Year	$ 45,000,000

Section @. (b) Decreases in Federal Fund Availability. --

Decreases in federal fund availability for the Community Development Block Grants. -- If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

Section @. (c) Increases in Federal Fund Availability for Community Development Block Grant. --

Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: -- Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

Section @. (d) Limitations on Community Development Block Grant Funds. -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be

SP1

allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to ten million three hundred forty thousand dollars ($10,340,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to three million dollars ($3,000,000) may be used for Housing Development; up to seven million dollars ($7,000,000) may be used for infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

Section @. (e) Increase Capacity for Nonprofit Organizations. -- Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

Section @. (f) Future CDBG Proposals. -- In developing future CDBG proposals, the Department of Commerce shall consider ways in which to address the abatement of outhouses in the State.

SP-2

CODE NO. 2000COMM-H003

Requested by: Representatives Fox, Owens

INDUSTRIAL DEVELOPMENT FUNDS

Section @. (a) Funds appropriated to the Department of Commerce in Section 15.1 of S.L. 1998-212 to be used to recruit a large recycling facility, as defined in G.S. 105-129.25, that are unexpended and unencumbered as of June 30, 2000 shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department and shall be used to increase the Industrial Development Fund.

Section @. (b) Funds appropriated to the Department of Commerce in S.L. 1999-237 for the 1999-2000 fiscal year as Job Loss Assistance funds that are unexpended and unencumbered as of June 30, 2000 shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department to be used to increase the Industrial Development Fund.

Section @. (c) This section becomes effective June 30, 2000.

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CODE NO. 2000COMM-H002

Requested by: Representatives Fox, Owens

PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section @. (a) The funds and interest thereon received from the case of the United States vs. Exxon are deposited in the Special Reserve for Oil Overcharge Funds. There is appropriated from the Special Reserve to the Department of Commerce the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year to be used for projects under the State Energy Efficiency Programs.

Section @. (b) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) which remain in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of one million six hundred dollars ($1,600,000) for the 2000-2001 fiscal year to be allocated for the Residential Energy Conservation Assistance Program (RECAP).

Section @. (c) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the allocations made pursuant to subsections (a) and (b) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve for Oil Overcharge Funds.

Section @. (d) The funds and interest thereon received from the Diamond Shamrock Settlement which remain in a reserve in the Office of State Budget and Management for the Department of Commerce to administer the petroleum overcharge funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the Department of Commerce on an as needed basis.

SP-4

CODE NO. 2000LAB-H001

Requested by: Representatives Fox, Owens

REPEAL SECTION OF STATE WAGE AND HOUR ACT CONCERNING YOUTHS WHO MAY DRIVE ON THE JOB TO CONFORM WITH FEDERAL WAGE AND HOUR ACT

Section @. G.S. 95-25.5(l) is repealed.

SP-5

CODE NO. 2000ENV-H002

Requested by: Representatives Fox, Owens

DENR STUDY/RELOCATE DIVISION OF COASTAL MANAGEMENT OFFICE

Section @. The Department of Environment and Natural Resources shall study the feasibility of relocating the main office of the Division of Coastal Management to one or more of the 20 coastal counties within the jurisdiction of the Coastal Area Management Act. In its study, the Department shall consider the cost of relocation, the impact on program efficiency, the availability of office space, and other factors affecting program functions. If the Department determines that relocation of the main office is feasible, then the Department shall include in its report a draft plan for the relocation.

The Department shall report its findings and recommendations to the 2001 General Assembly no later than January 15, 2001.

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CODE NO. 2000ENV-H006

Requested by: Representatives Fox, Owens

DENR STUDY OF DENR

Section @. The Department of Environment and Natural Resources shall continue to evaluate its organization to identify ways to increase efficiency and to retain staff and to identify ways to better serve the public through permit reform and organizational excellence. The Department shall report any recommendations to the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate and to the Environmental Review Commission no later than January 15, 2001.

CODE NO. 2000ENV-H007A

Requested by: Representatives Fox, Owens

ERC STUDY RECODIFICATION OF ENVIRONMENTAL STATUTES

Section @.(a) The Environmental Review Commission shall study the recodification of the General Statutes relating to the environment and environmental agencies.

Section @.(b) Notwithstanding any rule or resolution to the contrary, any proposed legislation to implement any recommendations made by the Environmental Review Commission under subsection (a) of this section may be introduced and considered during any session of the General Assembly.

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CODE NO. 2000ENV-H005

Requested by: Representatives Fox, Owens

AGRICULTURE COST SHARE/TECHNICAL ASSISTANCE FUNDS

Section @. Of the funds appropriated to the Department of Environment and Natural Resources for the Agriculture Cost Share Program for financial assistance funding, the sum of two hundred forty thousand dollars ($240,000) for the 2000-2001 fiscal year shall be used to support cost-share technical assistance in soil and water conservation districts participating in the Agriculture Cost Share Program.

CODE NO. 2000ENV-H004C

Requested by: Representatives Fox, Owens

ONE STOP PERMIT ASSISTANCE PILOT PROJECTS

Section @.(a) The Department of Environment and Natural Resources shall establish a one-stop environmental permit application assistance and tracking system pilot project for one year in two regional offices. As part of the pilot project, the Department shall also ~~each~~ provide to each person who submits an application for an environmental permit to one of the regional offices participating in the project, a time frame within which the applicant may expect a final decision regarding the issuance or denial of the permit. The procedure regulating the time frame estimates and sanction for failing to honor the time frame shall be as set out in subsection (b) of this section.

Section @.(b) Upon receipt of a complete application for an environmental permit, the Department shall provide to the applicant a good faith estimate of the period of time that will be required to process and review the appropriate criteria and documentation and when the Department expects to make the final decision of whether to issue or deny the permit. If an applicant provides to the Department the information and documentation required and requested by the Department and the Department fails to issue or deny the permit within 60 days of the date originally projected by the Department for the final decision of whether to issue or deny the permit, then the permit shall be automatically granted to the applicant, unless otherwise prohibited by law.

Section @.(c) The Department of Environment and Natural Resources shall track the time required to process each complete environmental permit application received as part of the pilot project on or after July 1, 2000. The Department shall compare the time in which the permit was issued or denied with the projected time frame provided to the applicant by the Department as required by this section. The Department shall identify each permit that was issued or denied more that three months after receipt of a complete application by the Department and shall document the reasons for the delayed response.

Section @.(d) The Department shall report to the cochairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the cochairs of the Senate Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division regarding the number of environmental permits that took more than three months to

issue or deny, the types of permits those were, the reasons for the extended processing time of those permits, and how the time within which the permit was actually issued or denied compared with the time frame originally provided by the Department to the applicant. Based on the data gathered in the pilot projects, the Department shall include in its report recommendations regarding permit time frames for all major permits issued by the Department. The Department shall report to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources regarding the results of the pilot project by April 1, 2001.

SP-10a

Transfer Clean Water Revolving Loan and Grant Fund Program Personnel and Functions from the Division of Environmental Health to the Division of Water Quality.

Language Pending

CODE NO. 2000NATRES-H002

Requested by: Representatives Fox, Owens

GRASSROOTS SCIENCE PROGRAM FUNDS

Section @. Section 15.2 of S.L. 1999-237 reads as rewritten:

"Section 15.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million six hundred seventy thousand dollars ($3,670,000) for fiscal year 1999-2000 and the sum of ~~three million four hundred twenty thousand dollars ($3,420,000)~~ two million eight hundred twenty thousand dollars ($2,820,000) for fiscal year 2000-2001 are allocated as grant-in-aid for each fiscal year as follows:

	1999-2000	2000-2001
Aurora Fossil Museum	$64,066	~~$64,066~~ $69,986
Cape Fear Museum	$203,944	~~$203,944~~ $169,288
Catawba Science Center	$179,172	~~$179,172~~ $151,702
Colburn Gem and Mineral Museum, Inc.	$63,942	~~$63,942~~ $69,898
Discovery Place	$776,577	~~$776,577~~ $575,815
Granville County Museum Commission, Inc. - Harris Gallery	$54,420	~~$54,420~~ $63,138
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$210,860	~~$210,860~~ $174,198
Imagination Station	$108,202	~~$108,202~~ $101,319
Iredell County Children's Museum	$56,243	~~$56,243~~ $64,432
Museum of Coastal Carolina	$318,274	~~$68,274~~ $72,973
Natural Science Center of Greensboro	$321,802	~~$321,802~~ $252,959
North Carolina Museum of Life and Science	$465,240	~~$465,240~~ $354,789
Rocky Mount Children's Museum	$98,007	~~$98,007~~ $94,081
Schiele Museum of Natural History	$381,489	~~$381,489~~ $295,332
Sci Works Science Center and Environmental Park of Forsyth County	$247,501	~~$247,501~~ $200,210
Western North Carolina Nature Center	$120,261	~~$120,261~~ $109,880
Total	$3,670,000	~~$3,420,000~~ $2,820,000"

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CODE NO. 2000NATRES-H003

Requested by: Representatives Fox, Owens

ENVIRONMENTAL EDUCATION GRANTS

Section @.(a) Of the one hundred twenty thousand dollars ($120,000) appropriated in this act to the Department of Environment and Natural Resources for the 2000-2001 fiscal year for environmental education grants, up to thirty thousand dollars ($30,000) may be used by the Department for the 2000-2001 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

(1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or

(2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

Section @.(b) The Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2001, and again by July 1, 2001, on the grant program. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

CODE NO. 2000COMM-H006

Requested by: Representatives Fox, Owens

WORLD TRADE CENTER NORTH CAROLINA REPORT

Section @. World Trade Center North Carolina shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;

b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

CODE NO. 2000COMM-H008

Requested by: Representatives Fox, Owens

RURAL ECONOMIC DEVELOPMENT CENTER FUNDS

Section @. Section 16.35.(e) of S.L. 1999-237 reads as rewritten:

"Section 16.35.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand dollars ($5,400,000) for the 1999-2000 fiscal year and the sum of ~~two million four hundred thousand dollars ($2,400,000)~~ three million three hundred twenty-five thousand dollars ($3,325,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $2,450,000 for the 1999-2000 fiscal year and ~~$950,000~~ $1,350,000 for the 2000-2001 fiscal year shall be used for a program to provide supplemental

funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

a. Necessary economic development projects and activities in economically distressed areas;

b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

(4) $1,500,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.

(5) $125,000 for the 2000-2001 fiscal year for the Agricultural Advancement Consortium to be placed in a reserve for expenses associated with the Consortium. The Consortium will facilitate discussions among interested parties and develop recommendations to improve the state's economic development through farming and agricultural interests.

The grant recipients in this section shall be selected on the basis of need."

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CODE NO. 2000COMM-H011

Requested by: Representatives Fox, Owens

RURAL REDEVELOPMENT AUTHORITY

Section @. Of the funds appropriated in this act to the Department of Commerce for the 2000-2001 fiscal year for the North Carolina Rural Redevelopment Authority, the sum of one hundred twenty-five dollars ($125,000) shall be placed in a reserve. The funds shall be released if House Bill 1819, Senate Bill 1516, or a substantially similar bill creating the North Carolina Rural Redevelopment Authority becomes law.

CODE NO. 2000COMM-H009

Requested by: Representatives Fox, Owens

PETROLEUM OVERCHARGE FUNDS TO NORTH CAROLINA HOUSING FINANCE AGENCY

Section @. There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) which remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Housing Finance Agency the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to be allocated for the Housing Trust Fund. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

CODE NO. 2000COMM-H004

Requested by: Representatives Fox, Owens

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section @. Section 16.3. of S.L. 1999-237 reads as rewritten:

"Section 16.3.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 16.3.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each fiscal year,~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection."

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CODE NO. 2000COMM-H007

Requested by: Representatives Fox, Owens

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

Section @.(a) There is transferred from the funds appropriated in S.L. 1999-463, Extra Session, to the Hurricane Floyd Reserve Fund for the purpose of agriculture and fishing disaster assistance to the North Carolina Technological Development Authority, Inc. the sum of ten million dollars ($10,000,000) for the 2000-2001 fiscal year. These funds shall be primarily used to implement an agriculture incubator program in areas of the state affected by Hurricane Floyd. Up to three million five hundred thousand dollars ($3,500,000) of these funds may also be used to support the business incubator and other economic development programs of the Authority.

Section --(b) The Technological Development Authority, Inc., shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 2000COMM-H013

Requested by: Representatives Fox, Owens

ENERGY CONSERVATION PROJECTS IN STATE-OWNED BUILDINGS

Section @. Of the funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation, the Energy Division shall use up to one million dollars ($1,000,000) to begin an energy audit of state-owned buildings and implement audit recommendations. The division shall identify those buildings whose energy costs per square foot are the highest, and shall implement energy conservation projects that substantially reduce energy use and provide an opportunity for savings by reducing energy costs.

CODE NO. 2000COMM-H012

Requested by: Representatives Fox, Owens

DIVISION OF TOURISM, FILM, AND SPORTS DEVELOPMENT

Section @. (a) G.S. 143B-434.1 reads as rewritten:

"§ 143B-434.1. The North Carolina Travel and Tourism Board -- creation, duties, membership.

(a) There is created within the Department of Commerce the North Carolina Travel and Tourism Board. The Secretary of Commerce and the Director of the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development will work with the Board to fulfill the duties and requirements set forth in this section, and to promote the sound development of the travel and tourism industry in North Carolina.

(b) The function and duties of the Board shall be:

(1) To advise the Secretary of Commerce in the formulation of policy and priorities for the promotion and development of travel and tourism in the State.

(2) To advise the Secretary of Commerce in the development of a budget for the Division of ~~Travel and Tourism.~~ Tourism, Film, and Sports Development.

(3) To recommend programs to the Secretary of Commerce that will promote the State as a travel and tourism destination and that will develop travel and tourism opportunities throughout the State.

(4) To advise the Secretary of Commerce every three months as to the effectiveness of agencies with which the Department has contracted for advertising and regarding the selection of an advertising agency that will assist the Department in the promotion of the State as a travel and tourism destination.

(5) To name a three-member subcommittee, with one member from each of the eastern, central, and western regions of the State, to make recommendations to the Secretary of Commerce regarding any revisions in the matching funds tourism grants program, project applications, and criteria for projects that qualify for participation in the program.

(6) To advise the Secretary of Commerce from time to time as to the effectiveness of the overall

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operations of the Division of ~~Travel and Tourism.~~ Tourism, Film, and Sports Development.

(7) To promote the exchange of ideas and information on travel and tourism between State and local governmental agencies, and private organizations and individuals.

(8) To advise the Secretary of Commerce upon any matter that the Secretary, Governor, or Director of the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development may refer to it.

(c) The Board shall consist of 27 members as follows:

(1) The Secretary of Commerce, who shall not be a voting member.

(2) The Director of the Division of ~~Travel and Tourism,~~ Tourism, Film, and Sports Development, who shall not be a voting member.

(3) Two members designated by the Board of Directors of the North Carolina Hotel and Motel Association.

(4) Two members designated by the Board of Directors of the North Carolina Restaurant Association.

(5) Three Directors of Convention and Visitor Bureaus designated by the Board of Directors of the North Carolina Association of Convention and Visitor Bureaus.

(6) The Chairperson of the Travel and Tourism Coalition.

(7) The President of the Travel Council of North Carolina.

(8) A member designated by the Board of Directors of the Travel Council of North Carolina.

(9) The President of North Carolina Citizens for Business and Industry.

(10) One member designated by the North Carolina Petroleum Marketers Association.

(11) One person associated with tourism attractions in North Carolina, appointed by the Speaker of the House of Representatives. One person who is not a member of the General Assembly, appointed by the Speaker of the House of Representatives.

(12) One person associated with the tourism-related transportation industry, appointed by the President Pro Tempore of the Senate. One person who is not a member of the General Assembly, appointed by the President Pro Tempore of the Senate.

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(13) Four public members each interested in matters relating to travel and tourism, two appointed by the Governor (one from a rural area and one from an urban area), one appointed by the Speaker of the House, and one appointed by the President Pro Tempore of the Senate.

(14) One member associated with the major cultural resources and activities of the State in North Carolina, appointed by the Governor.

(15) Two members of the House of Representatives, appointed by the Speaker of the House of Representatives.

(16) Two members of the Senate, appointed by the President Pro Tempore of the Senate.

(d) The members of the Board shall serve the following terms: the Secretary of Commerce, the Director of the Division of ~~Travel and Tourism,~~ Tourism, Film, and Sports Development, the Chairperson of the Travel and Tourism Coalition, the President of the Travel Council of North Carolina, and the President of North Carolina Citizens for Business and Industry shall serve on the Board while they hold their respective offices. Each member of the Board appointed by the Governor shall serve during his or her term of office. The members of the Board appointed by the General Assembly shall serve two-year terms beginning on January 1 of odd-numbered years and ending on December 31 of the following year. The first such term shall begin on January 1, 1991, or as soon thereafter as the member is appointed to the Board, and end on December 31, 1992. All other members of the Board shall serve a term which consists of the portion of calendar year 1991 that remains following their appointment or designation and, thereafter, two-year terms which shall begin on January 1 of an even-numbered year and end on December 31 of the following year. The first such two-year term shall begin on January 1, 1992, and end on December 31, 1994.

(e) No member of the Board, except a member serving by virtue of his or her office, shall serve during more than five consecutive calendar years, except that a member shall continue to serve until his or her successor is appointed.

(f) Appointments to fill vacancies in the membership of the Board that occur due to resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term and shall be made by the same appointing authority that made the initial appointment.

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(g) Board members who are employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. Board members who are legislators shall be reimbursed for travel and subsistence in accordance with G.S. 120-3.1. All other Board members, except those serving pursuant to subdivisions (3) through (10) of subsection (c) of this section, shall receive per diem, subsistence, and travel expenses at the rate set forth in G.S. 138-5. Board members serving pursuant to subdivisions (3) through (10) of subsection (c) of this section shall not receive per diem, subsistence, or travel expenses. The expenses set forth in this section shall be paid by the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development of the Department of Commerce.

(h) At its first meeting in 1991, the Board shall elect one of its voting members to serve as Chairperson during calendar year 1991. At its last regularly scheduled meeting in 1991, and at its last regularly scheduled meeting in each year thereafter, the Board shall elect one of its voting members to serve as Chairperson for the coming calendar year. No person shall serve as Chairperson during more than three consecutive calendar years. The Chairperson shall continue to serve until his or her successor is elected.

(i) A majority of the current voting membership shall constitute a quorum.

(j) The Secretary of Commerce shall provide clerical and other services as required by the Board."

Section @. (b) G.S. 143B-434.2 reads as rewritten:

"**§ 143B-434.2. Travel and Tourism Policy Act.**

(a) This section shall be known as the Travel and Tourism Policy Act.

(b) The General Assembly of North Carolina finds that:

(1) The State of North Carolina is endowed with great scenic beauty, historical sites, and cultural resources, and with a population whose ethnic diversity and traditions are attractive to visitors.

(2) These resources should be preserved and nurtured, not only because they are appreciated by other Americans and by visitors from other lands, but because they are valued by the State's own residents.

(3) Tourism provides economic well-being by contributing to employment and economic development, generating State revenues and receipts

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for local businesses, and increasing international trade.

(4) Tourism is an educational and informational medium for personal growth which informs residents about their State's geography and history, their political institutions, their cultural resources, and their environment, and about each other.

(5) Tourism instills State pride and a sense of common interest among the people of the State.

(6) Tourism enhances the quality of life and well-being of the State's residents by affording recreation, new experiences, and opportunities for relief from job stress.

(7) Tourism promotes international understanding and goodwill, and contributes to intercultural appreciation.

(8) Tourism engenders appreciation of the State's cultural, architectural, technological, and industrial achievements.

(9) The development and promotion of tourism to and within the State is in the interest of the people of North Carolina.

(10) Tourism should develop in an orderly manner in order to provide the maximum benefit to the State and its residents.

(11) A comprehensive tourism policy is essential if tourism is to grow in an orderly way.

(c) The policy of the State of North Carolina is to:

(1) Encourage the orderly growth and development of travel and tourism to and within the State.

(2) Promote the State's travel and tourism resources to the residents of the State, and to potential visitors from other states and other countries.

(3) Instill a sense of history in the State's young people by encouraging family visits to State historic sites, and by promoting the preservation and restoration of historic sites, trails, buildings, and districts.

(4) Promote the mental, emotional, and physical well-being of the people of North Carolina by encouraging outdoor recreational activities within the State.

(5) Strengthen a sense of common interest among the residents of the State by encouraging them to visit

each other's communities and discover each other's traditions and ways of life.

(6) Increase national and international awareness of the State's cultural contributions by encouraging attendance at orchestral, operatic, dramatic, and other productions by artistic groups performing in the State.

(7) Cultivate the State's commercial interests by encouraging local and county fairs so that visitors may learn about local products and crafts.

(8) Encourage the talents and strengthen the economic independence of State residents by encouraging the preservation of traditional craft skills; the production of handicrafts and folk art by private artisans and craftspeople; and the holding of craft demonstrations.

(9) Provide visitors to the State with a hospitable reception.

(10) Develop and maintain a statewide tourism data base.

(11) Encourage the protection of wildlife and natural resources and the preservation of geological, archaeological, and cultural treasures in tourist areas.

(12) Encourage, assist, and coordinate, where possible, the tourism activities of local and area promotional organizations.

(13) Ensure that the tourism interest of the State is fully considered by State agencies and the General Assembly in their deliberations; and coordinate, to the maximum extent possible, all State activities in support of tourism with the needs of the general public, the political subdivisions of the State, and the tourism industry.

(d) The Department of Commerce, and the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development within that Department, shall implement the policies set forth in this section. The Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development shall make an annual report to the General Assembly regarding the status of the travel and tourism industry in North Carolina; the report shall be submitted to the General Assembly by January 15 of each year beginning January 15, 1992. The duties and responsibilities of the Department of Commerce through the Division of ~~Travel and Tourism~~ Tourism, Film, and Sports Development shall be to:

SP-28

(1) Organize and coordinate programs designed to promote tourism within the State and to the State from other states and foreign countries.
(2) Measure and forecast tourist volume, receipts, and impact, both social and economic.
(3) Develop a comprehensive plan to promote tourism to the State.
(4) Encourage the development of the State's tourism infrastructure, facilities, services, and attractions.
(5) Cooperate with neighboring states and the federal government to promote tourism to the State from other countries.
(6) Develop opportunities for professional education and training in the tourism industry.
(7) Provide advice and technical assistance to local public and private tourism organizations in promoting tourism to the State.
(8) Encourage cooperation between State agencies and private individuals and organizations to advance the State's tourist interests and seek the views of these agencies and the private sector in the development of State tourism programs and policies.
(9) Give leadership to all concerned with tourism in the State.
(10) Perform other functions necessary to the orderly growth and development of tourism.
(11) Develop informational materials for visitors which, among other things, shall:
a. Describe the State's travel and tourism resources and the State's history, economy, political institutions, cultural resources, outdoor recreational facilities, and principal festivals.
b. Urge visitors to protect endangered species, natural resources, archaeological artifacts, and cultural treasures.
c. Instill the ethic of stewardship of the State's natural resources.
(12) Foster an understanding among State residents and civil servants of the economic importance of hospitality and tourism to the State.
(13) Work with local businesses, including banks and hotels, with educational institutions, and with the

United States Travel and Tourism Administration, to provide special services for international visitors, such as currency exchange facilities.

(14) Encourage the reduction of architectural and other barriers which impede travel by physically handicapped persons."

Section @. (c) The Revisor of Statutes shall change the term "Division of Travel and Tourism" to "Division of Tourism, Film, and Sports Development" wherever it appears in the general statutes.

SP-30

Additional

Members' Provisions

Distributed on June 1, 2000

CODE NO. 2000ENV-H001

Requested by: Representative Baker

REALLOCATE TOWN FORK CREEK FUNDS

Section @. Section 15.11(a) of S.L. 1997-443 as amended by Section 15.3 of S.L. 1999-237 reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, 2001. Those funds are reallocated as follows:

(1) Five hundred four thousand five hundred sixty dollars ($504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) Nine hundred thirty thousand six hundred eighty dollars ($930,680) to the Stokes County Water and Sewer Authority, Inc., for the ~~Madison Connection Project.~~ Walnut Cove/Industrial Site Connection Project.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

SP-31

CODE NO. 2000COMM-H005

Requested by: Representative Hunter

AUTHORIZATION TO REALLOCATE PREVIOUSLY APPROPRIATED PETROLEUM OVERCHARGE FUNDS

Section @. Section 16.9A of S.L. 1999-237 reads as rewritten:

"Section 16.9A. Funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation for projects under the State Energy Conservation Plan, the Energy Extension Service Program, or the Institutional Conservation Program may be reallocated by the Department of Commerce to be used for projects under the State Energy Efficiency ~~Programs.~~ Programs and Residential Energy Conservation Assistance Program (RECAP)."

SP-32

CODE NO. 2000COMM-H010

Requested by: Representative Hunter

PETROLEUM OVERCHARGE FUNDS TO NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE, INC.

Section @. There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) which remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Community Development Initiative, Inc. the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

CODE NO. 2000COMM-H001

Requested by: Representative Redwine

AUTHORIZATION TO EXPEND REED ACT FUNDS

Section @. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million seventy-eight thousand forty-nine dollars ($2,078,049) for the 2000-2001 fiscal year for automation purposes.

CODE NO. 2000ENV-H004E

Requested by: Representatives Fox, Owens

ONE STOP PERMIT ASSISTANCE PILOT PROJECTS

Section @.(a) The Department of Environment and Natural Resources shall establish a one-stop environmental permit application assistance and tracking system pilot project for one year in at least two regional offices. It is the intent of the General Assembly that the Department expand this pilot program to more than two counties during the 2000-2001 fiscal year if the resources are available to do so and to expand it to a Statewide program as soon as possible after the 2000-2001 fiscal year. As part of the pilot project, the Department shall provide to each person who submits an application for an environmental permit to one of the regional offices participating in the pilot project, a time frame within which that applicant may expect a final decision regarding the issuance or denial of the permit. The procedure regulating the time frame estimates and sanction for failing to honor the time frame shall be as set out in subsections (b) and (c) of this section.

Section @.(b) Upon receipt of a complete application for an environmental permit, the Department of Environment and Natural Resources shall provide to the applicant a good faith estimate of the date by which the Department expects to make the final decision of whether to issue or deny the permit.

Section @.(c) Unless otherwise provided by law, when an applicant has provided to the Department of Environment and Natural Resources the information and documentation required and requested by the Department and the Department fails to issue or deny the permit within 60 days of the date projected by the Department for the final decision of whether to issue or deny the permit, the permit shall be automatically granted to the applicant. This subsection does not apply when an applicant submits a substantial amendment to its application after the Department has provided the applicant the projected time frame as required by this section. This subsection does not apply when an applicant agrees to receive a final decision from the Department more than 60 days from the date projected by the Department under subsection (b) of this section.

Section @.(d) The Department of Environment and Natural Resources shall track the time required to process each complete environmental permit application received on or after July 1, 2000 as part of the pilot project under this section. The

SP-10 amended

Department shall compare the time in which the permit was issued or denied with the projected time frame provided to the applicant by the Department as required by this section. The Department shall identify each permit that was issued or denied more than 90 days after receipt of a complete application by the Department and shall document the reasons for the delayed action.

Section @.(e) The Department of Environment and Natural Resources shall report to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission the number of environmental permits in the pilot project that took more than 90 days to issue or deny, the types of permits those were, the reasons for the extended processing time of those permits, and how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department as required by this section. Based on the data gathered in the pilot project, the Department shall include in its report recommendations regarding permit time frames for all major permits issued by the Department. The Department shall report to both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission regarding the results of the pilot project by April 1, 2001.

Section @.(f) The Department may adopt temporary rules to implement this section.

SP-10(a) amended

CODE NO. 2000ENV-H003C

Requested by: Representatives Fox, Owens

TRANSFER ADMINISTRATIVE FUNCTION AND PERSONNEL OF THE CLEAN WATER REVOLVING LOAN AND GRANT FUND FROM THE ENVIRONMENTAL HEALTH DIVISION TO THE DIVISION OF WATER QUALITY

Section @.(a) All personnel whose primary responsibility is the administration of the Clean Water Revolving Loan and Grant Fund or the administration of the implementation of the provisions of Chapter 159G of the General Statutes, and their support are transferred from the Public Water Supply Section, Division of Environmental Health, Department of Environment and Natural Resources, to the Construction Grants and Loans Section, Division of Water Quality, Department of Environment and Natural Resources. The administration of the Clean Water Revolving Loan and Grant Fund and the administration of the implementation of the provisions of Chapter 159G of the General Statutes are transferred from the Public Water Supply Section, Division of Environmental Health, Department of Environment and Natural Resources, to the Construction Grants and Loans Section, Division of Water Quality, Department of Environment and Natural Resources.

Section @.(b) No later than August 1, 2000, the Department of Environment and Natural Resources shall report the titles of the positions transferred under subsection (a) of this section, the property transferred under subsection (a) of this section, and any other effects, including the costs to continue and support the personnel transferred and any other budgetary effects, of the transfer under subsection (a) of this section to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division.

Section @.(c) To the extent that this section conflicts with the General Statutes, this section applies. No later than January 15, 2001, the Secretary of Environment and Natural Resources shall study and report any recommendations of conforming and other statutory changes related to the implementation of this section to the the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission.

SP-11 amended

CODE NO. 2000COMM-H010

Requested by: Representative Hunter

PETROLEUM OVERCHARGE FUNDS TO NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE, INC.

Section @. There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) which remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Community Development Initiative, Inc. the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

Special Provisions Related to Petroleum Overcharge Funds Allocation

Page Number	Governor or NER Recommendation	Provision Title
SP-4	Governor	Petroleum Overcharge Funds Allocation
SP-18	Reps. Fox & Owens	Petroleum Funds to Housing Finance Agency
SP-22	Reps. Fox & Owens	Energy Conservation Projects in State-Owned Building
SP-32	Rep. Hunter	Authorization to Reallocate Previously Appropriated Petroleum Overcharge Funds
SP-33	Rep. Hunter	Petroleum Funds to NC Community Development Initiative

Summary of Petroleum Overcharge Accounts

	Petroleum Overcharge Accounts	Beginning Balance July 1, 1999	Balance as of April 30,2000	Appropriated to Energy Division	Trust Fund Balance to be Appropriated
1	Exxon	15,832,426	15,910,635	13,897,984	2,012,651
2	Stripper Well	12,520,880	13,149,908	2,346,361	10,803,547
3	OSBM - Diam.Shamrock	1,846,396	1,874,367	100,229	1,774,138
4	Fed. Petrl.Ovrg.Fd	318,523	298,675	137,311	161,364
5	Amoco	70,846	74,403	0	74,403
6	Occidental Settlement	543,688	570,979	0	570,979
	Total	***31,132,759***	***31,878,967***	***16,481,885***	***15,397,082***

Of the $16.48 million appropriated to the Energy Division, $1 million would be redirected to Energy Conservation Projects in State-Owned Buildings.

SP-22 NER Energy Conservation Projects in State-Owned Buildings ($1 million)
SP-32 NER Authorization to Reallocate Previously Appropriated Petroleum Overcharge Fd (no $)

Of the $15.4 million remaining in the Special Reserves for Oil Overcharge Funds, $6.6 million would be appropriated for the following purposes if the NER Committee chooses to fund all three SP.

SP-4 GOV Petroleum Overcharge Funds Allocation ($3.6 million)
SP-18 NER Petroleum Funds to the Housing Finance Agency ($2 million)
SP-33 NER Petroleum Funds to NC Community Development Initiative ($1 million)

pos-c. 2

Prepared by Fiscal Research

Weatherization Authorized Budgets and Actual Expenditures

Sources of Funds	1996-1997 Authorized	1997-1998 Authorized	1998-1999 Authorized	1999-2000 Authorized
Low Income Energy Block Grant	5,161,531	7,468,951	5,246,625	6,521,484
Transfer from State Budget	81,861	76,185	78,414	100,229
Stripper Well Settlement	3,352,648	2,958,088	3,071,032	395,975
US DOE			27,992	27,992
Federal Weatherization Funds	3,393,985	3,882,080	3,555,388	3,146,444
Other	27,037	30,286	29,026	
Total Authorized Revenues	***12,017,062***	***14,415,590***	***12,008,477***	***10,192,124***
Actual Expenditures	***8,135,635***	***9,380,573***	***8,977,069***	***7,595,164***

State Energy Plan Authorized Budgets and Actual Expenditures

Sources of Funds	1997-1998 Authorized	1998-1999 Authorized	1999-2000 Authorized
Exxon	17,262,886	15,977,231	13,897,984
Stripper Well Settlement	1,799,708	2,307,884	1,441,714
Federal Petroleum Overcharge	519,680	505,905	137,311
US DOE	1,348,995	1,233,085	1,783,136
Amoco	14,019		
Other	376,490		221,529
Total Authorized Revenues	***21,321,778***	***20,024,105***	***17,481,674***
Actual Expenditures	***1,974,562***	***2,263,563***	***2,312,713***
Encumbrances	2,872,049	2,810,910	2,041,336

Prepared by Fiscal Research

Minutes

House Appropriations Sub-Committee on

Natural and Economic Resources

June 12, 2000 2:00 p.m.

The House Appropriations Sub-Committee on Natural and Economic Resources met on Monday, June 12, 2000 at 2:00 p.m. in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Rex Baker, Arlie Culp, Frank Mitchell, Carolyn Russell, Joe Tolson, Nurham Warwick and Roger West..

NER MONEY REPORT JUNE 12, 2000

Chairman Stan Fox called the meeting to order. He recognized Ms. Jennifer Willis and Ms. Jennifer Hoffman, Fiscal Research Division, and asked them to go through the NER Money Report (ATTACHMENT I). They reviewed each item on Pages H 1 through H 11, and the following remarks and/or questions were made:

Item 3 - Farmland Preservation Trust Fund. This is a new item and follows the Governor's Recommendation to provided $1,200,000. Language has been added for the acquisition of permanent agricultural conservation easements. $1,000,000 is for the Farmland Preservation Trust Fund, and language needs to be added to show $200,000 will be transferred to Center for Geographic Information and Analysis for mapping and operational support for this program. Staff will need to be authorized to make technical changes to the report.

Item 4 - Specialty Foods Marketing. New item to promote specialty foods business. Food companies have organized the NC Specialty Food Association. It does same type activities as Goodness Grows, but it will focus on specialty foods.

Item 13 - Parks and Recreation Operating Reserve. This is a Governor's recommended reduction. It replaced the cut for the Ergonomics Center in Department of Labor.

Item 16 - Food Sanitation Program. Representative Mitchell received an e-mail from his sanitarian and he talked about going out and checking septic tanks. Ms. Hoffman said the environmental health specialist, at the local level especially in rural counties, does a number of activities not just restaurant inspections. Mr. Malcolm Blalock, DENR's Division of Environmental Health, was recognized. Two schools for environmental specialists are operated twice a year. Representative Owens said the additional $100,000 is for training for food sanitation officers and does not deal with the

environmental health people. Mr. Blalock said the training is for all areas of environmental health and it includes food service as well as childcare, septic tanks and restaurant inspections and on-site wastewater. Ms. Hoffman said the way Item 16 is written it would limit Division of Environmental Health only to training folks on the food sanitation rules and regulations. Representative Culp made a motion to change Food Sanitation Program to Environmental Health Specialist Training, and a vote was taken and it carried.

Item 22 - Smart Growth, Management & Development Issues. Ms. Willis said this is a new item and Representative Baker asked who chairs the Commission. Representative Hackney and Senator Lee chair the Commission to address Smart Growth, Growth Management, and Development Issues.

Item 26 - Welcome Centers. Representative Mitchell asked if we have been over funding this item. Ms. Hoffman said Governor recommended, presumably with department's recommendation, the cut. Kathy Sawyer, Department of Commerce, said department recommended cut to Governor. Representative Culp asked how many Welcome Centers do we have, and Ms. Sawyer does not know but she will find out. Ms. Willis said Welcome Centers are state funded and some of the Visitor Centers are privately funded. Welcome Centers are at interstate entries to our state, and there are seven or eight.

Item 29 - Community Development Initiative. It should read $1,000,000 (not $2,000,000) that is transferred from the Petroleum Oil Overcharge Funds for the Initiative.

CHANGES TO NER MONEY REPORT

Item 9 - Forest Resources Reduce Operating Support. Representative Baker would like to reduce this by $186,307 which is the wage and fringe portion we are cutting out of Forest Resources. It looks like we will have a bad year in the mountains, and he feels it will be a mistake to cut back temporary wages and overtime pay. He would like to see the amount taken out of the Ergonomics Training Center. Representative Mitchell seconded the motion. A vote was taken, and the motion carried.

Representative Owens made a motion to accept the budget with allowing technical amendments as necessary to be made by staff and with the amendment to Item 9. A vote was taken and the motion carried.

NER SPECIAL PROVISIONS JUNE 12, 2000

Ms. Willis and Ms. Hoffman continued with a review of the NER Special Provisions June 12, 2000 (ATTACHMENT II), and the following remarks and/or questions were made:

Page 98-Expand the permissible Uses of a Grant Received for the 1999-2000 Fiscal Year for the Development of a Local Farmers' Market in New Hanover County. Representative Russell asked if this is a special interest thing, and Mr. Maurice Weaver, Department of Agriculture and Consumer Services, said the need for this provision is the fact that New Hanover County was not as far along as the other counties were when they were deciding on their sites and what kind of markets they wanted to create. Representative Mitchell is very concerned about the provision. It says hire a real estate appraiser to help locate property suitable to serve as a site for a local farmers' market in New Hanover County. Representative Mitchell made a motion to strike lines 19 and 20 on page 98. A vote was taken and it carried. Representative Baker asked how many grants were issued out of the $100,000 since New Hanover County got $40,000 of it, and Mr. Weaver does not know but he will find out.

Page 102-Beach Management Plan/Federal Funds. Representative Warwick asked who sponsored the provision, and Representative Owens said Representatives Redwine and Easterling. Representative Baker asked if federal monies become available are we in essence appropriating that match now. Ms. Hoffman said the monies in Section 13.9.(f) would not be monies to the department to do the study or to compile the information. There are separate monies in the event federal funds become available, and the state will find monies for the match. Representative Baker has a problem with authorizing spending of an unlimited amount of money on certain things he believes not to be advantageous. He thinks beach renourishment is a waste of money. Representative Owens asked staff what is possibility of getting federal money, and Ms. Hoffman said the federal government is not appropriating any new federal money for projects that have been started. The only way the state would put money in there is if a Congressional Delegation member got an item in the budget bill. Representative Mitchell made a motion to change the word "shall" on page 104, line 38 to "may." A vote was taken, and the motion carried.

COMMISSIONER OF LABOR HARRY PAYNE, JR.

The Chair called upon Commissioner Harry Payne to address the Ergonomics Research Center issue. Commissioner Payne stated the budget cut comes at a very crucial time in this issue's history. The federal standard will be coming on in a short time before Christmas. This is the part of the center that helps business, and it is not involved in fines, punishment or compliance. There is a desperate need. One out of three people who get hurt on the job does so over this issue. When the federal standard hits it will be swamping everybody's resources to get in compliance. He asked the committee to reconsider the cut. We still remain a state that spends more money as an appropriation on the preservation of salt-water fish than we do worker safety and health through the OSHA program. This has nothing to do with the ergonomic standard. We have over 100 member companies and we do thousands of contacts each year with workplaces trying to keep accidents from occurring.

Representative Baker said he understands there is federal legislation making its way now with the intent of making sure federal government does not get in ergonomics.

Commissioner Payne said several states have started to move on ergonomics. The President has stated he was with the business community on the China policy, and he will take a strong stance on ergonomics. We have done over 100 ergonomics inspections under the general duty clauses. It is hard to explain what the expectations are. In good conscious we ought to have an outreach effort to businesses that desperately want and need the help. We have a sliding scale so smaller businesses that could not afford the kind of expertise involved do not have to pay the full load.

Representative Baker said earlier that we heard earlier testimony from Senators Horton and Weinsten who made a surprise visit to the Ergonomics Resource Center and found a few people out there doing things. Senator Horton's comment was that his examination of the things being done raised some substantial Umstead Act issues with respect to what is being done when competing with private industry and what they are doing. Commissioner Payne said we do consultative services to help businesses get into compliance. He has never heard this raised. Maryland has come down and copied our service, and he has not seen any Umstead Act problems here. IBM will be able to solve its own problems, but Joe's machine shop or a hosiery mill that is small will not be able to afford to make the kind of learning that the new standard and conscious would dictate them to do if they are going to reduce the issue. Ms. Willis said when the Governor's Budget was presented, Commissioner Payne and State Budget had conversations and State Budget came back and substituted the ergonomics recommended reduction with the reduction of Parks Operating Reserve. Commissioner Payne said if the Governor's Budget Office had a fuller understanding of the issue, it would not have taken the cut. He talked at length with Governor Hunt and once the explanation was made, the office moved quickly because of the urgency of the problem particularly with the federal standard coming on.

The chair asked if any member would like to discuss reconsideration of committee's action, and there was no further discussion.

SPECIAL PROVISIONS AMENDMENTS

Representative Baker moved committee adopt the Special Provisions with the adjustments made today. Representative Mitchell sent forth an amendment - Fisheries Development Foundation (ATTACHMENT III), and Chairman Fox said the big chairs discussed this today and this kind of motion is not being allowed. Representative Owens explained that any motion that would have an effect on increased total spending in any subcommittee report beyond the amount recommended by the subcommittee is not in order. Representative Mitchell sent forth another amendment - Limit on Use of Residential Energy Conservation Assistance Program Funds (ATTACHMENT IV). It allows funds available to the Department of Commerce for the Residential Energy Conservation Assistance Program to be used only for the weatherization activities in owner-occupied housing. Kathy Sawyer, Department of Commerce, said a lot of rental properties being winterized would not otherwise be improved. These funds are supposed to be directed to all properties. There are a lot of poor folks who live in low income housing and the owners of the property would not improve the property if not for these

funds. Representative Owens asked as a compromise could we limit it on the value of the home and if home is improved and then sold, some kind of payback might be requested. Ms. Sawyer said she would be wary of putting on a restriction depending on location of home because property values vary depending on location. Representative Mitchell has problem with money going to investor owned property. Representative Owens understands his concerns, but the far-reaching effects of the amendment should be discussed when Bill McNeil, Community Assistance Division, Department of Commerce, and staff can discuss the issue. Ms. Hoffman was recognized and she clarified the special provision only pertains to weatherization activities within the Residential Conservation Assistance Program run by the Energy Division. Representative Russell thinks the amendment is good, but it would be good to study the issue. Representative Owens encouraged the defeat of the amendment and to pass an amendment to come back in January and look at the issue. Representative Culp asked who determines the eligibility, and Ms. Hoffman said the funds are federal and they come with some direction. The funds can only be used if person living in house if low income. $2,500 can be used per house defined by federal government. The Chair called for a vote on the amendment. Five voted for the amendment and six voted against, and the amendment was defeated. Since there was sympathy for the amendment, hopefully we will take some future action regarding it. Representative Owens asked staff direction as to what to do to look into the issue in 2001. Ms. Hoffman stated we could ask Bill Drafting Staff to draft a new special provision of budget bill that would direct the Energy Division to study issue and keep track of number of owner occupied houses versus rental houses where the money is going. Since Department of Commerce has heard committee's concern we can work with Department when it submits the information. Representative Owens made a motion that we allow staff to draw up this provision, and Representative Mitchell asked that there be no increase of funding from that program in meantime to prevent raid on money he sees coming. A vote was taken on Representative Owens' motion, and it carried. Representative Redwine was recognized and he wanted committee to be sure it knew what it was doing because there is other money in budget for other items of weatherization for other organizations so do not destroy that. If you want to cap something with the particular item and Commerce is OK with it, that is fine but he suggested we make sure we are not having an impact somewhere else. Ms. Hoffman said last year the Division of Energy spent $8,900,000 on weatherization. She wants to be sure the committee does not want the division to spend more than $8,900,000, and this is Representative Mitchell's intention. She asked if committee wanted to go back to Petroleum Overcharge Fund's allocation special provision and reduce the amount of money you are appropriating to Energy. Representative Owens does not want to affect other special provisions in the budget. Representative Baker made a motion to accept the NER Special Provisions. A vote was taken the motion carried.

There being no further business, the Chair adjourned the meeting at 3:30 p.m.

Stan Fox

Representative Stan Fox, Co-Chair, Presiding

Mary Capps

Mary Capps, Clerk

Representative Bill Owens, Co-Chair

NER

Money Report

June 12, 2000

House Subcommittee on Natural and Economic Resources

Housing Finance Agency

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$5,300,000

Budget Changes

Housing Finance Agency

1 **Housing Trust Fund**

Transfers $2 million from the Stripper Well Special Reserve for Oil Overcharge Funds to the Housing Finance Agency for the Housing Trust Fund.

	2000-2001
Requirements:	$2,000,000
Receipts:	($2,000,000)
Appropriation:	0

Budget Changes

Total Position Changes

Revised Total Budget **$5,300,000**

Agriculture and Consumer Services

GENERAL FUND

	FY 00-01	
Total Budget Approved 1999 Session	**$54,146,601**	
Budget Changes		
Commissioner's Office		
2 **Local Agricultural Fairs - Grant Funds** Provides funds for local agricultural fairs.	$100,000	NR
3 **Farmland Preservation Trust Fund** Provides funds for the Farmland Preservation Trust Fund for the acquisition of permanent agricultural conservation easements to protect rural lands, particularly in the vicinities of urban growth areas and near waterways and other environmentally sensitive areas.	$1,200,000	NR
Markets		
4 **Specialty Foods Marketing** Provides funds to promote the specialty foods business through trade shows, retail promotions, print materials, and development of an e-commerce web site.	$300,000	NR
Plant Industry		
5 **Gypsy Moth Control Funds** Provides funds to supplement federal funds for the department's program to control the spread of the gypsy moth.	$122,623	NR
Structural Pest Control		
6 **Eliminate Positions** Eliminates one supervisor and three structural pest inspector positions and associated operating support.	($159,698) -4.00	R
Budget Changes	**($159,698)** **$1,722,623**	R NR
Total Position Changes	-4.00	
Revised Total Budget	**$55,709,526**	

Labor

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	**$16,369,251**
Budget Changes	
Department Wide	
7 **Indirect Cost Receipts** Directs the department to budget over-realized indirect cost receipts and reduce General Fund appropriations by an equal amount.	($300,000) R
Budget Changes	**($300,000)** R
Total Position Changes	
Revised Total Budget	**$16,069,251**

Environment and Natural Resources

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$157,700,273

Budget Changes

(2.00) Aquariums

8 **Operating Reserve Reduction** ($1,569,337) R

Reduces operating reserve for the Pine Knoll Shores Aquarium due to reversion of capital funds to the Hurricane Floyd Reserve Fund. Also reduces operating reserve for the Fort Fisher Aquarium due to construction delay. -25.00

(2.00) Forest Resources

9 **Reduce Operating Support** ($662,000) R

Reduces various operating and equipment line items, including computers and software, trucks, temporary wages, and associated personnel costs.

(2.00) Marine Fisheries

10 **Information Technology Funds**

Provides funds from commercial fishing license fees for maintenance costs associated with the Fisheries Information Network (FIN) system. Receipts for information technology initiatives are to be capped at $750,000.

	FY 2000-2001
Requirements:	$750,000
Receipts:	($750,000)
Appropriation:	0

(2.00) Museum of Natural Sciences

11 **Grassroots Science Program**

Provides additional funds for the Grassroots Science Program. $250,000 NR

(2.00) Office of Environmental Education

12 **Environmental Education Grant Funds**

Provides grant funds to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers. $200,000 NR

House Subcommittee on Natural and Economic Resources

(2.00) Parks and Recreation

13	**Parks and Recreation Operating Reserve** Defers increase in the division's continuation budget operating reserve for capital projects due to construction delays.	($100,000)	R

(3.00) Air Quality

14	**Increase Budgeted Receipts** Increase the budgeted amount of program receipts and reduce the division's general fund appropriation by an equal amount. This shifts five positions from General Fund to receipt support.	($200,000) -5.00	R

(3.00) Coastal Management

15	**Reduce Grants** Reduces land-use planning grants to local governments for one more year. The moratorium, in place since July 1, 1999, is expected to continue through June 30, 2001.	($100,000)	NR

(3.00) Environmental Health

16	**Food Sanitation Program** Provides funds for training and continued education to local environmental health specialists to improve the consistency of implementation and enforcement of rules.	$100,000	NR

(5.00) Reserves and Special Funds

17	**Resource Conservation and Development Councils** Provides each of the state's nine Resource Conservation and Development Councils with a $12,000 grant.	$108,000	NR

Budget Changes	**($2,531,337)** **$558,000**	R NR
Total Position Changes	-30.00	
Revised Total Budget	**$155,726,936**	

Commerce

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$43,745,365

Budget Changes

Administration

18 **Eliminate Fund Balance** ($64,329) NR

Eliminates fund balance from department-wide copy office. This centralized office is no longer active.

Business and Industry

19 **Industrial Recruitment Competitive Fund** $1,000,000 NR

Continues support for the Industrial Recruitment Competitive Fund.

Center for Entrepreneurship and Technology

20 **New and Emerging Industries Program** ($100,000) R

Reduces funding for the New and Emerging Industries Program by one third.

N.C. Government Competition Commission

21 **N.C. Government Competition Commission** ($218,000) R

Eliminate funding for the North Carolina Government Competition Commission. The Commission was repealed by Section 18.1 of S.L.1999-395.

Reserves and Transfers

22 **Smart Growth, Management & Development Issues** $150,000 NR

Continues funds for the Commission to Address Smart Growth, Growth Management, and Development Issues.

23 **North Carolina Rural Redevelopment Authority** $250,000 NR

Places funds in a reserve for the start-up costs of the Rural Redevelopment Authority. Funds are contingent upon enactment of House Bill 1819, Senate Bill 1516, or substantially similar legislation. Funds are recommended by the Rural Prosperity Task Force.

House Subcommittee on Natural and Economic Resources

24	**Regional Economic Development Commissions** Increases recurring support for the State's seven regional economic development commissions from $6.075 million to $6.425 million. Also provides a one-time $50,000 increase for FY 2000-2001 for each of the seven commissions.	$350,000 $350,000	R NR

Tourism, Film and Sports Development

25	**Reduce Operating Support** Reduces funding for telephone and postage due to increased use of internet services.	($100,000)	R
26	**Welcome Centers** Reduces budget for supplies and utilities.	($10,000)	R

Workforce Commission

27	**JobReady Implementation Grants and Program Support** Provides funds to continue JobReady implementation grants to 12 partnerships in FY 2000-2001. Also provides funds for 4 program staff positions, previously supported with federal funds, to continue on-going technical assistance to the 77 partnerships statewide.	$289,851 $732,958 4.00	R NR
28	**Reduce Salary Reserve** Reduces salary reserve created when a position moved from General Fund to receipt support.	($25,000)	R

Budget Changes	**$186,851** **$2,418,629**	R NR
Total Position Changes	4.00	
Revised Total Budget	**$46,350,845**	

State Aid to Non-State Entities

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$5,200,000

Budget Changes

Grants-in-Aid

29	**Community Development Initiative** Provides additional funds for the N.C. Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations (CDCs). In addition, $2 million is transferred for FY 2000-2001 from the Stripper Well Special Reserve for Oil Overcharge Funds for the Initiative.	$1,000,000	NR
30	**Technological Development Authority** Provides funds to the N.C. Technological Development Authority for entrepreneurial support and infrastructure, inclucing creating new business incubators, enhancing existing incubators, developing capital formation initiatives and supporting research commercialization programs.	$3,500,000	NR
31	**World Trade Center North Carolina** Provides funds to the World Trade Center North Carolina to support international trade education programs to small and medium-sized businesses.	$200,000	NR

Budget Changes	**$4,700,000**	NR
Total Position Changes		
Revised Total Budget	**$9,900,000**	

N.C. Biotechnology Center

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$7,638,913

Budget Changes

N.C. Biotechnology Center

32	**Agricultural Research Funds** Provides funds for state universities to conduct research into value-added and customized crops. Funds will also be used to attract and establish agricultural biomanufacturing facilities. Funds are recommended by the Rural Prosperity Task Force.	$1,000,000	NR

Budget Changes	**$1,000,000**	**NR**
Total Position Changes		
Revised Total Budget	**$8,638,913**	

Rural Economic Development Center

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$4,257,338

Budget Changes

Grant Programs

33 **Capacity Building Assistance Program** $400,000 NR

Provides funds to support the Capacity Building Assistance Program to pay all or a portion of the costs associated for providing technical and financial assistance for water and sewer projects.

34 **Supplemental Funding Program** $400,000 NR

Provides funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural areas of the state.

Reserves

35 **Agricultural Advancement Consortium** $250,000 NR

Places funds in a reserve for expenses associated with the Agricultural Advancement Consortium. The Consortium will facilitate discussion among state experts to develop recommendations regarding ways to improve the State's econonic development through farming and agricultural interests. Funds are recommended by the Rural Prosperity Task Force.

Budget Changes	**$1,050,000**	**NR**
Total Position Changes		
Revised Total Budget	**$5,307,338**	

Office of Information Technology Services

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$0

Budget Changes

Office of Information Technology Services

36 **North Carolina Information Network (NCIN)**

Provides funds from available cash balances and anticipated federal e-rate funding to continue the North Carolina Information Network at the same level as FY 1999-2000.

	FY 2000-2001
Requirements:	$3,596,000
Receipts:	($3,596,000)
Appropriation:	0

Budget Changes

Total Position Changes

Revised Total Budget **$0**

NER

Special Provisions

June 12, 2000

CODE NO. 2000COMM-H014A-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
NER BLOCK GRANT FUNDS

Section 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2001, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	10,340,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	3,000,000
08.	Infrastructure	7,000,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2001 Program Year		$ 45,000,000

Section 5.1.(b) Decreases in Federal Fund Availability. -- Decreases in federal fund availability for the Community Development Block Grants. -- If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

Section 5.1.(c) Increases in Federal Fund Availability for Community Development Block Grant. -- Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: -- Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

Section 5.1.(d) Limitations on Community Development Block Grant Funds. -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to ten million three hundred forty thousand dollars ($10,340,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to three million dollars ($3,000,000) may be used for Housing Development; up to seven million dollars ($7,000,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or

increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

Section 5.1.(e) Increase Capacity for Nonprofit Organizations. -- Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

Section 5.1.(f) Future CDBG Proposals. -- In developing future CDBG proposals, the Department of Commerce shall consider ways in which to address the abatement of outhouses in the State.

PART XII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

CODE NO. 2000AGRIC-H001-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, McComas
EXPAND THE PERMISSIBLE USES OF A GRANT RECEIVED FOR THE 1999-2000 FISCAL YEAR FOR THE DEVELOPMENT OF A LOCAL FARMERS' MARKET IN NEW HANOVER COUNTY

Section 12.(a) The sum of one hundred thousand dollars ($100,000) was appropriated to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year to provide grants for local farmers' markets. The sum of forty thousand dollars ($40,000) that the Department allocated as a grant for the 1999-2000 fiscal year for the development of a farmers' market in New Hanover County shall not revert and may be used to:

(1) Produce written materials to educate the public and promote the development of a local farmers' market in New Hanover County or to solicit donations for the purchase of property or facilities for a local farmers' market in New Hanover County; or

(2) Hire a real estate appraiser to help locate property suitable to serve as a site for a local farmers' market in New Hanover County.

Section 12.(b) The uses of funds authorized by this section are in addition to other permissible uses of these funds under the guidelines adopted under Section 13.7 of S.L. 1998-212 and any other applicable rule or law.

Section 12.(c) This section becomes effective June 30, 2000.

PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CODE NO. 2000NATRES-H002B-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
GRASSROOTS SCIENCE PROGRAM FUNDS

Section 13. The schedule of allocations of appropriations to the Department of Environment and Natural Resources for the Grassroots Science Program under Section 15.2 of S.L. 1999-237 shall be the same in the 2000-2001 fiscal year as it was for the 1999-2000 fiscal year.

CODE NO. 2000NATRES-H003A-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
ENVIRONMENTAL EDUCATION GRANTS

Section 13.1.(a) Of the two hundred thousand dollars ($200,000) appropriated in this act to the Department of Environment and Natural Resources for the 2000-2001 fiscal year for environmental education grants, up to fifteen percent (15%) may be used by the Department for the 2000-2001 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

(1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or

(2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

Section 13.1.(b) The Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2001, and again by July 1, 2001, on the grant program under this section. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

CODE NO. 2000ENV-H006-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
DENR STUDY OF DENR

Section 13.2. The Department of Environment and Natural Resources shall continue to evaluate its organization to identify ways to increase efficiency and to retain staff and to identify ways to better serve the public through permit reform and organizational excellence. The Department shall report any recommendations to the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate and to the Environmental Review Commission no later than January 15, 2001.

CODE NO. 2000ENV-H002A-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
DENR STUDY/RELOCATE DIVISION OF COASTAL MANAGEMENT OFFICE

Section 13.3. The Department of Environment and Natural Resources shall study the feasibility of relocating the main office of the Division of Coastal Management to one or more of the 20 coastal counties within the jurisdiction of the Coastal Area Management Act. In its study, the Department shall consider the cost of relocation, the impact on program efficiency, the availability of office space, and other factors affecting program functions. If the Department determines that relocation of the main office is feasible, then the Department shall include in its report a draft plan for the relocation.

The Department shall report its findings and recommendations to both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and to the Fiscal Research Division no later than January 15, 2001.

CODE NO. 2000ENV-H007A-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
ERC STUDY RECODIFICATION OF ENVIRONMENTAL STATUTES

Section 13.4.(a) The Environmental Review Commission shall study the recodification of the General Statutes relating to the environment and environmental agencies.

Section 13.4.(b) Notwithstanding any rule or resolution to the contrary, any proposed legislation to implement any recommendations made by the Environmental Review Commission under subsection (a) of this section may be introduced and considered during any session of the General Assembly.

CODE NO. 2000ENV-H001-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Baker
REALLOCATE TOWN FORK CREEK FUNDS

Section 13.5. Section 15.11(a) of S.L. 1997-443, as amended by Section 15.3 of S.L. 1999-237, reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995

Session Laws shall not revert until June 30, 2001. Those funds are reallocated as follows:

(1) Five hundred four thousand five hundred sixty dollars ($504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) Nine hundred thirty thousand six hundred eighty dollars ($930,680) to the Stokes County Water and Sewer Authority, Inc., for the ~~Madison Connection Project.~~ Walnut Cove/Industrial Site Connection Project.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

CODE NO. 2000ENV-H005-P

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

AGRICULTURE COSTSHARE/TECHNICAL ASSISTANCE FUNDS

Section 13.6. Of the funds appropriated to the Department of Environment and Natural Resources for the Agriculture Cost Share Program for Nonpoint Source Pollution Control for financial assistance funding, the sum of two hundred forty thousand dollars ($240,000) for the 2000-2001 fiscal year shall be used to support cost-share technical assistance in soil and water conservation districts participating in the Agriculture Cost Share Program for Nonpoint Source Pollution Control.

CODE NO. 2000ENV-H004F-P

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

ONE STOP PERMIT ASSISTANCE PILOT PROJECTS

Section 13.7.(a) The Department of Environment and Natural Resources shall establish a one-stop environmental permit application assistance and tracking system pilot project for one year in at least two regional offices. It is the intent of the General Assembly that the Department expand this pilot program to more than two regional offices during the 2000-2001 fiscal year if the resources are available to do so and to expand it to a statewide program as soon as possible after the 2000-2001 fiscal year. As part of the pilot project, the Department shall provide to each person who submits an application for an environmental permit to one of the regional offices participating in the pilot project, a time frame within which that applicant may expect a final decision regarding the issuance or denial of the permit. The procedure regulating the time frame estimates and sanction for failing to honor the time frame shall be as set out in subsections (b) and (c) of this section.

Section 13.7.(b) Upon receipt of a complete application for an environmental permit, the Department of Environment and Natural Resources shall provide to the applicant a good faith estimate of the date by which the Department expects to make the final decision of whether to issue or deny the permit.

Section 13.7.(c) Unless otherwise provided by law, when an applicant has provided to the Department of Environment and Natural Resources the information and documentation required and requested by the Department and the Department fails to issue or deny the permit within 60 days of the date projected by the Department for the final decision of whether to issue or deny the permit, the

permit shall be automatically granted to the applicant. This subsection does not apply when an applicant submits a substantial amendment to its application after the Department has provided the applicant the projected time frame as required by this section. This subsection does not apply when an applicant agrees to receive a final decision from the Department more than 60 days from the date projected by the Department under subsection (b) of this section.

Section 13.7.(d) The Department of Environment and Natural Resources shall track the time required to process each complete environmental permit application received on or after July 1, 2000, as part of the pilot project under this section. The Department shall compare the time in which the permit was issued or denied with the projected time frame provided to the applicant by the Department as required by this section. The Department shall identify each permit that was issued or denied more than 90 days after receipt of a complete application by the Department and shall document the reasons for the delayed action.

Section 13.7.(e) The Department of Environment and Natural Resources shall report to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission the number of environmental permits in the pilot project that took more than 90 days to issue or deny, the types of permits those were, the reasons for the extended processing time of those permits, and how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department as required by this section. Based on the data gathered in the pilot project, the Department shall include in its report recommendations regarding permit time frames for all major permits issued by the Department. The Department shall report to both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission regarding the results of the pilot project by April 1, 2001.

Section 13.7.(f) The Department may adopt temporary rules to implement this section.

CODE NO. 2000ENV-H003D-P

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

TRANSFER ADMINISTRATIVE FUNCTION AND PERSONNEL OF THE CLEAN WATER REVOLVING LOAN AND GRANT FUND FROM THE ENVIRONMENTAL HEALTH DIVISION TO THE DIVISION OF WATER QUALITY

Section 13.8.(a) All personnel whose primary responsibility is the administration of the Clean Water Revolving Loan and Grant Fund and all personnel whose primary responsibility is the administration of the implementation of the provisions of Chapter 159G of the General Statutes, and their support, are transferred from the Public Water Supply Section, Division of Environmental Health, Department of Environment and Natural Resources, to the Construction Grants and Loans Section, Division of Water Quality, Department of Environment and Natural Resources. The administration of the Clean Water Revolving Loan and Grant Fund and the administration of the implementation of the provisions of Chapter 159G of the General Statutes are transferred from the Public Water Supply Section, Division of Environmental Health, Department of Environment and Natural Resources to the Construction Grants and Loans Section, Division of Water Quality, Department of Environment and Natural Resources.

Section 13.8.(b) No later than August 1, 2000, the Department of Environment and Natural Resources shall report the titles of the positions transferred under subsection (a) of this section, the property transferred under subsection (a) of

this section, and any other effects, including the costs to continue and support the personnel transferred and any other budgetary effects, of the transfer under subsection (a) of this section to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division.

Section 13.8.(c) To the extent that this section conflicts with the General Statutes, this section applies. No later than January 15, 2001, the Secretary of Environment and Natural Resources shall study and report any recommendations of conforming and other statutory changes related to the implementation of this section to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, to the Fiscal Research Division, and to the Environmental Review Commission.

CODE NO. 2000ENV-H009B-P

Requested by: Representative Redwine, Easterling

BEACH MANAGEMENT PLAN/FEDERAL FUNDS

Section 13.9.(a) The General Assembly makes the following findings:

(1) North Carolina has 320 miles of ocean beach, including some of the most pristine and attractive beaches in the country.

(2) The balance between economic development and quality of life in North Carolina has made our coast one of the most desirable along the Atlantic Seaboard.

(3) North Carolina's beaches are vital to the State's tourism industry.

(4) North Carolina's beaches belong to all the State's citizens and provide recreational and economic benefits to our residents statewide.

(5) Beach erosion can threaten the economic viability of coastal communities and can significantly affect State tax revenues.

(6) The Atlantic Seaboard is vulnerable to hurricanes and other storms, and it is prudent to take precautions such as beach nourishment that protect and conserve the State's beaches and reduce property damage and flooding.

(7) Beach renourishment as an erosion control method provides hurricane flood protection, enhances the attractiveness of beaches to tourists, restores habitat for turtles, shorebirds, and plants, and provides additional public access to beaches.

(8) Federal policy previously favored and assisted voluntary movement of structures threatened by erosion, but this assistance is no longer available.

(9) Relocation of structures threatened by erosion is sometimes the best available remedy for the property owner and is in the public interest.

(10) Public parking and public access areas are needed for use by the general public to enable their enjoyment of North Carolina's beaches.

(11) Acquisition of high erosion hazard property by local or State agencies can reduce risk to citizens and property, reduce costs to insurance policyholders, improve public access to beaches and waterways, and protect the environment.

(12) Beach nourishment projects such as those at Wrightsville Beach and Carolina Beach have been very successful and greatly reduced property damage during Hurricane Fran.

(13) Because local beach communities derive the primary benefits from the presence of adequate beaches, a program of beach management and restoration should not be accomplished without a commitment of local funds to combat the problem of beach erosion.

(14) The State of North Carolina prohibits seawalls and hardening the shoreline to prevent destroying the public's beaches.

(15) Beach nourishment is encouraged by both the Coastal Resources Commission and the U.S. Army Corps of Engineers as a method to control beach erosion.

(16) The Department of Environment and Natural Resources has statutory authority to assist local governments in financing beach nourishment projects and is the sponsor of several federal navigation projects that result in dredging beach-quality sand.

(17) It is declared to be a necessary governmental responsibility to properly manage and protect North Carolina's beaches from erosion and that good planning is needed to assure a cost-effective and equitable approach to beach management and restoration, and that as part of a comprehensive response to beach erosion, sound policies are needed to facilitate the ability of landowners to move threatened structures and to allow public acquisition of appropriate parcels of land for public beach access.

Section 13.9.(b) The Department of Environment and Natural Resources shall compile and evaluate information on the current conditions and erosion rates of beaches, on coastal geology, and on storm and erosion hazards for use in developing a State plan and strategy for beach management and restoration. The Department of Environment and Natural Resources shall make this information available to local governments for use in land-use planning.

Section 13.9.(c) The Department of Environment and Natural Resources shall develop a multiyear beach management and restoration strategy and plan that does all of the following:

(1) Utilizes the data and expertise available in the Divisions of Water Resources, Coastal Management, and Land Resources.

(2) Identifies the erosion rate at each beach community, and estimates the degree of vulnerability to storm and hurricane damage.

(3) Uses the best available geological and geographical information to determine the need for and probable effectiveness of beach nourishment.

(4) Provides for coordination with the U.S. Army Corps of Engineers, the North Carolina Department of Transportation, the North Carolina Division of Emergency Management, and other State and federal agencies concerned with beach management issues.

(5) Provides a status report on all U.S. Army Corps of Engineers' beach protection projects in the planning, construction, or operational stages.

(6) Makes maximum feasible use of suitable sand dredged from navigation channels for beach nourishment to avoid the loss of this resource and to reduce equipment mobilization costs.

(7) Promotes inlet sand bypassing where needed to replicate the natural flow of sand interrupted by inlets.

(8) Provides for geological and environmental assessments to locate suitable materials for beach nourishment.

(9) Considers the regional context of beach communities to determine the most cost-effective approach to beach nourishment.

(10) Provides for and requires adequate public beach access, including handicapped access.

(11) Recommends priorities for State funding for beach nourishment projects, based on the amount of erosion occurring, the potential damage to property and to the economy, the benefits for recreation and tourism, the adequacy of public access, the availability of local government matching funds, the status of project planning, the adequacy of project engineering, the cost-effectiveness of the project, and the environmental impacts.

(12) Includes recommendations on obtaining the maximum available federal financial assistance for beach nourishment.

(13) Is subject to a public hearing to receive citizen input.

Section 13.9.(d) Each plan shall be as complete as resources and available information allow. The Department of Environment and Natural Resources shall revise the plan every two years and shall submit the revised plan to the General Assembly no later than 1 March of each odd-numbered year. The Department may issue a supplement to the plan in even-numbered years if significant new information becomes available.

Section 13.9.(e) The Department of Environment and Natural Resources shall submit the first plan required by this act, no later than May 1, 2001. With the first plan, the Department shall:

(1) Provide to the General Assembly a report on alternative State and local government sources of funding for beach nourishment.

(2) Review State, federal, and local policies on enabling and assisting property owners to move structures that are threatened by imminent erosion damage and shall recommend policies, legislative changes, and actions to make moving structures more feasible for landowners.

(3) Review existing programs for the acquisition and management of public land for beach access areas and open space, including identifying high-hazard, erosion-prone, or unbuildable parcels of land that may be used for this purpose, and shall recommend any policy and legislative changes needed to improve public beach access. The Department shall recommend priorities for land acquisition for public beach access, open space, and hazard-reduction purposes.

Section 13.9.(f) In the event that federal funds become available for planning and developing shore protection projects, the State shall match those funds in accordance with the funding guidelines set out in G.S. 143-215.71.

PART XIV. DEPARTMENT OF COMMERCE

CODE NO. 2000COMM-H005-P

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Hunter

AUTHORIZATION TO REALLOCATE PREVIOUSLY APPROPRIATED PETROLEUM OVERCHARGE FUNDS

Section 14. Section 16.9A of S.L. 1999-237 reads as rewritten:

"Section 16.9A. Funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation for projects under the State Energy Conservation Plan, the Energy Extension Service Program, or the Institutional Conservation Program may be reallocated by the Department of Commerce to be used for projects

under the State Energy Efficiency ~~Programs.~~ Programs and Residential Energy Conservation Assistance Program (RECAP)."

CODE NO. 2000COMM-H013A-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
ENERGY CONSERVATION PROJECTS IN STATE-OWNED BUILDINGS

Section 14.1. Of the funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation, the Energy Division shall use up to one million dollars ($1,000,000) to implement energy conservation projects in State-owned buildings. The Division shall identify those buildings whose energy costs per square foot are the highest and shall implement energy conservation projects that substantially reduce energy use and provide an opportunity for savings by reducing energy costs.

CODE NO. 2000COMM-H002B*
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Hunter
PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section 14.2.(a) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of two million six hundred thousand dollars ($2,600,000) for the 2000-2001 fiscal year to be allocated for the Residential Energy Conservation Assistance Program (RECAP).

Section 14.2.(b) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Housing Finance Agency the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to be allocated for the Housing Trust Fund. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

Section 14.2.(c) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Community Development Initiative, Inc., the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

Section 14.2.(d) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the allocations made pursuant to subsections (a) through (c) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve for Oil Overcharge Funds.

Section 14.2.(e) The funds and interest thereon received from the Diamond Shamrock Settlement that remain in a reserve in the Office of State Budget and Management for the Department of Commerce to administer the petroleum overcharge funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the Department of Commerce on an as-needed basis.

CODE NO. 2000COMM-H001-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
AUTHORIZATION TO EXPEND REED ACT FUNDS

Section 14.3. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States

pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million seventy-eight thousand forty-nine dollars ($2,078,049) for the 2000-2001 fiscal year for automation purposes.

CODE NO. 2000COMM-H017A-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
WORKER TRAINING TRUST FUND APPROPRIATIONS

Section 14.4. Section 16.14 of S.L. 1999-237 reads as rewritten:

"Section 16.14.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 1999-2000 fiscal year for the operation of local offices and the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 2000-2001 fiscal year for the operation of local offices.

Section 16.14.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1999-2000 and the 2000-2001 fiscal years for the following purposes:

(1) $2,400,000 for the 1999-2000 fiscal year and ~~$2,400,000~~ $2,300,000 for the 2000-2001 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) $2,046,000 for the 1999-2000 fiscal year and $1,746,000 for the 2000-2001 fiscal year to the ~~Department of Community Colleges~~ Community Colleges System Office to continue the Focused Industrial Training Program;

(4) $225,000 for the 1999-2000 fiscal year and $225,000 for the 2000-2001 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the ~~Department of Community Colleges~~ Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) $60,000 for the 1999-2000 fiscal year and $60,000 for the 2000-2001 fiscal year to the Office of State Budget and Management to maintain compliance with Chapter 96 of the General Statutes, which directs the Office of State Budget and Management to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; ~~and~~

(7) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor to expand the Apprenticeship Program. It is intended that the appropriation of funds in this subdivision will result in the Department of Labor

serving a benchmark performance level of 10,000 adult and youth apprentices by the year 2000 and maintained or improved ~~thereafter.~~ thereafter; and

(8) $100,000 for the 2000-2001 fiscal year to the Community Colleges System Office for the Hosiery Technology Center.

Section 16.14.(c) The State Treasurer's Office shall deposit the June 2000 interest earnings from the Employment Security Commission Reserve Fund to the Worker Training Trust Fund for the 2000-2001 fiscal year."

CODE NO. 2000COMM-H018-P
Requested by: Representatives Easterling, Redwine
OREGON INLET FUNDS/NONREVERT

Section 14.5.(a) Funds appropriated to the Department of Commerce for the 1999-2000 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department for legal costs associated with the Project.

Section 14.5.(b) This section becomes effective June 30, 2000.

CODE NO. 2000COMM-H003-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
INDUSTRIAL DEVELOPMENT FUNDS

Section 14.6.(a) Funds appropriated to the Department of Commerce in Section 15.1 of S.L. 1998-212 to be used to recruit a large recycling facility, as defined in G.S. 105-129.25, that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department and shall be used to increase the Industrial Development Fund.

Section 14.6.(b) Funds appropriated to the Department of Commerce in S.L. 1999-237 for the 1999-2000 fiscal year as Job Loss Assistance funds that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department to be used to increase the Industrial Development Fund.

Section 14.6.(c) This section becomes effective June 30, 2000.

CODE NO. 2000COMM-H011-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Tolson, Baddour
RURAL REDEVELOPMENT AUTHORITY

Section 14.7. Of the funds appropriated in this act to the Department of Commerce for the 2000-2001 fiscal year for the North Carolina Rural Redevelopment Authority, the sum of two hundred fifty thousand dollars ($250,000) shall be placed in a reserve. The funds shall be released if House Bill 1819, Senate Bill 1516, 1999 General Assembly, or a substantially similar bill creating the North Carolina Rural Redevelopment Authority becomes law.

CODE NO. 2000COMM-H004A-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section 14.8.(a) Section 16.3 of S.L. 1999-237 reads as rewritten:

"Section 16.3.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North

Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 16.3.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each fiscal year;~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection."

Section 14.8.(b) Of the funds appropriated in this act to the Department of Commerce for allocation to regional economic development commissions, the sum of three hundred fifty thousand dollars ($350,000) for the 2000-2001 fiscal year shall be allocated in accordance with Section 16.3 of S.L. 1999-237, as amended by this section.

Section 14.8.(c) Of the funds appropriated in this act to the Department of Commerce for allocation to regional economic development commissions, the sum of three hundred fifty thousand dollars ($350,000) for the 2000-2001 fiscal year shall be allocated equally to the commissions.

CODE NO. 2000COMM-H015-P

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

ECONOMIC DEVELOPMENT COMMISSION FUNDS SECURED

Section 14.9. G.S. 158-12 reads as rewritten:

"**§ 158-12. Fiscal affairs generally; appropriations.**

The commission may accept, receive, and disburse in furtherance of its functions any funds, grants, and services made available by the federal government and its

agencies, the State government and its agencies, any municipalities or counties, and by private and civic sources.

Each municipality or county shall have authority to appropriate funds to any local or regional economic development commission which it may have created. These appropriations may be funded by levy of property taxes pursuant to G.S. 153A-149 and G.S. 160A-209 and by the allocation of other revenues whose use is not otherwise restricted by law.

Any commission created pursuant to this Article may deposit money at interest in any bank, savings and loan association, or trust company in this State in the form of savings accounts, certificates of deposit, or such other forms of time deposits as may be approved for county governments. Investment deposits and money deposited in an official depository or deposited at interest shall be secured in the manner prescribed in G.S. 159-31(b). When deposits are secured in accordance with this section, no public officer or employee may be held liable for any losses sustained by an institution because of the default or insolvency of the depository."

CODE NO. 2000COMM-H016-P

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Smith

EXTEND FUNDING OF THE STUDY COMMISSION ON THE FUTURE OF ELECTRIC SERVICE IN NORTH CAROLINA

Section 14.10. Section 10.1 of S.L. 1997-483, as amended by Section 6.1 of S.L. 1999-395, reads as rewritten:

"Section 10.1. Notwithstanding G.S. 62-302(d), for ~~all expenses during the 1997-98, 1998-99, and 1999-2000 fiscal years of~~ the Study Commission on the Future of Electric Service in North Carolina, established in S.L. 1997-40, as amended by S.L. 1999-122, all expenses incurred through June 30, 2006, shall be reimbursed from funds in the Utilities Commission and Public Staff Fund. There is allocated initially one hundred thousand dollars ($100,000) from the Utilities Commission and Public Staff Fund to the General Assembly for the purpose of enabling the Study Commission on the Future of Electric Service in North Carolina to organize and begin its work. Upon the certification of the need for additional funds by the cochairs of the Study Commission on the Future of Electric Service in North Carolina for the work of the Commission, the Utilities Commission shall transfer the additional funds from the Utilities Commission and Public Staff Fund to the General Assembly for that purpose."

CODE NO. 2000COMM-H007A-P

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

Section 14.11. The Technological Development Authority, Inc., shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000;

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

CODE NO. 2000COMM-H006-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
WORLD TRADE CENTER NORTH CAROLINA REPORT

Section 14.12. World Trade Center North Carolina shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
b. State fiscal year 1999-2000 itemized expenditures and fund sources;
c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

CODE NO. 2000COMM-H008-P
Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
RURAL ECONOMIC DEVELOPMENT CENTER FUNDS

Section 14.13. Section 16.35.(e) of S.L. 1999-237 reads as rewritten:

"Section 16.35.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand dollars ($5,400,000) for the 1999-2000 fiscal year and the sum of ~~two million four hundred thousand dollars ($2,400,000)~~ three million four hundred fifty thousand dollars ($3,450,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:
a. $900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $2,450,000 for the 1999-2000 fiscal year and ~~$950,000~~ $1,350,000 for the 2000-2001 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

a. Necessary economic development projects and activities in economically distressed areas;

b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

(4) $1,500,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.

(5) $250,000 for the 2000-2001 fiscal year for the Agricultural Advancement Consortium to be placed in a reserve for expenses associated with the Consortium. The Consortium will facilitate discussions among interested parties and develop recommendations to improve the state's economic development through farming and agricultural interests.

The grant recipients in this section shall be selected on the basis of need."

CODE NO. 2000COMM-H019

Requested by: Representative Mitchell

FISHERIES DEVELOPMENT FOUNDATION

Section @. Of the funds appropriated in S.L. 1999-463, Extra Session, to the Hurricane Floyd Reserve Fund for the purpose of fishing disaster assistance, the sum of two hundred thousand dollars ($200,000) shall be transferred to the Rural Economic Development Center for the 2000-2001 fiscal year. These funds shall be allocated to the Fisheries Development Foundation for mariculture activities.

CODE NO. 2000COMM-H021

Requested by: Representative Mitchell

LIMIT ON USE OF RESIDENTIAL ENERGY CONSERVATION ASSISTANCE PROGRAM FUNDS

Section @. Funds available to the Department of Commerce for the Residential Energy Conservation Assistance Program (RECAP) shall be used only for weatherization activities in owner-occupied housing.

VISITOR REGISTRATION SHEET

Appropriations Natural & Economic Resources 6/12/00
Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Margaret Matrone	NC Housing Finance Agency
John Bowdish	Alley Associates
David Emmett	NC TDA
Jim Nowell	OSBM
Johnny Gray	OSBM
Denny McGuire	Commerce / ITS
Jane L. Smith	DENR
Ric Flora	WCW
Malcolm Blalock	DENR / DEH
ROGER SHEATS	RURAL CENTER
Lee-Ann Coe	NC Agribusiness Council
BRANDON THOMAS	SEANC
Beth Murphy	Science + Tech. Gov Office
Lockhart Taylor	NC-ESC
Leslie Doney	NC Dept. of Commerce
Sara Singleton	Governor's Office
Dianne Beasley	Forestry
Lori Ann Harris	L Harris / ASCEC.
Becky Brown	Labor
Wanda Taylor	Labor
Janet Cowell	Common Sense Fdtn.
Steve Woodson	NC Farm Bureau Fed
Patricia Smith	Freedom News
Bill Moore	NCJCDL
Richard Rogers	NC DENR
Mark Fleming	NC State University
PG	NCFB
Laura Dahlin	DENR

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — **June 12, 2000**

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Maurice Weaver	NCDA&CS
Travis Parker	MTE
Seth Whitaker	House Approp. Staff
Kathy Sawyer	Commerce
Sherri Evans Stanton	DENR
[illegible]	Allen Associates
[illegible]	Consent Fund [illegible]
Joe M	T.D.A
Angie McMillan	TNC
Susan Markham	EGITS
Jim Johnson	FRD

Senate Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, June 15, 2000 at 8:30 a.m.

MINUTES

The Senate Appropriations Subcommittee on Natural and Economic Resources met on Thursday, June 15 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting. Senator David Weinstein, Vice Chair, presided.

Senator David Weinstein called the meeting to order. He said staff would review the House Section of the NER Budget. Jennifer Willis and Jennifer Hoffmann, Fiscal Research, reviewed the Budget for the Committee. This is Attachment A of these minutes.

The meeting adjourned at 9:30 a.m.

Carolyn M. Gooden, Committee Clerk

Senator David Weinstein, Chairman

Attachment A

Section H: Natural and Economic Resources

Housing Finance Agency

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$5,300,000

Budget Changes

Housing Finance Agency

1 **Housing Trust Fund**

Transfers $2 million from the Stripper Well Special Reserve for Oil Overcharge Funds to the Housing Finance Agency for the Housing Trust Fund [Section 14.2(b)].

	2000-2001
Requirements:	$2,000,000
Receipts:	($2,000,000)
Appropriation:	0

Budget Changes

Total Position Changes

Revised Total Budget **$5,300,000**

Agriculture and Consumer Services

GENERAL FUND

	FY 00-01	
Total Budget Approved 1999 Session	**$54,146,601**	
Budget Changes		
Commissioner's Office		
2 **Local Agricultural Fairs - Grant Funds** Provides funds for local agricultural fairs.	$100,000	NR
3 **Farmland Preservation Trust Fund** Provides funds for the Farmland Preservation Trust Fund for the acquisition of permanent agricultural conservation easements to protect rural lands, particularly in the vicinities of urban growth areas and near waterways and other environmentally sensitive areas. Of these funds, $200,000 is transferred to the Center for Geographic Information and Analysis (CGIA) for mapping and operational support associated with the Trust Fund.	$1,200,000	NR
Markets		
4 **Specialty Foods Marketing** Provides funds to promote the specialty foods business through trade shows, retail promotions, print materials, and development of an e-commerce web site.	$200,000	NR
Plant Industry		
5 **Gypsy Moth Control Funds** Provides funds to supplement federal funds for the department's program to control the spread of the gypsy moth.	$122,623	NR
Structural Pest Control		
6 **Eliminate Positions** Eliminates one supervisor and three structural pest inspector positions and associated operating support.	($159,698) -4.00	R
Budget Changes	**($159,698)** **$1,622,623**	R NR
Total Position Changes	-4.00	
Revised Total Budget	**$55,609,526**	

Labor

GENERAL FUND

	FY 00-01	
Total Budget Approved 1999 Session	$16,369,251	
Budget Changes		
Department Wide		
7 **Indirect Cost Receipts** Directs the department to budget over-realized indirect cost receipts and reduce General Fund appropriations by an equal amount.	($300,000)	R
Budget Changes	**($300,000)**	R
Total Position Changes		
Revised Total Budget	**$16,069,251**	

Environment and Natural Resources

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$157,700,273

Budget Changes

(2.00) Aquariums

8 Operating Reserve Reduction ($1,569,337) R

Reduces operating reserve for the Pine Knoll Shores Aquarium due to reversion of capital funds to the Hurricane Floyd Reserve Fund. Also reduces operating reserve for the Fort Fisher Aquarium due to construction delay. -25.00

(2.00) Forest Resources

9 Reduce Operating Support ($475,693) R

Reduces various operating and equipment line items, including computers, software, and trucks.

(2.00) Marine Fisheries

10 Information Technology Funds

Provides funds from commercial fishing license fees for maintenance costs associated with the Fisheries Information Network (FIN) system. Receipts for information technology initiatives are to be capped at $750,000.

	FY 2000-2001
Requirements:	$750,000
Receipts:	($750,000)
Appropriation:	0

(2.00) Museum of Natural Sciences

11 Grassroots Science Program

Provides additional funds for the Grassroots Science Program (Section 13). $250,000 NR

(2.00) Office of Environmental Education

12 Environmental Education Grant Funds

Provides grant funds to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers (Section 13.1). $200,000 NR

(2.00) Parks and Recreation

13 Parks and Recreation Operating Reserve

Defers increase in the division's continuation budget operating reserve for capital projects due to construction delays.

($100,000) NR

(3.00) Air Quality

14 Increase Budgeted Receipts

Increase the budgeted amount of program receipts and reduce the division's general fund appropriation by an equal amount. This shifts five positions from General Fund to receipt support.

($200,000) R

-5.00

(3.00) Coastal Management

15 Reduce Grants

Reduces land-use planning grants to local governments for one more year. The moratorium, in place since July 1, 1999, is expected to continue through June 30, 2001.

($100,000) NR

(3.00) Environmental Health

16 Environmental Health Specialists Training

Provides funds for training and continued education to local environmental health specialists to improve the consistency of implementation and enforcement of rules.

$100,000 NR

(5.00) Reserves and Special Funds

17 Resource Conservation and Development Councils

Provides each of the state's nine Resource Conservation and Development Councils with a $12,000 grant.

$108,000 NR

Budget Changes	**($2,245,030)**	**R**
	$458,000	**NR**
Total Position Changes	-30.00	
Revised Total Budget	**$155,913,243**	

Commerce

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$43,745,365

Budget Changes

Administration

18 Eliminate Fund Balance — ($64,329) NR

Eliminates fund balance from department-wide copy office. This centralized office is no longer active.

Business and Industry

19 Industrial Recruitment Competitive Fund — $1,000,000 NR

Continues support for the Industrial Recruitment Competitive Fund.

Center for Entrepreneurship and Technology

20 New and Emerging Industries Program — ($100,000) R

Reduces funding for the New and Emerging Industries Program by one third.

N.C. Government Competition Commission

21 N.C. Government Competition Commission — ($218,000) R

Eliminate funding for the North Carolina Government Competition Commission. The Commission was repealed by Section 18.1 of S.L.1999-395.

Reserves and Transfers

22 Smart Growth, Management & Development Issues — $150,000 NR

Continues funds for the Commission to Address Smart Growth, Growth Management, and Development Issues.

23 North Carolina Rural Redevelopment Authority — $250,000 NR

Places funds in a reserve for the start-up costs of the Rural Redevelopment Authority. Funds are contingent upon enactment of House Bill 1819, Senate Bill 1516, or substantially similar legislation. Funds are recommended by the Rural Prosperity Task Force (Section 14.7).

House Subcommittee on Natural and Economic Resources

24	**Regional Economic Development Commissions** Increases recurring support for the State's seven regional economic development commissions from $6.075 million to $6.425 million. Also provides a one-time $50,000 increase for FY 2000-2001 for each of the seven commissions (Section 14.8).	$350,000 $350,000	R NR

Tourism, Film and Sports Development

25	**Reduce Operating Support** Reduces funding for telephone and postage due to increased use of internet services.	($100,000)	R
26	**Welcome Centers** Reduces budget for supplies and utilities.	($10,000)	R

Workforce Commission

27	**JobReady Implementation Grants and Program Support** Provides funds to continue JobReady implementation grants to 12 partnerships in FY 2000-2001. Also provides funds for 4 program staff positions, previously supported with federal funds, to continue on-going technical assistance to the 77 partnerships statewide.	$289,851 $732,958 4.00	R NR
28	**Reduce Salary Reserve** Reduces salary reserve created when a position moved from General Fund to receipt support.	($25,000)	R

Budget Changes	**$186,851** **$2,418,629**	R NR
Total Position Changes	4.00	
Revised Total Budget	**$46,350,845**	

State Aid to Non-State Entities

GENERAL FUND

	FY 00-01	
Total Budget Approved 1999 Session	$5,200,000	
Budget Changes		
Grants-in-Aid		
29 **Community Development Initiative** Provides additional funds for the N.C. Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations (CDCs). In addition, $1 million is transferred for FY 2000-2001 from the Stripper Well Special Reserve for Oil Overcharge Funds for the Initiative [Section 14.2(c)].	$1,000,000	NR
30 **Technological Development Authority** Provides funds to the N.C. Technological Development Authority for entrepreneurial support and infrastructure, inclucing creating new business incubators, enhancing existing incubators, developing capital formation initiatives and supporting research commercialization programs (Section 14.11).	$3,500,000	NR
31 **World Trade Center North Carolina** Provides funds to the World Trade Center North Carolina to support international trade education programs to small and medium-sized businesses (Section 14.12).	$200,000	NR
Budget Changes	**$4,700,000**	NR
Total Position Changes		
Revised Total Budget	**$9,900,000**	

N.C. Biotechnology Center

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$7,638,913
Budget Changes	
N.C. Biotechnology Center	
32 **Agricultural Research Funds** Provides funds for state universities to conduct research into value-added and customized crops. Funds will also be used to attract and establish agricultural biomanufacturing facilities. Funds are recommended by the Rural Prosperity Task Force.	$1,000,000 NR
Budget Changes	**$1,000,000 NR**
Total Position Changes	
Revised Total Budget	**$8,638,913**

Rural Economic Development Center

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$4,257,338

Budget Changes

Grant Programs

33 Capacity Building Assistance Program

Provides funds to support the Capacity Building Assistance Program to pay all or a portion of the costs associated for providing technical and financial assistance for water and sewer projects (Section 14.13). — $400,000 NR

34 Supplemental Funding Program

Provides funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural areas of the state (Section 14.13). — $313,693 NR

Reserves

35 Agricultural Advancement Consortium

Places funds in a reserve for expenses associated with the Agricultural Advancement Consortium. The Consortium will facilitate discussion among state experts to develop recommendations regarding ways to improve the State's econonic development through farming and agricultural interests. Funds are recommended by the Rural Prosperity Task Force (Section 14.13). — $250,000 NR

Budget Changes	**$963,693 NR**
Total Position Changes	
Revised Total Budget	**$5,221,031**

PROVISIONS

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

NER BLOCK GRANT FUNDS

Section 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2001, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	10,340,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	3,000,000
08.	Infrastructure	7,000,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2001 Program Year		$ 45,000,000

Section 5.1.(b) Decreases in Federal Fund Availability. -- Decreases in federal fund availability for the Community Development Block Grants. -- If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

Section 5.1.(c) Increases in Federal Fund Availability for Community Development Block Grant. -- Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: -- Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

Section 5.1.(d) Limitations on Community Development Block Grant Funds. -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to ten million three hundred forty thousand dollars ($10,340,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to three million dollars ($3,000,000) may be used for Housing Development; up to seven million dollars ($7,000,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

Section 5.1.(e) Increase Capacity for Nonprofit Organizations. -- Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

Section 5.1.(f) Future CDBG Proposals. -- In developing future CDBG proposals, the Department of Commerce shall consider ways in which to address the abatement of outhouses in the State.

PART VI. GENERAL FUND AND HIGHWAY FUND AVAILABILITY STATEMENTS

GENERAL FUND AVAILABILITY STATEMENT

Section 6.(a) The General Fund availability used to adjust the 2000-2001 fiscal year budget is shown below:

Budget Reform Statement	FY 2000-2001 ($ million)
Beginning Unreserved Credit Balance	0.0
Tax Revenues - Current Tax Law	13,216.3
Non-Tax Revenues:	
Investment Income	214.0
Judicial Fees	106.7
Disproportionate Share	105.0
Insurance	41.7
Highway Trust Fund Transfer	170.0
Highway Fund Transfer	13.8
Other Non-Tax Revenues	96.3
Subtotal	13,964.0
HB 1854 - 2000 Fee Bill	6.1
Railroad Debt Repayment	11.0
Y2K Reserve Transfer	9.0
Hurricane Fran Reserve Transfer	26.0
HB 1559 IRC Conformity Adjustment	(2.0)
Disproportionate Share Reserve Transfer	1.0
Crime Victims Compensation Fund Reversion	1.0
State/Federal Retirees Administrative Cost Reimbursement	0.1
Federal Retirees Refund Reversion	0.3
TOTAL GENERAL FUND AVAILABILITY	14,016.3

Section 6.(b) Effective June 30, 2000, the Director of the Budget shall transfer from the 11th/12th month carryforward balance in the State Aid to Local School Administrative Units the sum of two hundred forty million dollars ($240,000,000) to a reserve in the Department of State Treasurer. These funds shall be held in reserve for allocation pursuant to a consent order entered in Wake County Superior Court for the Class B plaintiffs in Smith, et al. v. State, 95 CVS 06715 and for all plaintiffs in Shaver, et al. v. State, 98 CVS 00625.

Requested by: Representatives Earle, Nye, Easterling, Redwine

ADOLESCENT PREGNANCY PREVENTION PROGRAMS

Section 11.40. (a) Effective July 1, 2005, Part 6 of Article 5 of Chapter 130A of the General Statutes is repealed.

Section 11.40. (b) Effective July 1, 2000, guidelines for the administration of funds for parenting programs and teen pregnancy prevention shall be the guidelines adopted under Section 3.(b) of this act.

Section 11.40. (c) Projects funded under G.S. 130A-131.15 for the 1999-2000 fiscal year shall continue to receive funding through the five-year funding cycle in accordance with G.S. 130A-131.15.

PART XII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, McComas

EXPAND THE PERMISSIBLE USES OF A GRANT RECEIVED FOR THE 1999-2000 FISCAL YEAR FOR THE DEVELOPMENT OF A LOCAL FARMERS' MARKET IN NEW HANOVER COUNTY

Section 12.(a) The sum of one hundred thousand dollars ($100,000) was appropriated to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year to provide grants for local farmers' markets. The sum of forty thousand dollars ($40,000) that the Department allocated as a grant for the 1999-2000 fiscal year for the development of a farmers' market in New Hanover County shall not revert and may be used to produce written materials to educate the public and promote the development of a local farmers' market in New Hanover County or to solicit donations for the purchase of property or facilities for a local farmers' market in New Hanover County.

Section 12.(b) The uses of funds authorized by this section are in addition to other permissible uses of these funds under the guidelines adopted under Section 13.7 of S.L. 1998-212 and any other applicable rule or law.

Section 12.(c) This section becomes effective June 30, 2000.

PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

GRASSROOTS SCIENCE PROGRAM FUNDS

Section 13. The schedule of allocations of appropriations to the Department of Environment and Natural Resources for the Grassroots Science Program under Section 15.2 of S.L. 1999-237 shall be the same in the 2000-2001 fiscal year as it was for the 1999-2000 fiscal year.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

ENVIRONMENTAL EDUCATION GRANTS

Section 13.1.(a) Of the two hundred thousand dollars ($200,000) appropriated in this act to the Department of Environment and Natural Resources for the 2000-2001 fiscal year for environmental education grants, up to fifteen percent (15%) may be used by the Department for the 2000-2001 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

(1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or

(2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

Section 13.1.(b) The Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2001, and again by July 1, 2001, on the grant program under this section. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

DENR STUDY OF DENR

Section 13.2. The Department of Environment and Natural Resources shall continue to evaluate its organization to identify ways to increase efficiency and to retain staff and to identify ways to better serve the public through permit reform and organizational excellence. The Department shall report any recommendations to the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate and to the Environmental Review Commission no later than January 15, 2001.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

DENR STUDY/RELOCATE DIVISION OF COASTAL MANAGEMENT OFFICE

Section 13.3. The Department of Environment and Natural Resources shall study the feasibility of relocating the main office of the Division of Coastal Management to one or more of the 20 coastal counties within the jurisdiction of the Coastal Area Management Act. In its study, the Department shall consider the cost of relocation, the impact on program efficiency, the availability of office space, and other factors affecting program functions. If the Department determines that relocation of the main office is feasible, then the Department shall include in its report a draft plan for the relocation.

The Department shall report its findings and recommendations to both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and to the Fiscal Research Division no later than January 15, 2001.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

ERC STUDY RECODIFICATION OF ENVIRONMENTAL STATUTES

Section 13.4.(a) The Environmental Review Commission shall study the recodification of the General Statutes relating to the environment and environmental agencies.

Section 13.4.(b) Notwithstanding any rule or resolution to the contrary, any proposed legislation to implement any recommendations made by the Environmental Review Commission under subsection (a) of this section may be introduced and considered during any session of the General Assembly.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Baker

REALLOCATE TOWN FORK CREEK FUNDS

Section 13.5. Section 15.11(a) of S.L. 1997-443, as amended by Section 15.3 of S.L. 1999-237, reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995

Session Laws shall not revert until June 30, 2001. Those funds are reallocated as follows:

(1) Five hundred four thousand five hundred sixty dollars ($504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) Nine hundred thirty thousand six hundred eighty dollars ($930,680) to the Stokes County Water and Sewer Authority, Inc., for the ~~Madison Connection Project.~~ Walnut Cove/Industrial Site Connection Project.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

AGRICULTURE COST SHARE/TECHNICAL ASSISTANCE FUNDS

Section 13.6. Of the funds appropriated to the Department of Environment and Natural Resources for the Agriculture Cost Share Program for Nonpoint Source Pollution Control for financial assistance funding, the sum of two hundred forty thousand dollars ($240,000) for the 2000-2001 fiscal year shall be used to support cost-share technical assistance in soil and water conservation districts participating in the Agriculture Cost Share Program for Nonpoint Source Pollution Control.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

ONE STOP PERMIT ASSISTANCE PILOT PROJECTS

Section 13.7.(a) The Department of Environment and Natural Resources shall establish a one-stop environmental permit application assistance and tracking system pilot project for one year in at least two regional offices. It is the intent of the General Assembly that the Department expand this pilot program to more than two regional offices during the 2000-2001 fiscal year if the resources are available to do so and to expand it to a statewide program as soon as possible after the 2000-2001 fiscal year. As part of the pilot project, the Department shall provide to each person who submits an application for an environmental permit to one of the regional offices participating in the pilot project, a time frame within which that applicant may expect a final decision regarding the issuance or denial of the permit. The procedure regulating the time frame estimates and sanction for failing to honor the time frame shall be as set out in subsections (b) and (c) of this section.

Section 13.7.(b) Upon receipt of a complete application for an environmental permit, the Department of Environment and Natural Resources shall provide to the applicant a good faith estimate of the date by which the Department expects to make the final decision of whether to issue or deny the permit.

Section 13.7.(c) Unless otherwise provided by law, when an applicant has provided to the Department of Environment and Natural Resources the information and documentation required and requested by the Department and the Department fails to issue or deny the permit within 60 days of the date projected by the Department for the final decision of whether to issue or deny the permit, the permit shall be automatically granted to the applicant. This subsection does not apply when an applicant submits a substantial amendment to its application after the

Department has provided the applicant the projected time frame as required by this section. This subsection does not apply when an applicant agrees to receive a final decision from the Department more than 60 days from the date projected by the Department under subsection (b) of this section.

Section 13.7.(d) The Department of Environment and Natural Resources shall track the time required to process each complete environmental permit application received on or after July 1, 2000, as part of the pilot project under this section. The Department shall compare the time in which the permit was issued or denied with the projected time frame provided to the applicant by the Department as required by this section. The Department shall identify each permit that was issued or denied more than 90 days after receipt of a complete application by the Department and shall document the reasons for the delayed action.

Section 13.7.(e) The Department of Environment and Natural Resources shall report to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission the number of environmental permits in the pilot project that took more than 90 days to issue or deny, the types of permits those were, the reasons for the extended processing time of those permits, and how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department as required by this section. Based on the data gathered in the pilot project, the Department shall include in its report recommendations regarding permit time frames for all major permits issued by the Department. The Department shall report to both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission regarding the results of the pilot project by April 1, 2001.

Section 13.7.(f) The Department may adopt temporary rules to implement this section.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

TRANSFER ADMINISTRATIVE FUNCTION AND PERSONNEL OF THE CLEAN WATER REVOLVING LOAN AND GRANT FUND FROM THE ENVIRONMENTAL HEALTH DIVISION TO THE DIVISION OF WATER QUALITY

Section 13.8.(a) All personnel whose primary responsibility is the administration of the Clean Water Revolving Loan and Grant Fund and all personnel whose primary responsibility is the administration of the implementation of the provisions of Chapter 159G of the General Statutes, and their support, are transferred from the Public Water Supply Section, Division of Environmental Health, Department of Environment and Natural Resources, to the Construction Grants and Loans Section, Division of Water Quality, Department of Environment and Natural Resources. The administration of the Clean Water Revolving Loan and Grant Fund and the administration of the implementation of the provisions of Chapter 159G of the General Statutes are transferred from the Public Water Supply Section, Division of Environmental Health, Department of Environment and Natural Resources to the Construction Grants and Loans Section, Division of Water Quality, Department of Environment and Natural Resources.

Section 13.8.(b) No later than August 1, 2000, the Department of Environment and Natural Resources shall report the titles of the positions transferred under subsection (a) of this section, the property transferred under subsection (a) of this section, and any other effects, including the costs to continue and support the personnel transferred and any other budgetary effects, of the transfer under subsection (a) of this section to the Cochairs of both the House of Representatives

and the Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division.

Section 13.8.(c) To the extent that this section conflicts with the General Statutes, this section applies. No later than January 15, 2001, the Secretary of Environment and Natural Resources shall study and report any recommendations of conforming and other statutory changes related to the implementation of this section to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, to the Fiscal Research Division, and to the Environmental Review Commission.

Requested by: Representatives Owens, Warren, Redwine, Easterling

BEACH MANAGEMENT PLAN/FEDERAL FUNDS

Section 13.9.(a) The General Assembly makes the following findings:

(1) North Carolina has 320 miles of ocean beach, including some of the most pristine and attractive beaches in the country.

(2) The balance between economic development and quality of life in North Carolina has made our coast one of the most desirable along the Atlantic Seaboard.

(3) North Carolina's beaches are vital to the State's tourism industry.

(4) North Carolina's beaches belong to all the State's citizens and provide recreational and economic benefits to our residents statewide.

(5) Beach erosion can threaten the economic viability of coastal communities and can significantly affect State tax revenues.

(6) The Atlantic Seaboard is vulnerable to hurricanes and other storms, and it is prudent to take precautions such as beach nourishment that protect and conserve the State's beaches and reduce property damage and flooding.

(7) Beach renourishment as an erosion control method provides hurricane flood protection, enhances the attractiveness of beaches to tourists, restores habitat for turtles, shorebirds, and plants, and provides additional public access to beaches.

(8) Federal policy previously favored and assisted voluntary movement of structures threatened by erosion, but this assistance is no longer available.

(9) Relocation of structures threatened by erosion is sometimes the best available remedy for the property owner and is in the public interest.

(10) Public parking and public access areas are needed for use by the general public to enable their enjoyment of North Carolina's beaches.

(11) Acquisition of high erosion hazard property by local or State agencies can reduce risk to citizens and property, reduce costs to insurance policyholders, improve public access to beaches and waterways, and protect the environment.

(12) Beach nourishment projects such as those at Wrightsville Beach and Carolina Beach have been very successful and greatly reduced property damage during Hurricane Fran.

(13) Because local beach communities derive the primary benefits from the presence of adequate beaches, a program of beach management and restoration should not be accomplished without a commitment of local funds to combat the problem of beach erosion.

(14) The State of North Carolina prohibits seawalls and hardening the shoreline to prevent destroying the public's beaches.

(15) Beach nourishment is encouraged by both the Coastal Resources Commission and the U.S. Army Corps of Engineers as a method to control beach erosion.

(16) The Department of Environment and Natural Resources has statutory authority to assist local governments in financing beach nourishment projects and is the sponsor of several federal navigation projects that result in dredging beach-quality sand.

(17) It is declared to be a necessary governmental responsibility to properly manage and protect North Carolina's beaches from erosion and that good planning is needed to assure a cost-effective and equitable approach to beach management and restoration, and that as part of a comprehensive response to beach erosion, sound policies are needed to facilitate the ability of landowners to move threatened structures and to allow public acquisition of appropriate parcels of land for public beach access.

Section 13.9.(b) The Department of Environment and Natural Resources shall compile and evaluate information on the current conditions and erosion rates of beaches, on coastal geology, and on storm and erosion hazards for use in developing a State plan and strategy for beach management and restoration. The Department of Environment and Natural Resources shall make this information available to local governments for use in land-use planning.

Section 13.9.(c) The Department of Environment and Natural Resources shall develop a multiyear beach management and restoration strategy and plan that does all of the following:

(1) Utilizes the data and expertise available in the Divisions of Water Resources, Coastal Management, and Land Resources.

(2) Identifies the erosion rate at each beach community and estimates the degree of vulnerability to storm and hurricane damage.

(3) Uses the best available geological and geographical information to determine the need for and probable effectiveness of beach nourishment.

(4) Provides for coordination with the U.S. Army Corps of Engineers, the North Carolina Department of Transportation, the North Carolina Division of Emergency Management, and other State and federal agencies concerned with beach management issues.

(5) Provides a status report on all U.S. Army Corps of Engineers' beach protection projects in the planning, construction, or operational stages.

(6) Makes maximum feasible use of suitable sand dredged from navigation channels for beach nourishment to avoid the loss of this resource and to reduce equipment mobilization costs.

(7) Promotes inlet sand bypassing where needed to replicate the natural flow of sand interrupted by inlets.

(8) Provides for geological and environmental assessments to locate suitable materials for beach nourishment.

(9) Considers the regional context of beach communities to determine the most cost-effective approach to beach nourishment.

(10) Provides for and requires adequate public beach access, including handicapped access.

(11) Recommends priorities for State funding for beach nourishment projects, based on the amount of erosion occurring, the potential

damage to property and to the economy, the benefits for recreation and tourism, the adequacy of public access, the availability of local government matching funds, the status of project planning, the adequacy of project engineering, the cost-effectiveness of the project, and the environmental impacts.

(12) Includes recommendations on obtaining the maximum available federal financial assistance for beach nourishment.

(13) Is subject to a public hearing to receive citizen input.

Section 13.9.(d) Each plan shall be as complete as resources and available information allow. The Department of Environment and Natural Resources shall revise the plan every two years and shall submit the revised plan to the General Assembly no later than 1 March of each odd-numbered year. The Department may issue a supplement to the plan in even-numbered years if significant new information becomes available.

Section 13.9.(e) The Department of Environment and Natural Resources shall submit the first plan required by this act, no later than May 1, 2001. With the first plan, the Department shall:

(1) Provide to the General Assembly a report on alternative State and local government sources of funding for beach nourishment.

(2) Review State, federal, and local policies on enabling and assisting property owners to move structures that are threatened by imminent erosion damage and shall recommend policies, legislative changes, and actions to make moving structures more feasible for landowners.

(3) Review existing programs for the acquisition and management of public land for beach access areas and open space, including identifying high-hazard, erosion-prone, or unbuildable parcels of land that may be used for this purpose, and shall recommend any policy and legislative changes needed to improve public beach access. The Department shall recommend priorities for land acquisition for public beach access, open space, and hazard-reduction purposes.

Section 13.9.(f) In the event that federal funds become available for planning and developing shore protection projects, the State may match those funds in accordance with the funding guidelines set out in G.S. 143-215.71.

PART XIV. DEPARTMENT OF COMMERCE

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Hunter

AUTHORIZATION TO REALLOCATE PREVIOUSLY APPROPRIATED PETROLEUM OVERCHARGE FUNDS

Section 14. Section 16.9A of S.L. 1999-237 reads as rewritten:

"Section 16.9A. Funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation for projects under the State Energy Conservation Plan, the Energy Extension Service Program, or the Institutional Conservation Program may be reallocated by the Department of Commerce to be used for projects under the State Energy Efficiency ~~Programs.~~ Programs and Residential Energy Conservation Assistance Program (RECAP)."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

ENERGY CONSERVATION PROJECTS IN STATE-OWNED BUILDINGS

Section 14.1. Of the funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation, the Energy Division shall use up to one million dollars ($1,000,000) to implement energy conservation projects in State-owned buildings. The Division shall identify those buildings whose energy costs per square foot are the highest and shall implement energy conservation projects that substantially reduce energy use and provide an opportunity for savings by reducing energy costs.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Hunter

PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section 14.2.(a) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of two million six hundred thousand dollars ($2,600,000) for the 2000-2001 fiscal year to be allocated for the Residential Energy Conservation Assistance Program (RECAP).

Section 14.2.(b) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Housing Finance Agency the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to be allocated for the Housing Trust Fund. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

Section 14.2.(c) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Community Development Initiative, Inc., the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

Section 14.2.(d) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the allocations made pursuant to subsections (a) through (c) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve for Oil Overcharge Funds.

Section 14.2.(e) The funds and interest thereon received from the Diamond Shamrock Settlement that remain in a reserve in the Office of State Budget and Management for the Department of Commerce to administer the petroleum overcharge funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the Department of Commerce on an as-needed basis.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

AUTHORIZATION TO EXPEND REED ACT FUNDS

Section 14.3. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million seventy-eight thousand forty-nine dollars ($2,078,049) for the 2000-2001 fiscal year for automation purposes.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

WORKER TRAINING TRUST FUND APPROPRIATIONS

Section 14.4. Section 16.14 of S.L. 1999-237 reads as rewritten:

"Section 16.14.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 1999-2000 fiscal year for the operation of local offices and the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 2000-2001 fiscal year for the operation of local offices.

Section 16.14.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1999-2000 and the 2000-2001 fiscal years for the following purposes:

(1) $2,400,000 for the 1999-2000 fiscal year and ~~$2,400,000~~ $2,300,000 for the 2000-2001 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) $2,046,000 for the 1999-2000 fiscal year and $1,746,000 for the 2000-2001 fiscal year to the ~~Department of Community Colleges~~ Community Colleges System Office to continue the Focused Industrial Training Program;

(4) $225,000 for the 1999-2000 fiscal year and $225,000 for the 2000-2001 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the ~~Department of Community Colleges~~ Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) $60,000 for the 1999-2000 fiscal year and $60,000 for the 2000-2001 fiscal year to the Office of State Budget and Management to maintain compliance with Chapter 96 of the General Statutes, which directs the Office of State Budget and Management to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; ~~and~~

(7) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor to expand the Apprenticeship Program. It is intended that the appropriation of funds in this subdivision will result in the Department of Labor serving a benchmark performance level of 10,000 adult and youth apprentices by the year 2000 and maintained or improved ~~thereafter.~~ thereafter; and

(8) $100,000 for the 2000-2001 fiscal year to the Community Colleges System Office for the Hosiery Technology Center.

Section 16.14.(c) The State Treasurer's Office shall deposit the June 2000 interest earnings from the Employment Security Commission Reserve Fund to the Worker Training Trust Fund for the 2000-2001 fiscal year."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
OREGON INLET FUNDS/NONREVERT

Section 14.5.(a) Funds appropriated to the Department of Commerce for the 1999-2000 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department for legal costs associated with the Project.

Section 14.5.(b) This section becomes effective June 30, 2000.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
INDUSTRIAL DEVELOPMENT FUNDS

Section 14.6.(a) Funds appropriated to the Department of Commerce in Section 15.1 of S.L. 1998-212 to be used to recruit a large recycling facility, as defined in G.S. 105-129.25, that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department and shall be used to increase the Industrial Development Fund.

Section 14.6.(b) Funds appropriated to the Department of Commerce in S.L. 1999-237 for the 1999-2000 fiscal year as Job Loss Assistance funds that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department to be used to increase the Industrial Development Fund.

Section 14.6.(c) This section becomes effective June 30, 2000.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Tolson, Baddour
RURAL REDEVELOPMENT AUTHORITY

Section 14.7. Of the funds appropriated in this act to the Department of Commerce for the 2000-2001 fiscal year for the North Carolina Rural Redevelopment Authority, the sum of two hundred fifty thousand dollars ($250,000) shall be placed in a reserve. The funds shall be released if House Bill 1819 or Senate Bill 1516, 1999 General Assembly, or a substantially similar bill creating the North Carolina Rural Redevelopment Authority becomes law.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section 14.8.(a) Section 16.3 of S.L. 1999-237 reads as rewritten:

"Section 16.3.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 16.3.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used

in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each fiscal year,~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection."

Section 14.8.(b) Of the funds appropriated in this act to the Department of Commerce for allocation to regional economic development commissions, the sum of three hundred fifty thousand dollars ($350,000) for the 2000-2001 fiscal year shall be allocated in accordance with Section 16.3 of S.L. 1999-237, as amended by this section.

Section 14.8.(c) Of the funds appropriated in this act to the Department of Commerce for allocation to regional economic development commissions, the sum of three hundred fifty thousand dollars ($350,000) for the 2000-2001 fiscal year shall be allocated equally to the commissions.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

ECONOMIC DEVELOPMENT COMMISSION FUNDS SECURED

Section 14.9. G.S. 158-12 reads as rewritten:

"**§ 158-12. Fiscal affairs generally; appropriations.**

The commission may accept, receive, and disburse in furtherance of its functions any funds, grants, and services made available by the federal government and its agencies, the State government and its agencies, any municipalities or counties, and by private and civic sources.

Each municipality or county shall have authority to appropriate funds to any local or regional economic development commission which it may have created. These appropriations may be funded by levy of property taxes pursuant to G.S. 153A-149 and G.S. 160A-209 and by the allocation of other revenues whose use is not otherwise restricted by law.

Any commission created pursuant to this Article may deposit money at interest in any bank, savings and loan association, or trust company in this State in the form of savings accounts, certificates of deposit, or such other forms of time deposits as may be approved for county governments. Investment deposits and money deposited in an official depository or deposited at interest shall be secured in the manner prescribed in G.S. 159-31(b). When deposits are secured in accordance with this section, no public officer or employee may be held liable for any losses sustained by an institution because of the default or insolvency of the depository."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Smith
EXTEND FUNDING OF THE STUDY COMMISSION ON THE FUTURE OF ELECTRIC SERVICE IN NORTH CAROLINA

Section 14.10. Section 10.1 of S.L. 1997-483, as amended by Section 6.1 of S.L. 1999-395, reads as rewritten:

"Section 10.1. Notwithstanding G.S. 62-302(d), for ~~all expenses during the 1997-98, 1998-99, and 1999-2000 fiscal years of~~ the Study Commission on the Future of Electric Service in North Carolina, established in S.L. 1997-40, as amended by S.L. 1999-122, all expenses incurred through June 30, 2006, shall be reimbursed from funds in the Utilities Commission and Public Staff Fund. There is allocated initially one hundred thousand dollars ($100,000) from the Utilities Commission and Public Staff Fund to the General Assembly for the purpose of enabling the Study Commission on the Future of Electric Service in North Carolina to organize and begin its work. Upon the certification of the need for additional funds by the cochairs of the Study Commission on the Future of Electric Service in North Carolina for the work of the Commission, the Utilities Commission shall transfer the additional funds from the Utilities Commission and Public Staff Fund to the General Assembly for that purpose."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

Section 14.11. The Technological Development Authority, Inc., shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;
   c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000;
   d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine
WORLD TRADE CENTER NORTH CAROLINA REPORT

Section 14.12. World Trade Center North Carolina shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
   b. State fiscal year 1999-2000 itemized expenditures and fund sources;

c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and

d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine

RURAL ECONOMIC DEVELOPMENT CENTER FUNDS

Section 14.13. Section 16.35.(e) of S.L. 1999-237 reads as rewritten:

"Section 16.35.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand dollars ($5,400,000) for the 1999-2000 fiscal year and the sum of ~~two million four hundred thousand dollars ($2,400,000)~~ three million three hundred thousand sixty-three six hundred ninety-three dollars ($3,363,693) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $2,450,000 for the 1999-2000 fiscal year and ~~$950,000~~ $1,263,693 for the 2000-2001 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

a. Necessary economic development projects and activities in economically distressed areas;

b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure

pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

(4) $1,500,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.

(5) $250,000 for the 2000-2001 fiscal year for the Agricultural Advancement Consortium to be placed in a reserve for expenses associated with the Consortium. The Consortium will facilitate discussions among interested parties and develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this section shall be selected on the basis of need."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Mitchell

ENERGY DIVISION STUDY OF RESIDENTIAL ENERGY CONSERVATION ASSISTANCE PROGRAM

Section 14.14.(a) The Energy Division of the Department of Commerce shall for the 1998-1999 fiscal year and the 1999-2000 fiscal year determine by county the number of owner-occupied houses that were allocated funds from the Residential Energy Conservation Assistance Program (RECAP) and the amount of funds that were allocated by county.

Section 14.14.(b) The Energy Division of the Department of Commerce shall for the 1998-1999 fiscal year and the 1999-2000 fiscal year determine by county the number of rental houses that were allocated funds from the Residential Energy Conservation Assistance Program (RECAP) and the amount of funds that were allocated by county.

Section 14.14.(c) The Division shall report its findings to the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by January 15, 2001.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Mitchell

CAP ON RESIDENTIAL ENERGY CONSERVATION ASSISTANCE PROGRAM SPENDING

Section 14.15. The amount spent by the Energy Division of the Department of Commerce for weatherization activities in the Residential Energy Conservation Assistance Program (RECAP) in the 2000-2001 fiscal year shall not exceed eight million nine hundred seventy-seven thousand sixty-nine dollars ($8,977,069). This amount equals that spent by the Energy Division on RECAP in the 1998-1999 fiscal year.

PART XV. JUDICIAL DEPARTMENT

Requested by: Representatives Culpepper, Kinney, [illegible]

VISITOR REGISTRATION SHEET

NER — 6-15-00

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Deborah Lamm	NCCAA
Roberta Spencer	NCCAA
Becky Brown	DOL
R Hoger	DENR
Lyn Aycock	Commerce
Kathy Sawyer	✓
Jane Smith	DENR

Senate Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, June 20, 2000 at 8:30 a.m.

MINUTES

The Senate Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, June 20 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting. Senator David Weinstein, Vice Chair, presided.

Senator David Weinstein called the meeting to order. The Chairman said the Committee would review the NER Budget beginning with the money report. Jennifer Willis and Jennifer Hoffmann, Fiscal Research, explained Senate NER Subcommittee Money Report. This is Attachment A of these minutes.

Jennifer Willis and Jennifer Hoffmann, Fiscal Research, continued their presentation with the Special Provisions package. This is Attachment B of these minutes. Senator Horton questioned the SP 13.2. He requested that the language used last Session for the NER Subcommittee to study DENR be restored and to reflect in this Special Provision. The Chairman so noted.

Mr. Maurice Weaver, Department of Agriculture, asked the Committee to consider making a change in item number 6 in the proposed budget for the Department of Agriculture. This request is in Attachment A of these minutes. The Chairman said the Committee would take this under consideration.

The meeting adjourned at 9:20 a.m.

Carolyn M. Gooden, Committee Clerk

Senator David Weinstein, Chairman

Attachment A

Senate NER Subcommittee

Money Report

June 20, 2000

Senate Subcommittee on Natural and Economic Resources

Housing Finance Agency

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$5,300,000

Budget Changes

Housing Finance Agency

1 **Housing Trust Fund** — $3,000,000 NR

Provides $3 million in General Fund money to the Housing Finance Agency for the Housing Trust Fund. Also transfers $2 million from the Stripper Well Special Reserve for Oil Overcharge Funds. [Section 14.2(b)].

	2000-2001
Requirements:	$5,000,000
Receipts:	($2,000,000)
Appropriation:	$3,000,000

Budget Changes	**$3,000,000**	**NR**
Total Position Changes		
Revised Total Budget	**$8,300,000**	

Agriculture and Consumer Services

GENERAL FUND

	FY 00-01	
Total Budget Approved 1999 Session	$54,146,601	
Budget Changes		
Commissioner's Office		
2 **Farmland Preservation Trust Fund** Provides funds for the Farmland Preservation Trust Fund for the acquisition of permanent agricultural conservation easements to protect rural lands, particularly in the vicinities of urban growth areas and near waterways and other environmentally sensitive areas. Of these funds, $200,000 is transferred to the Center for Geographic Information and Analysis (CGIA) for mapping and operational support associated with the Trust Fund.	$2,000,000	NR
3 **Local Agricultural Fairs - Grant Funds** Provides funds for local agricultural fairs.	$100,000	NR
Markets		
4 **Specialty Foods Marketing** Provides funds to promote the specialty foods business through trade shows, retail promotions, print materials, and development of an e-commerce web site.	$300,000	NR
Plant Industry		
5 **Gypsy Moth Control Funds** Provides funds to supplement federal funds for the department's program to control the spread of the gypsy moth.	$122,623	NR
Structural Pest Control		
6 **Eliminate Positions** Eliminates one supervisor and three structural pest inspector positions and associated operating support.	($159,698) -4.00	R
Budget Changes	**($159,698)** **$2,522,623**	R NR
Total Position Changes	-4.00	
Revised Total Budget	**$56,509,526**	

Labor

GENERAL FUND

	FY 00-01	
Total Budget Approved 1999 Session	$16,369,251	
Budget Changes		
Department Wide		
7 **Indirect Cost Receipts** Directs the department to budget over-realized indirect cost receipts and reduce General Fund appropriations by an equal amount.	($300,000)	R
Budget Changes	**($300,000)**	R
Total Position Changes		
Revised Total Budget	**$16,069,251**	

Environment and Natural Resources

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$157,700,273

Budget Changes

(2.00) Aquariums

8 **Operating Reserve Reduction** ($1,569,337) R

Reduces operating reserve for the Pine Knoll Shores Aquarium due to reversion of capital funds to the Hurricane Floyd Reserve Fund. Also reduces operating reserve for the Fort Fisher Aquarium due to construction delay. -25.00

(2.00) Forest Resources

9 **Reduce Operating Support** ($662,000) R

Reduces various operating and equipment line items, including computers and software, trucks, temporary wages, and associated personnel costs.

(2.00) Marine Fisheries

10 **Information Technology Funds**

Provides funds from commercial fishing license fees for maintenance costs associated with the Fisheries Information Network (FIN) system. Receipts for information technology initiatives are to be capped at $750,000.

	FY 2000-2001
Requirements:	$750,000
Receipts:	($750,000)
Appropriation:	0

(2.00) Museum of Natural Sciences

11 **Grassroots Science Program**

Provides additional funds for the Grassroots Science Program (Section 13). $250,000 NR

(2.00) Office of Environmental Education

12 **Environmental Education Grant Funds**

Provides grant funds to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers (Section 13.1). $200,000 NR

(2.00) Parks and Recreation

13 **Parks and Recreation Operating Reserve**
Defers increase in the division's continuation budget operating reserve for capital projects due to construction delays. ($100,000) NR

(3.00) Air Quality

14 **Increase Budgeted Receipts** ($200,000) R
Increase the budgeted amount of program receipts and reduce the division's general fund appropriation by an equal amount. This shifts five positions from General Fund to receipt support. -5.00

(3.00) Coastal Management

15 **Reduce Grants**
Reduces land-use planning grants to local governments for one more year. The moratorium, in place since July 1, 1999, is expected to continue through June 30, 2001. ($100,000) NR

(3.00) Environmental Health

16 **Environmental Health Specialists Training**
Provides funds for training and continued education to local environmental health specialists to improve the consistency of implementation and enforcement of rules. $100,000 NR

(5.00) Reserves and Special Funds

17 **Resource Conservation and Development Councils**
Provides each of the state's nine Resource Conservation and Development Councils with a $25,000 grant. $225,000 NR

Budget Changes	**($2,431,337)**	R
	$575,000	NR
Total Position Changes	-30.00	
Revised Total Budget	**$155,843,936**	

Commerce

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$43,745,365

Budget Changes

Administration

18 **Eliminate Fund Balance** ($64,329) NR

Eliminates fund balance from department-wide copy office. This centralized office is no longer active.

Business and Industry

19 **Industrial Recruitment Competitive Fund** $2,000,000 NR

Continues support for the Industrial Recruitment Competitive Fund.

Center for Entrepreneurship and Technology

20 **New and Emerging Industries Program** ($100,000) R

Reduces funding for the New and Emerging Industries Program by one third.

N.C. Government Competition Commission

21 **N.C. Government Competition Commission** ($218,000) R

Eliminate funding for the North Carolina Government Competition Commission. The Commission was repealed by Section 18.1 of S.L.1999-395.

Reserves and Transfers

22 **Smart Growth, Management & Development Issues** $150,000 NR

Continues funds for the Commission to Address Smart Growth, Growth Management, and Development Issues.

23 **Regional Economic Development Commissions** $350,000 R
$350,000 NR

Increases recurring support for the State's seven regional economic development commissions from $6.075 million to $6.425 million. Also provides a one-time $50,000 increase for FY 2000-2001 for each of the seven commissions (Section 14.8).

24 **North Carolina Rural Redevelopment Authority** $250,000 NR

Places funds in a reserve for the start-up costs of the Rural Redevelopment Authority. Funds are contingent upon enactment of House Bill 1819, Senate Bill 1516, or substantially similar legislation. Funds are recommended by the Rural Prosperity Task Force (Section 14.7).

Senate Subcommittee on Natural and Economic Resources

Tourism, Film, and Sports Development

25	**Rural Tourism Development Grant Funds** Provides funds for the Rural Tourism Development Grant Program to encourage the development of new tourism projects and activities in the rural areas of the state.	$300,000	NR
26	**Reduce Operating Support** Reduces funding for telephone and postage due to increased use of internet services.	($100,000)	R
27	**Welcome Centers** Reduces budget for supplies and utilities.	($10,000)	R

Workforce Commission

28	**Reduce Salary Reserve** Reduces salary reserve created when a position moved from General Fund to receipt support.	($25,000)	R

Budget Changes	**($103,000)**	R
	$2,985,671	NR
Total Position Changes		
Revised Total Budget	**$46,628,036**	

State Aid to Non-State Entities

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$5,200,000
Budget Changes	
Grants-in-Aid	
29 **Community Development Initiative** Provides additional funds for the N.C. Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations (CDCs). In addition, $1 million is transferred for FY 2000-2001 from the Stripper Well Special Reserve for Oil Overcharge Funds for the Initiative [Section 14.2(c)].	$1,000,000 NR
30 **Technological Development Authority** Provides funds to the N.C. Technological Development Authority for entrepreneurial support and infrastructure, inclucing creating new business incubators, enhancing existing incubators, developing capital formation initiatives and supporting research commercialization programs (Section 14.11).	$3,500,000 NR
31 **World Trade Center North Carolina** Provides funds to the World Trade Center North Carolina to support international trade education programs to small and medium-sized businesses (Section 14.12).	$200,000 NR
Budget Changes	**$4,700,000 NR**
Total Position Changes	
Revised Total Budget	**$9,900,000**

N.C. Biotechnology Center

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	**$7,638,913**
Budget Changes	
N.C. Biotechnology Center	
32 **Agricultural Research Funds** Provides funds for state universities to conduct research into value-added and customized crops. Funds will also be used to attract and establish agricultural biomanufacturing facilities. Funds are recommended by the Rural Prosperity Task Force.	$1,000,000 **NR**
Budget Changes	**$1,000,000** **NR**
Total Position Changes	
Revised Total Budget	**$8,638,913**

Rural Economic Development Center

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	$4,257,338

Budget Changes

Grant Programs

33 Capacity Building Assistance Program

Provides funds to support the Capacity Building Assistance Program to pay all or a portion of the costs associated for providing technical and financial assistance for water and sewer projects (Section 14.13). $400,000 NR

34 Supplemental Funding Program

Provides funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural areas of the state (Section 14.13). $400,000 NR

35 Research and Demonstration Grants Program

Provides funds to support the Research and Demonstration Grants Program. $600,000 NR

Reserves

36 Agricultural Advancement Consortium

Places funds in a reserve for expenses associated with the Agricultural Advancement Consortium. The Consortium will facilitate discussion among state experts to develop recommendations regarding ways to improve the State's econonic development through farming and agricultural interests. Funds are recommended by the Rural Prosperity Task Force (Section 14.13). $250,000 NR

Budget Changes	**$1,650,000**	**NR**
Total Position Changes		
Revised Total Budget	**$5,907,338**	

Attachment B

CODE NO. 2000NER-H5.1 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
NER BLOCK GRANT FUNDS

Section 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2001, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	10,340,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	3,000,000
08.	Infrastructure	7,000,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2001 Program Year		$ 45,000,000

Section 5.1.(b) Decreases in Federal Fund Availability. -- Decreases in federal fund availability for the Community Development Block Grants. -- If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

Section 5.1.(c) Increases in Federal Fund Availability for Community Development Block Grant. -- Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: -- Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

Section 5.1.(d) Limitations on Community Development Block Grant Funds. -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to ten million three hundred forty thousand dollars ($10,340,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to three million dollars ($3,000,000) may be used for Housing Development; up to seven million dollars ($7,000,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

Section 5.1.(e) Increase Capacity for Nonprofit Organizations. -- Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

Section 5.1.(f) Future CDBG Proposals. -- In developing future CDBG proposals, the Department of Commerce shall consider ways in which to address the abatement of outhouses in the State.

PART XII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

CODE NO. 2000NER-H12 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Jordan
EXPAND THE PERMISSIBLE USES OF A GRANT RECEIVED FOR THE 1999-2000 FISCAL YEAR FOR THE DEVELOPMENT OF A LOCAL FARMERS' MARKET IN NEW HANOVER COUNTY

Section 12.(a) The sum of one hundred thousand dollars ($100,000) was appropriated to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year to provide grants for local farmers' markets. The sum of forty thousand dollars ($40,000) that the Department allocated as a grant for the 1999-2000 fiscal year for the development of a farmers' market in New Hanover County shall not revert and may be used to produce written materials to educate the public and promote the development of a local farmers' market in New Hanover County or to solicit donations for the purchase of property or facilities for a local farmers' market in New Hanover County.

Section 12.(b) The uses of funds authorized by this section are in addition to other permissible uses of these funds under the guidelines adopted under Section 13.7 of S.L. 1998-212 and any other applicable rule or law.

Section 12.(c) This section becomes effective June 30, 2000.

CODE NO. 2000AGRIC-S001
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Phillips
FARMLAND PRESERVATION

Section 12.1. Notwithstanding the provisions of G.S. 106-744(b), funds appropriated in this act to the Department of Agriculture and Consumer Services for the Farmland Preservation Trust Fund for the 2000-2001 fiscal year shall be used for the purchase of agricultural conservation easements that are perpetual in duration and which shall not be reconveyed under any circumstances.

PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CODE NO. 2000NER-H13 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
GRASSROOTS SCIENCE PROGRAM FUNDS

Section 13. The schedule of allocations of appropriations to the Department of Environment and Natural Resources for the Grassroots Science Program under Section 15.2 of S.L. 1999-237 shall be the same in the 2000-2001 fiscal year as it was for the 1999-2000 fiscal year.

CODE NO. 2000NER-H13.1 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
ENVIRONMENTAL EDUCATION GRANTS

Section 13.1.(a) Of the two hundred thousand dollars ($200,000) appropriated in this act to the Department of Environment and Natural Resources for the 2000-2001 fiscal year for environmental education grants, up to fifteen percent (15%) may be used by the Department for the 2000-2001 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

(1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or

(2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

Section 13.1.(b) The Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2001, and again by July 1, 2001, on the grant program under this section. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

CODE NO. 2000NER-H13.2 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
DENR STUDY OF DENR

Section 13.2. The Department of Environment and Natural Resources shall continue to evaluate its organization to identify ways to increase efficiency and to retain staff and to identify ways to better serve the public through permit reform and organizational excellence. The Department shall report any recommendations to the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate and to the Environmental Review Commission no later than January 15, 2001.

CODE NO. 2000NER-H13.3 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
DENR STUDY/RELOCATE DIVISION OF COASTAL MANAGEMENT OFFICE

Section 13.3. The Department of Environment and Natural Resources shall study the feasibility of relocating the main office of the Division of Coastal Management to one or more of the 20 coastal counties within the jurisdiction of the Coastal Area Management Act. In its study, the Department shall consider the cost of relocation, the impact on program efficiency, the availability of office space, and other factors affecting program functions. If the Department determines that relocation of the main office is feasible, then the Department shall include in its report a draft plan for the relocation.

The Department shall report its findings and recommendations to both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and to the Fiscal Research Division no later than January 15, 2001.

CODE NO. 2000ENV-S004A
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
ERC STUDY RECODIFICATION OF ENVIRONMENTAL STATUTES

Section 13.4. The Environmental Review Commission shall study the recodification of the General Statutes relating to the environment and environmental agencies. This recodification shall make no substantive changes to the current statutes relating to the environment and environmental agencies.

CODE NO. 2000NER-H13.5 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
REALLOCATE TOWN FORK CREEK FUNDS

Section 13.5. Section 15.11(a) of S.L. 1997-443, as amended by Section 15.3 of S.L. 1999-237, reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, 2001. Those funds are reallocated as follows:

(1) Five hundred four thousand five hundred sixty dollars ($504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) Nine hundred thirty thousand six hundred eighty dollars ($930,680) to the Stokes County Water and Sewer Authority, Inc., for the ~~Madison Connection Project.~~ Walnut Cove/Industrial Site Connection Project.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

CODE NO. 2000NER-H13.6 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Albertson

AGRICULTURE COST SHARE/TECHNICAL ASSISTANCE FUNDS

Section 13.6. Of the funds appropriated to the Department of Environment and Natural Resources for the Agriculture Cost Share Program for Nonpoint Source Pollution Control for financial assistance funding, the sum of two hundred forty thousand dollars ($240,000) for the 2000-2001 fiscal year shall be used to support cost-share technical assistance in soil and water conservation districts participating in the Agriculture Cost Share Program for Nonpoint Source Pollution Control.

CODE NO. 2000NER-H13.7 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

ONE STOP PERMIT ASSISTANCE PILOT PROJECTS

Section 13.7.(a) The Department of Environment and Natural Resources shall establish a one-stop environmental permit application assistance and tracking system pilot project for one year in at least two regional offices. It is the intent of the General Assembly that the Department expand this pilot program to more than two regional offices during the 2000-2001 fiscal year if the resources are available to do so and to expand it to a statewide program as soon as possible after the 2000-2001 fiscal year. As part of the pilot project, the Department shall provide to each person who submits an application for an environmental permit to one of the regional offices participating in the pilot project, a time frame within which that applicant may expect a final decision regarding the issuance or denial of the permit. The procedure regulating the time frame estimates and sanction for failing to honor the time frame shall be as set out in subsections (b) and (c) of this section.

Section 13.7.(b) Upon receipt of a complete application for an environmental permit, the Department of Environment and Natural Resources shall provide to the applicant a good faith estimate of the date by which the Department expects to make the final decision of whether to issue or deny the permit.

Section 13.7.(c) Unless otherwise provided by law, when an applicant has provided to the Department of Environment and Natural Resources the information and documentation required and requested by the Department and the Department fails to issue or deny the permit within 60 days of the date projected by the Department for the final decision of whether to issue or deny the permit, the permit shall be automatically granted to the applicant. This subsection does not apply when an applicant submits a substantial amendment to its application after the Department has provided the applicant the projected time frame as required by this section. This subsection does not apply when an applicant agrees to receive a final decision from the Department more than 60 days from the date projected by the Department under subsection (b) of this section.

Section 13.7.(d) The Department of Environment and Natural Resources shall track the time required to process each complete environmental permit application received on or after July 1, 2000, as part of the pilot project under this section. The Department shall compare the time in which the permit was issued or denied with the projected time frame provided to the applicant by the Department as required by this section. The Department shall identify each permit that was issued or denied more than 90 days after receipt of a complete application by the Department and shall document the reasons for the delayed action.

Section 13.7.(e) The Department of Environment and Natural Resources shall report to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission the number of environmental permits in the pilot project that took more than 90 days to issue or deny, the types of permits those were, the reasons for the extended processing time of those permits, and how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department as required by this section. Based on the data gathered in the pilot project, the Department shall include in its report recommendations regarding permit time frames for all major permits issued by the Department. The Department shall report to both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission regarding the results of the pilot project by April 1, 2001.

Section 13.7.(f) The Department may adopt temporary rules to implement this section.

CODE NO. 2000NER-H13.8 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

TRANSFER ADMINISTRATIVE FUNCTION AND PERSONNEL OF THE CLEAN WATER REVOLVING LOAN AND GRANT FUND FROM THE ENVIRONMENTAL HEALTH DIVISION TO THE DIVISION OF WATER QUALITY

Section 13.8.(a) All personnel whose primary responsibility is the administration of the Clean Water Revolving Loan and Grant Fund and all personnel whose primary responsibility is the administration of the implementation of the provisions of Chapter 159G of the General Statutes, and their support, are transferred from the Public Water Supply Section, Division of Environmental Health, Department of Environment and Natural Resources, to the Construction Grants and Loans Section, Division of Water Quality, Department of Environment and Natural Resources. The administration of the Clean Water Revolving Loan and Grant Fund and the administration of the implementation of the provisions of Chapter 159G of the General Statutes are transferred from the Public Water Supply Section, Division of Environmental Health, Department of Environment and Natural Resources to the

Construction Grants and Loans Section, Division of Water Quality, Department of Environment and Natural Resources.

Section 13.8.(b) No later than August 1, 2000, the Department of Environment and Natural Resources shall report the titles of the positions transferred under subsection (a) of this section, the property transferred under subsection (a) of this section, and any other effects, including the costs to continue and support the personnel transferred and any other budgetary effects, of the transfer under subsection (a) of this section to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division.

Section 13.8.(c) To the extent that this section conflicts with the General Statutes, this section applies. No later than January 15, 2001, the Secretary of Environment and Natural Resources shall study and report any recommendations of conforming and other statutory changes related to the implementation of this section to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, to the Fiscal Research Division, and to the Environmental Review Commission.

CODE NO. 2000NER-H13.9 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

BEACH MANAGEMENT PLAN/FEDERAL FUNDS

Section 13.9.(a) The General Assembly makes the following findings:

(1) North Carolina has 320 miles of ocean beach, including some of the most pristine and attractive beaches in the country.

(2) The balance between economic development and quality of life in North Carolina has made our coast one of the most desirable along the Atlantic Seaboard.

(3) North Carolina's beaches are vital to the State's tourism industry.

(4) North Carolina's beaches belong to all the State's citizens and provide recreational and economic benefits to our residents statewide.

(5) Beach erosion can threaten the economic viability of coastal communities and can significantly affect State tax revenues.

(6) The Atlantic Seaboard is vulnerable to hurricanes and other storms, and it is prudent to take precautions such as beach nourishment that protect and conserve the State's beaches and reduce property damage and flooding.

(7) Beach renourishment as an erosion control method provides hurricane flood protection, enhances the attractiveness of beaches to tourists, restores habitat for turtles, shorebirds, and plants, and provides additional public access to beaches.

(8) Federal policy previously favored and assisted voluntary movement of structures threatened by erosion, but this assistance is no longer available.

(9) Relocation of structures threatened by erosion is sometimes the best available remedy for the property owner and is in the public interest.

(10) Public parking and public access areas are needed for use by the general public to enable their enjoyment of North Carolina's beaches.

(11) Acquisition of high erosion hazard property by local or State agencies can reduce risk to citizens and property, reduce costs to

insurance policyholders, improve public access to beaches and waterways, and protect the environment.

(12) Beach nourishment projects such as those at Wrightsville Beach and Carolina Beach have been very successful and greatly reduced property damage during Hurricane Fran.

(13) Because local beach communities derive the primary benefits from the presence of adequate beaches, a program of beach management and restoration should not be accomplished without a commitment of local funds to combat the problem of beach erosion.

(14) The State of North Carolina prohibits seawalls and hardening the shoreline to prevent destroying the public's beaches.

(15) Beach nourishment is encouraged by both the Coastal Resources Commission and the U.S. Army Corps of Engineers as a method to control beach erosion.

(16) The Department of Environment and Natural Resources has statutory authority to assist local governments in financing beach nourishment projects and is the sponsor of several federal navigation projects that result in dredging beach-quality sand.

(17) It is declared to be a necessary governmental responsibility to properly manage and protect North Carolina's beaches from erosion and that good planning is needed to assure a cost-effective and equitable approach to beach management and restoration, and that as part of a comprehensive response to beach erosion, sound policies are needed to facilitate the ability of landowners to move threatened structures and to allow public acquisition of appropriate parcels of land for public beach access.

Section 13.9.(b) The Department of Environment and Natural Resources shall compile and evaluate information on the current conditions and erosion rates of beaches, on coastal geology, and on storm and erosion hazards for use in developing a State plan and strategy for beach management and restoration. The Department of Environment and Natural Resources shall make this information available to local governments for use in land-use planning.

Section 13.9.(c) The Department of Environment and Natural Resources shall develop a multiyear beach management and restoration strategy and plan that does all of the following:

(1) Utilizes the data and expertise available in the Divisions of Water Resources, Coastal Management, and Land Resources.

(2) Identifies the erosion rate at each beach community and estimates the degree of vulnerability to storm and hurricane damage.

(3) Uses the best available geological and geographical information to determine the need for and probable effectiveness of beach nourishment.

(4) Provides for coordination with the U.S. Army Corps of Engineers, the North Carolina Department of Transportation, the North Carolina Division of Emergency Management, and other State and federal agencies concerned with beach management issues.

(5) Provides a status report on all U.S. Army Corps of Engineers' beach protection projects in the planning, construction, or operational stages.

(6) Makes maximum feasible use of suitable sand dredged from navigation channels for beach nourishment to avoid the loss of this resource and to reduce equipment mobilization costs.

(7) Promotes inlet sand bypassing where needed to replicate the natural flow of sand interrupted by inlets.

(8) Provides for geological and environmental assessments to locate suitable materials for beach nourishment.

(9) Considers the regional context of beach communities to determine the most cost-effective approach to beach nourishment.

(10) Provides for and requires adequate public beach access, including handicapped access.

(11) Recommends priorities for State funding for beach nourishment projects, based on the amount of erosion occurring, the potential damage to property and to the economy, the benefits for recreation and tourism, the adequacy of public access, the availability of local government matching funds, the status of project planning, the adequacy of project engineering, the cost-effectiveness of the project, and the environmental impacts.

(12) Includes recommendations on obtaining the maximum available federal financial assistance for beach nourishment.

(13) Is subject to a public hearing to receive citizen input.

Section 13.9.(d) Each plan shall be as complete as resources and available information allow. The Department of Environment and Natural Resources shall revise the plan every two years and shall submit the revised plan to the General Assembly no later than 1 March of each odd-numbered year. The Department may issue a supplement to the plan in even-numbered years if significant new information becomes available.

Section 13.9.(e) The Department of Environment and Natural Resources shall submit the first plan required by this act, no later than May 1, 2001. With the first plan, the Department shall:

(1) Provide to the General Assembly a report on alternative State and local government sources of funding for beach nourishment.

(2) Review State, federal, and local policies on enabling and assisting property owners to move structures that are threatened by imminent erosion damage and shall recommend policies, legislative changes, and actions to make moving structures more feasible for landowners.

(3) Review existing programs for the acquisition and management of public land for beach access areas and open space, including identifying high-hazard, erosion-prone, or unbuildable parcels of land that may be used for this purpose, and shall recommend any policy and legislative changes needed to improve public beach access. The Department shall recommend priorities for land acquisition for public beach access, open space, and hazard-reduction purposes.

Section 13.9.(f) In the event that federal funds become available for planning and developing shore protection projects, the State shall match those funds in accordance with the funding guidelines set out in G.S. 143-215.71.

CODE NO. 2000ENV-S003A

Requested by: Senators Martin of Pitt, Plyler, Perdue, Odom

STUDY WATER CAPACITY USE AREA ISSUES

Section 13.10. The Natural and Economic Resources Appropriations Subcommittees in both the House of Representatives and the Senate shall study the proposed rules that provide for the delineation of a water capacity use area encompassed by the following 15 North Carolina counties and adjoining creeks,

streams, and rivers: Beaufort, Carteret, Craven, Duplin, Edgecombe, Greene, Jones, Lenoir, Martin, Onslow, Pamlico, Pitt, Washington, Wayne, and Wilson. The Appropriations Subcommittees shall consider the economic impact that the proposed rules would have on the fifteen county area and shall also consider what alternate water sources may be available to the fifteen county area.

The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study. The Subcommittees shall report their findings and recommendations, including any legislative proposals, to the 2001 General Assembly.

PART XIV. DEPARTMENT OF COMMERCE

CODE NO. 2000NER-H14 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
AUTHORIZATION TO REALLOCATE PREVIOUSLY APPROPRIATED PETROLEUM OVERCHARGE FUNDS

Section 14. Section 16.9A of S.L. 1999-237 reads as rewritten:

"Section 16.9A. Funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation for projects under the State Energy Conservation Plan, the Energy Extension Service Program, or the Institutional Conservation Program may be reallocated by the Department of Commerce to be used for projects under the State Energy Efficiency ~~Programs.~~ Programs and Residential Energy Conservation Assistance Program (RECAP)."

CODE NO. 2000NER-H14.1 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
ENERGY CONSERVATION PROJECTS IN STATE-OWNED BUILDINGS

Section 14.1. Of the funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation, the Energy Division shall use up to one million dollars ($1,000,000) to implement energy conservation projects in State-owned buildings. The Division shall identify those buildings whose energy costs per square foot are the highest and shall implement energy conservation projects that substantially reduce energy use and provide an opportunity for savings by reducing energy costs.

CODE NO. 2000NER-H14.2 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section 14.2.(a) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of two million six hundred thousand dollars ($2,600,000) for the 2000-2001 fiscal year to be allocated for the Residential Energy Conservation Assistance Program (RECAP).

Section 14.2.(b) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Housing Finance Agency the sum of two million dollars ($2,000,000) for the 2000-2001 fiscal year to be allocated for the Housing Trust Fund. Funds may only be

used for residential energy-related uses as permitted under the Stripper Well Litigation.

Section 14.2.(c) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Community Development Initiative, Inc., the sum of one million dollars ($1,000,000) for the 2000-2001 fiscal year. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

Section 14.2.(d) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the allocations made pursuant to subsections (a) through (c) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve for Oil Overcharge Funds.

Section 14.2.(e) The funds and interest thereon received from the Diamond Shamrock Settlement that remain in a reserve in the Office of State Budget and Management for the Department of Commerce to administer the petroleum overcharge funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the Department of Commerce on an as-needed basis.

CODE NO. 2000NER-H14.3 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

AUTHORIZATION TO EXPEND REED ACT FUNDS

Section 14.3. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million seventy-eight thousand forty-nine dollars ($2,078,049) for the 2000-2001 fiscal year for automation purposes.

CODE NO. 2000NER-H14.4/S14.4

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

WORKER TRAINING TRUST FUND APPROPRIATIONS

Section 14.4. Section 16.14 of S.L. 1999-237 reads as rewritten:

"Section 16.14.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 1999-2000 fiscal year for the operation of local offices and the sum of six million two hundred ninety-six thousand seven hundred forty dollars ($6,296,740) for the 2000-2001 fiscal year for the operation of local offices.

Section 16.14.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1999-2000 and the 2000-2001 fiscal years for the following purposes:

(1) $2,400,000 for the 1999-2000 fiscal year and ~~$2,400,000~~ $2,300,000 for the 2000-2001 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) $2,046,000 for the 1999-2000 fiscal year and $1,746,000 for the 2000-2001 fiscal year to the ~~Department of Community Colleges~~ Community Colleges System Office to continue the Focused Industrial Training Program;

(4) $225,000 for the 1999-2000 fiscal year and $225,000 for the 2000-2001 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the ~~Department of Community Colleges~~ Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) $60,000 for the 1999-2000 fiscal year and $60,000 for the 2000-2001 fiscal year to the Office of State Budget and Management to maintain compliance with Chapter 96 of the General Statutes, which directs the Office of State Budget and Management to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; ~~and~~

(7) $1,000,000 for the 1999-2000 fiscal year and $1,000,000 for the 2000-2001 fiscal year to the Department of Labor to expand the Apprenticeship Program. It is intended that the appropriation of funds in this subdivision will result in the Department of Labor serving a benchmark performance level of 10,000 adult and youth apprentices by the year 2000 and maintained or improved ~~thereafter.~~ thereafter;

(8) $100,000 for the 2000-2001 fiscal year to the Community Colleges System Office for the Hosiery Technology Center; and

(9) $100,000 for the 2000-2001 fiscal year to the Community Colleges System Office for the Composites Testing and Training Center.

Section 16.14.(c) The State Treasurer's Office shall deposit the June 2000 interest earnings from the Employment Security Commission Reserve Fund to the Worker Training Trust Fund for the 2000-2001 fiscal year."

CODE NO. 2000NER-H14.5 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

OREGON INLET FUNDS/NONREVERT

Section 14.5.(a) Funds appropriated to the Department of Commerce for the 1999-2000 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department for legal costs associated with the Project.

Section 14.5.(b) This section becomes effective June 30, 2000.

CODE NO. 2000NER-H14.7 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

RURAL REDEVELOPMENT AUTHORITY

Section 14.7. Of the funds appropriated in this act to the Department of Commerce for the 2000-2001 fiscal year for the North Carolina Rural Redevelopment Authority, the sum of two hundred fifty thousand dollars ($250,000) shall be placed in a reserve. The funds shall be released if House Bill 1819 or Senate Bill 1516, 1999

General Assembly, or a substantially similar bill creating the North Carolina Rural Redevelopment Authority becomes law.

CODE NO. 2000NER-H14.8 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section 14.8.(a) Section 16.3 of S.L. 1999-237 reads as rewritten:

"Section 16.3.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 16.3.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each fiscal year;~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars ($240,350) in ~~each~~ the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars ($206,088) in the 2000-2001 fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection."

Section 14.8.(b) Of the funds appropriated in this act to the Department of Commerce for allocation to regional economic development commissions, the sum of three hundred fifty thousand dollars ($350,000) for the 2000-2001 fiscal year shall be allocated in accordance with Section 16.3 of S.L. 1999-237, as amended by this section.

Section 14.8.(c) Of the funds appropriated in this act to the Department of Commerce for allocation to regional economic development commissions, the sum

of three hundred fifty thousand dollars ($350,000) for the 2000-2001 fiscal year shall be allocated equally to the commissions.

CODE NO. 2000COMM-H14.9/S14.9
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
ECONOMIC DEVELOPMENT COMMISSION FUNDS SECURED

Section 14.9. Article 2 of Chapter 158 of the General Statutes is amended by adding a new section to read:

"**§ 158-12.1. Commission funds secured.**

The Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc. may deposit money at interest in any bank, savings and loan association, or trust company in this State in the form of savings accounts, certificates of deposit, or such other forms of time deposits as may be approved for county governments. Investment deposits and money deposited in an official depository or deposited at interest shall be secured in the manner prescribed in G.S. 159-31(b). When deposits are secured in accordance with this section, no public officer or employee may be held liable for any losses sustained by an institution because of the default or insolvency of the depository. This section applies to the regional economic development commissions listed in this section only for as long as the commissions are receiving State funds."

CODE NO. 2000NER-H14.10 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Hoyle
EXTEND FUNDING OF THE STUDY COMMISSION ON THE FUTURE OF ELECTRIC SERVICE IN NORTH CAROLINA

Section 14.10. Section 10.1 of S.L. 1997-483, as amended by Section 6.1 of S.L. 1999-395, reads as rewritten:

"Section 10.1. Notwithstanding G.S. 62-302(d), for ~~all expenses during the 1997-98, 1998-99, and 1999-2000 fiscal years of~~ the Study Commission on the Future of Electric Service in North Carolina, established in S.L. 1997-40, as amended by S.L. 1999-122, all expenses incurred through June 30, 2006, shall be reimbursed from funds in the Utilities Commission and Public Staff Fund. There is allocated initially one hundred thousand dollars ($100,000) from the Utilities Commission and Public Staff Fund to the General Assembly for the purpose of enabling the Study Commission on the Future of Electric Service in North Carolina to organize and begin its work. Upon the certification of the need for additional funds by the cochairs of the Study Commission on the Future of Electric Service in North Carolina for the work of the Commission, the Utilities Commission shall transfer the additional funds from the Utilities Commission and Public Staff Fund to the General Assembly for that purpose."

CODE NO. 2000NER-H14.11 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

Section 14.11. The Technological Development Authority, Inc., shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
b. State fiscal year 1999-2000 itemized expenditures and fund sources;
c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000;
d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

CODE NO. 2000NER-H14.12 =
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
WORLD TRADE CENTER NORTH CAROLINA REPORT

Section 14.12. World Trade Center North Carolina shall do the following:

(1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
b. State fiscal year 1999-2000 itemized expenditures and fund sources;
c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

CODE NO. 2000NER-H14.13/S14.13
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Albertson
RURAL ECONOMIC DEVELOPMENT CENTER FUNDS

Section 14.13. Section 16.35.(e) of S.L. 1999-237 reads as rewritten:

"Section 16.35.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand dollars ($5,400,000) for the 1999-2000 fiscal year and the sum of ~~two million four hundred thousand dollars ($2,400,000)~~ three million four hundred fifty thousand dollars ($3,450,000) for the 2000-2001 fiscal year shall be allocated as follows:

(1) $1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural

Economic Development Center, Inc., shall allocate these funds as follows:

a. $900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $2,450,000 for the 1999-2000 fiscal year and ~~$950,000~~ $1,350,000 for the 2000-2001 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

a. Necessary economic development projects and activities in economically distressed areas;

b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

(4) $1,500,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.

(5) $250,000 for the 2000-2001 fiscal year for the Agricultural Advancement Consortium to be placed in a reserve for expenses associated with the Consortium. The Consortium will facilitate discussions among interested parties and develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this section shall be selected on the basis of need."

CODE NO. 2000COMM-S002

Requested by: Senators Kerr, Albertson, Martin of Pitt, Weinstein, Plyler, Perdue, Odom

RURAL ECONOMIC DEVELOPMENT CENTER FUNDS TO RESEARCH AND DEMONSTRATION GRANTS PROGRAM

Section 14.13A. Of the funds appropriated in this act to the Rural Economic Development Center, the sum of three hundred thousand dollars ($300,000) for the 2000-2001 fiscal year shall be allocated to the Research and Demonstration Grants Program to be used for value-added alternative crop research, and the sum of three hundred thousand dollars ($300,000) for the 2000-2001 fiscal year shall be allocated to the Research and Demonstration Grants Program to be used for oyster research.

CODE NO. 2000NER-H14.14 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

ENERGY DIVISION STUDY OF RESIDENTIAL ENERGY CONSERVATION ASSISTANCE PROGRAM

Section 14.14.(a) The Energy Division of the Department of Commerce shall for the 1998-1999 fiscal year and the 1999-2000 fiscal year determine by county the number of owner-occupied houses that were allocated funds from the Residential Energy Conservation Assistance Program (RECAP) and the amount of funds that were allocated by county.

Section 14.14.(b) The Energy Division of the Department of Commerce shall for the 1998-1999 fiscal year and the 1999-2000 fiscal year determine by county the number of rental houses that were allocated funds from the Residential Energy Conservation Assistance Program (RECAP) and the amount of funds that were allocated by county.

Section 14.14.(c) The Division shall report its findings to the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by January 15, 2001.

CODE NO. 2000NER-H14.15 =

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

CAP ON RESIDENTIAL ENERGY CONSERVATION ASSISTANCE PROGRAM SPENDING

Section 14.15. The amount spent by the Energy Division of the Department of Commerce for weatherization activities in the Residential Energy Conservation Assistance Program (RECAP) in the 2000-2001 fiscal year shall not exceed eight million nine hundred seventy-seven thousand sixty-nine dollars ($8,977,069). This amount equals that spent by the Energy Division on RECAP in the 1998-1999 fiscal year.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom,

RURAL TOURISM DEVELOPMENT FUNDS

Section 14.16. Of the funds appropriated in this act to the Department of Commerce for the 2000-2001 fiscal year, the sum of three hundred thousand dollars ($300,000) shall be used for the Rural Tourism Development Grant Program. The Department shall establish and implement this Program to provide grants to local governments and nonprofit organizations to encourage the development of new tourism projects and activities in rural areas of the State. The Department shall develop procedures for the administration and distribution of funds allocated to the Rural Tourism Development Program under the following guidelines:

(1) Eligible organizations shall make application under procedures established by the Department;

(2) Eligible organizations shall be nonprofit tourism-related organizations located in the State's rural regions;

(3) Priority shall be given to eligible organizations that have significant involvement of travel and tourism-related businesses;
(4) Priority shall be given to eligible organizations serving economically distressed rural counties;
(5) Priority shall be given to eligible organizations that match funds; and
(6) Funds shall not be used for renting or purchasing land or buildings, or for financing debt.

No recipient or new tourism project shall receive a total of more than fifty thousand dollars ($50,000) of these grant funds for the 2000-2001 fiscal year.

CODE NO. 2000COMM-S001
Requested by: Senators Perdue, Martin of Pitt, Plyler, Odom,
EMPLOYMENT SECURITY COMMISSION STUDY OF OLDER AND SECOND CAREER WORKERS

Section 14.17. (a) The Employment Security Commission shall study the ability of older and second career workers to secure employment in North Carolina. The Commission shall: (i) determine what efforts have been made by both public and private agencies to educate employers on the benefits of hiring, retraining, and retaining mature workers; (ii) determine the ways in which technology is being used to enhance the placement of second career workers in the work force; (iii) consider ways to assist older workers in making the transition to second careers; and (iv) consider ways to assist community efforts to recognize, promote, and employ older and second career workers. In conducting the study, the Commission shall consult private, nonprofit organizations that represent older and second career workers, statewide economic development agencies, retired state employee organizations, the community college system, the United States military, the Division of Aging, and local and state Job Service Employer Committees.

Section 14.17. (b) The Employment Security Commission shall report its findings, with recommendations and cost analysis, to the Chairs of the House Economic Growth and Community Development Committee, the Senate Pensions & Retirement and Aging Committee, the Legislative Research Commission on Employment Security, and the Aging Study Commission by April 1, 2001.

CODE NO. 2000COMM-S004
Requested by: Martin of Pitt, Weinstein, Plyler, Odom, Perdue
TRANSFER ENERGY DIVISION FROM DEPARTMENT OF COMMERCE TO DEPARTMENT OF HEALTH AND HUMAN SERVICES AND DEPARTMENT OF ADMINISTRATION

Section 14.18. (a) The State Energy Conservation Plan is renamed State Energy Efficiency Program.

Section 14.18. (b) The statutory authority, powers, duties and functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the Residential Energy Conservation Assistance Program (RECAP) in the Energy Division of the Department of Commerce are transferred from the Department of Commerce to the Department of Health and Human Services.

Section 14.18. (c) The statutory authority, powers, duties and functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the Energy Policy Council and State Energy Efficiency Program in the Energy Division of the Department of Commerce are transferred from the Department of Commerce to the Department of Administration.

Section 14.18. (d) The transfers in subsections (b) and (c) of this section shall have all of the elements of a Type I transfer as defined by G.S. 143A-6.

Section 14.18. (e) The Department of Commerce shall begin the transfers described in subsections (b), (c), and (d) of this section on July 1, 2000, and the transfers shall be completed by September 30, 2000. Effective July 1, 2000, all vacant positions in the Energy Division of the Department of Commerce shall be abolished.

VISITOR REGISTRATION SHEET

NER
Name of Committee

6-20-00
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Becky Brown	Labor
Wanda Taylor	Labor
Malcolm Blalock	DENR/DEH
Sherrill Harris	DENR
Cathey Cottle	DENR
Cathy Handy	Denr
Steve Fordham	Governor's Office
Maurice Weaver	NCDA&CS
Wilda Benny	"
Laura Dallas	DENR