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**Testimony of
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**Senate Finance and Assembly Ways and Means Committees,
and Senate and Assembly Environmental Conservation Committees
New York State Legislature
Albany, New York**

INTRODUCTION

Scenic Hudson works to protect and restore the Hudson River, its riverfront and the majestic vistas and working landscapes beyond as an irreplaceable national treasure and a vital resource for residents and visitors. With more than 25,000 ardent supporters, we are the largest environmental group focused on the Hudson River Valley. Our team of experts combines land acquisition, support for agriculture, citizen-based advocacy and sophisticated planning tools to create environmentally healthy communities, champion smart economic growth, open up riverfronts to the public and preserve the valley's inspiring beauty and natural resources.

We catalyze, coordinate and manage capital projects that benefit the environment and promote compatible economic development in the Hudson Valley. This work is advanced by partnering with municipalities, local land trusts, businesses and state agencies, including the Department of State's Coastal Management Program; Office of Parks, Recreation and Historic Preservation; the Department of Environmental Conservation's Hudson River Estuary Program; and the Hudson River Valley Greenway Community Council. The New York State budget is a significant tool that enables us and our partners to advance this work.

ECONOMIC BENEFITS OF ENVIRONMENTAL INVESTMENTS

Thanks to the leadership of the Legislature and the governor's office, as well as the work of countless grass-roots groups and municipalities, New York State now recognizes the immense economic benefits associated with capital investments in the environment. As evidence of this fact, please consider the following:

- Both the Mid-Hudson and Capital District Regional Economic Development Councils—on which Scenic Hudson is active—have acknowledged the importance of the Environmental Protection Fund and other environmental capital grant programs as being critical for achieving strategies to revitalize the economies of their regions.

- A 2012 analysis by The Trust for Public Land found that for every \$1 of the Environmental Protection Fund invested in land and water protection, \$7 in economic benefits through natural goods and services is returned to the state. A similar economic benefits study conducted by Parks and Trails New York showed a \$5 return for every \$1 of spending on urban parks and rural trail projects.
- Agriculture is a crucial industry in New York's economy and key to a sustainable future. In 2010 agricultural production returned \$4.7 billion to the farm economy, with the total output of the state's agricultural portfolio (including food/beverage, equipment and distribution) representing 5.5 percent of New York's total gross output in 2010 and responsible for 112,000 jobs. None of this would be possible without a stable land base on which to farm.

Yet, according to the National Young Farmers Coalition, more than 70 percent of our farms are going to change hands in the next 20 years. If we want to keep having productive farms in the New York City-Hudson Valley "foodshed," it's critical that the land remain affordable for the next generation of farmers. Conservation easements provide a critical tool to make this happen.

Scenic Hudson's recent Foodshed Conservation Plan for the Hudson Valley and New York City identified 614 farms encompassing 163,673 productive acres in 11 counties whose conservation should be the focus of a strategic, collaborative approach to farmland protection in the region (where only 11 percent of farmland has been protected to date). The cost to conserve just one-third of these "highest priority" lands over the next decade would be approximately \$250 million. When one considers that the cost would be shared among federal, state, New York City, local and private partners, this becomes an achievable goal. (More information available at: <http://www.scenichudson.org/sites/default/files/foodshed-conservation-plan-web.pdf>)

- The tourism industry is the fifth largest employment sector in New York, supporting 714,000 jobs and generating \$29 billion in wages. In 2012, over 200 million international and domestic visitors contributed \$57 billion in direct tourism spending, and generated \$7 billion in state and local taxes annually. In the Hudson Valley, the tourism economy is valued at \$4.3 billion annually, with majestic scenery, open space, parks and historic sites among the principal attractions.
- Clean water consistently ranks among the top environmental deliverables for voters throughout New York State. In 2010, NYS local governments spent \$136 million on drinking water systems, but \$39 billion must be invested by 2030 to ensure that safe drinking water services continue. Land conservation continues to be a highly cost-effective means to protect surface and drinking water supplies. A recent study by Scenic Hudson found that 51 percent of the top-ranked farmland recommended for permanent protection in the region also would achieve water quality goals. Healthy watersheds in New York State also support a vibrant outdoor recreation economy valued at \$33.8 billion annually.

GOV. CUOMO'S ENVIRONMENTAL TRACK RECORD AND BUDGET

During his first three years in office, Governor Cuomo has provided strong leadership through the state budget. His administration has partnered with the Legislature to turn around the \$10-billion budget deficit it inherited. He also has provided a new level of focus and transparency in how public dollars are spent, most notably through the NY Works program and the Regional Economic Development Councils and Consolidated Funding Process. As a result, a \$2-billion budget surplus now exists. It is incumbent on this year's budget to direct that surplus toward appropriate investments and tax policy. Overall, Scenic Hudson observes a decrease in overall spending on energy and the environment by \$17 million. While the governor has achieved much through previous year's budgets, and proposes modest advances in certain areas in the coming year, this trend raises concerns.

Below are Scenic Hudson's observations of the governor's environmental record and proposals advanced for the FY 2015 budget:

- **STORM RECOVERY:** New York State has secured and leveraged federal funds through the American Recovery and Investment Act and Hurricane Sandy/Disaster Relief Appropriations Act. In addition, the governor has taken a leadership position in noting that the increased severity of storms are due to climate change and appropriately directing more than \$30 billion in federal pass-through funds toward recovery efforts, including climate change planning and land-use adaptation strategies.
- **NY WORKS:** Funding for the highly successful NY Works capital projects program is held steady this year at \$135 million. Included within are \$90 million for state parks and \$40 million for a variety of conservation projects, such as improvements at state fish hatcheries and enhanced recreational access on public lands, including several important projects in the Hudson Valley.

The ability to advance this work, and other capital fund programs in the Environmental Protection Fund, is dependent upon the capacity of the relevant agencies. Staffing will increase by one FTE at DEC, and 18 FTEs at OPRHP. A significant decrease in staff is proposed at DOS. While these increases are appreciated, staff levels in environmental agencies are down significantly from FY 2008 levels.

- **STATE PARKS:** Previous budgets have recognized that our state parks are a significant part of our "green infrastructure," critical to sustaining economic development and quality of life. OPRHP has developed a long-term vision for the enhancement and maintenance of the state parks system, with a cost of approximately \$1 billion. The governor has been consistent in applying much needed-capital dollars to make a down payment on addressing these needs—this year parks capital funding is held flat at \$90 million. We strongly encourage the state to continue making these investments until the job is done.
- **NYSERDA-administered Cleaner-Greener NY program** has been a worthy way to invest in energy saving green infrastructure. In the Hudson Valley, job-creating state funding disbursed through

Empire State Development and non-ESD funds have been almost equivalent over a three year period. This underscores the effectiveness of the Environmental Protection Fund, among other accounts, in generating economic benefits.

- While some agencies see minor increases in funding levels in this year's budget proposal compared to last year, much of this is due to reappropriations and new programming lines. **Overall investments for the state's environmental and energy programs are down \$17 million.**
- EPF: The governor has proposed \$4 million in increases to the Environmental Protection Fund, bringing the total appropriation to \$157 million. He has proposed adding new categories, reducing spending in certain categories, increasing spending in others and flatlining most categories overall.

Revenue through the real estate transfer tax (RETT)—the largest revenue source behind the highly effective Environmental Protection Fund—is up \$60 million over last year's figures, to \$816 million. Despite this upward trend, RETT support of the EPF is approximately \$119 million, or 78 percent of the revenue supporting the fund overall.

- The state will pay \$12 million less in environmental bond payments in 2014 than it did in 2013, conceivably making more capital available for other projects.

THE ENVIRONMENTAL PROTECTION FUND (EPF)

As you know, one of the most appreciated capital investment accounts in the state budget is the Environmental Protection Fund (EPF). In his first three years of office, Governor Cuomo has shown leadership by advancing win-win environmental and economic achievements through the fund. In fact, his administration has tapped previous year's appropriations to spend above the annual appropriation every year since taking office. In addition, the governor proposed \$19 million in increases to the EPF following two years of holding it steady during the state's fiscal recovery. Given the recognition of the importance of the fund by the Legislature and governor, and the existence of a \$2-billion budget surplus, there are significant opportunities to make transformative investments in environmental projects in the Hudson Valley and throughout the state—should the Legislature decide to make this a priority and keep protecting New York.

Such an investment would be strongly supported by residents. A 2013 public opinion survey of New York State residents found that a majority of voters—Democrats and Republicans, upstate and downstate—support more funding for environmental programs in the state, including an annual appropriation to the Environmental Protection Fund of \$200 million.

Scenic Hudson strongly recommends that the Legislature make a serious commitment to the EPF above and beyond the governor's current proposal, at \$200 million. This investment is justified given the EPF's strong track record in creating jobs, and generating economic and environmental benefits. In

addition, savings to New York State generated by a decrease in Bond Act payments and the increase in real estate transfer tax revenue create room for this investment in the FY 2015 state budget. These are dollars that had been directed toward environmental projects, and they should remain focused on the environment.

Specifically, Scenic Hudson would like to draw attention to the following needs underscored by the governor's proposal:

OPEN SPACE/LAND CONSERVATION FUNDING. \$25 million is needed for the state's Open Space/Land Conservation Program. The governor has proposed a \$2.555 million increase to this category overall. However, funding for state land acquisition—the primary use of the fund—decreases because of the relative increase or addition of sub-categories in the Open Space/Land Conservation line.

Open space protection is well-documented in protecting the Hudson Valley's tourism and open space infrastructure along the Hudson River, enhancing resiliency to flooding and major storm events, providing access to state-owned lands for public enjoyment, and protecting important wildlife habitat. Important land acquisition projects are in development in the Hudson Highlands region and along the Hudson River that require an increase in state land acquisition funding to complete. These investments would enhance the state's park system and DEC-owned lands along the river. Their protection is integral to agency goals and is directly tied to policy goals articulated in the state's Open Space Plan and Hudson River Estuary Program Action Agenda.

A renewed state investment is important, especially in the context of the loss of federal matching funds. While Pittman-Robertson funds appear to be reliable, Congress recently failed to include funding for the popular Highlands Conservation Act and Coastal Estuary Land Protection Program in the Omnibus Appropriations Bill for the Departments of Interior and Commerce, despite the best efforts of New York's congressional delegation. In addition, a large portion of current state land acquisition funds are being directed toward large projects in the Adirondacks (Finch-Pruyn), leaving relatively little funding for acquisitions elsewhere in the state by the DEC and OPRHP. For these reasons, state funding for land acquisition now is doubly important. Several critical transactions may not occur if adequate state funding is not present.

Investment in state land acquisition through the EPF would be met with support from local communities. Ulster County has announced the establishment of its first ever Open Space Protection Program, and Dutchess County has announced the reestablishment of its Partnership for Manageable Growth program, which matches open space, farmland protection and smart growth economic development goals. The readiness of these two counties to help achieve open space goals is apparent. In addition to a robust increase in the Open Space/Land Conservation line in the EPF, it could be bolstered should the counties take advantage of the Environmental Facilities Corporation's capability to provide financing of open space projects that complement water quality goals. If the EFC could offer a

debt + grant approach that would make financing attractive for counties to collaborate with the agency, significant gains in open space protection could be realized.

To achieve this, Scenic Hudson recommends:

- Increasing the Open Space/Land Conservation line to \$25 million.
- Retaining the proposed increase in the Conservation Partnership Program/LTA to \$2 million. Scenic Hudson strongly supports this program and is pleased to see the governor's continued vote of confidence in the Land Trust Alliance to administer this capacity-building program that helps land trusts partnering with New York State to further state land conservation policies. We also are pleased with the historic support provided for the program by the Legislature.
- Consider alternative placement of the Resiliency Planting Program in a more appropriate category of the EPF. This highly effective stewardship program (a.k.a. "Trees for Tribes"), which originated in the Hudson Valley and now is being exported to other regions of the state, funds planting of native trees in riparian areas. The program is worthy of investment but has little to do with conserving open space through acquisition, easement or capacity-building of land trust partners.
- Funding for the sub-categories in this area of the EPF should be predicated on a proportional or better increase in the line item overall, and ideally boost rather than diminish state land acquisition efforts. DEC and OPRHP have long lists of open space acquisition projects that they are aware of and in some cases have publicly committed to. But without adequate funds these projects will be difficult to complete on a timely basis, making it challenging for conservation groups to advance their work.

FARMLAND PROTECTION FUNDING. \$20 million is needed for the state's Farmland Protection Program. The governor has proposed increasing funding for this line in the EPF by \$1 million. However the new funds are apparently dedicated to a single project in the vicinity of Fort Drum military base, leaving little if any of the proposed increase available for a statewide competitive application. The Department of Agriculture & Markets has publicly stated that they will issue an RFP for new projects before the end of the current fiscal year, but questions remain about how the program will be directed. Permanent conservation easements have long been the most reliable way to ensure effective land conservation and tend to be the preferred means to conduct this important work as they ensure that limited public investments will realize benefits in perpetuity. (This line of reasoning is seen in other areas of the Environmental Protection Fund. For example, when groups receive OPRHP grants to create public access amenities, they are required to put a permanent easement on the property for the benefit of the public.)

Farmland protection is a critical tool to supply fresh, local food to surrounding communities and support New York City markets, as well as enhance the rural economies of the Hudson Valley and upstate New York. This need is well-documented in Scenic Hudson's recent Foodshed Conservation Plan for the city and the Hudson Valley. (More information available at:

<http://www.scenichudson.org/sites/default/files/foodshed-conservation-plan-web.pdf>)

Scenic Hudson and partnering land trusts have been successful at leveraging federal and local (town and county) funds to secure conservation easements on working farms in the mid-Hudson region, but state funding has been noticeably absent. In the Town of Red Hook, Dutchess County, 53 percent of the working farms have been conserved; just to the north in Stuyvesant, Columbia County, 38 percent of the working farms have been protected. Recent progress by Dutchess County to launch a \$6-million bond for its Partnership for Manageable Growth Program and Ulster County to launch a \$3-million bond for its Open Space and Recreation Program, and recent passage of the \$1 billion-strong Agricultural Land Easement program in the federal Farm Bill provide New York State with a level of assurance that state investments will be leveraged by local partners, including the region's land trust community.

To achieve this, Scenic Hudson recommends:

- Legislative support is needed to restore the Farmland Protection program to \$20 million.
- Support the Department of Agriculture & Markets when it issues a request for proposals for new projects, which is expected before the close of the current fiscal year.
- Investigate how the new program will direct funds. Specifically support permanent conservation easements, as opposed to term easements, which do not guarantee that investments in the agricultural land base will deliver benefits in perpetuity.
- Provide additional support for the NY Works Program, which has a track record of supporting food distribution and aggregation hubs.
- Support calls for enhanced funding for the Agricultural Non-point Source Pollution and Agriculture Waste Management Programs as part of an enhanced EPF. These programs improve the quality of our environment and provide important funding to our farm businesses to innovate.
- Support for New York City investments in working farms outside of the Catskill Watershed that will help secure the metropolitan region's foodshed.

HUDSON ESTUARY MANAGEMENT FUNDING. \$5.8 million is needed to continue the work of the Hudson River Estuary Program and advance the work of the Mohawk River Action Plan. The governor has proposed level funding for this category of the EPF.

The Hudson River Estuary Program protects and improves the natural and scenic Hudson River watershed for all of its residents. The estuary is critical to tourism and economic development in the region and is cited in both the Mid-Hudson and Capital Region Regional Economic Development plans as important to the future of these regions. The program works to ensure clean water by keeping the Hudson fishable and swimmable; protect and restore fish, wildlife and their habitats through thoughtful stewardship based on sound science; provide water-based recreation and access to the river—integral to the region's \$4.3-billion tourism economy; adapt to our changing climate, including sea level rise and flooding; and conserve the region's world famous scenery that helps to attract and retain businesses. The program is guided by its Action Agenda, a forward-looking plan developed through significant

community participation, and implements its work through grants, education, natural resource conservation and providing assistance to communities.

The Hudson River Estuary is a vital resource that affects the lives of millions. However, recent water quality surveys have indicated that the river is at risk of being safe for swimming and fishing. At the same time, new shipments of crude oil on the Hudson threaten the progress that has been made in recent decades in restoring this resource.

Fortunately, a partnership is underway to create a federally approved plan for the Hudson. This effort involves the Army Corps of Engineers, the DEC, DOS and dozens of local community interests. Over time it will develop and implement a restoration plan for the estuary. Yet a robust state commitment is needed to fully leverage this nascent effort and deliver benefits to the region's residents.

MUNICIPAL PARKS AND WATERFRONT REVITALIZATION: Robust funding for Waterfront Revitalization and Municipal Parks programs are needed as part of a restored EPF to deliver economic development, tourism and recreational benefits to Hudson waterfront communities.

Several waterfront, regional trail and park development projects are underway in the Hudson Valley. They have potential to build on the success of Walkway Over the Hudson State Park and continue the transformation of the region as a major tourism destination. Other communities are actively advancing waterfront plans that take into account more frequent flooding and sea level rise attributable to climate change. All of these projects would benefit from increased investment in Municipal Parks and Waterfront Revitalization categories in the EPF. For example:

- **Hudson Highlands Fjord Trail.** Nearly 400,000 tourists visit the Metro-North station at Breakneck Ridge, nestled between the Hudson River and majestic Hudson Highlands State Park, on an annual basis. The Hudson Highlands Fjord Trail—a collaboration between OPRHP, NYS DOT, Metro-North, Dutchess and Putnam Counties, Towns of Fishkill and Phillipstown, City of Beacon and Village of Cold Spring, and two land trusts—will improve pedestrian and bicycle access to surrounding communities and provide public safety amenities that will create and sustain jobs in locally owned businesses such as outdoor outfitters, cafes, retail establishments, cultural facilities and lodging.
- **Hudson-Olana-Catskill Trail.** Local revitalization efforts underway are calling for design and construction of a walking and bicycling trail connecting the Village of Catskill with the City of Hudson, and providing enhanced access to Olana State Historic Site, the home of famed Hudson River School Artist Fredric Church. This project will create more foot traffic for local businesses.
- **Ulster County Rail Trail.** County Executive Mike Hein has committed to connecting the hugely popular Walkway Over the Hudson State Park with the Ashokan Reservoir in the Catskill Mountains. This rail-trail connection has huge potential to create a world-class destination for recreation and tourism.

- **Poughkeepsie Waterfront Development.** The city's plans to integrate waterfront revitalization efforts will unite transit-oriented development, pedestrian and vehicle connections to the waterfront, and local businesses seeking to tap the new Walkway Over The Hudson tourism market.
- **Village of Catskill/Village of Piermont Sea Level Rise Planning.** In partnership with the DEC, the Consensus Building Institute and the host communities, Scenic Hudson is building on a highly successful pilot initiative in the City of Kingston in 2013 and is now helping community task forces develop long-range visions and climate change/flooding adaptation strategies to safeguard the future potential of their waterfronts; ensure that investments and actions along the waterfronts enhance resilience, protect quality of life and the natural environment; and bolster regional economic development. New York State is embarking on a similar initiative in Stony Point, Rockland County. With this and the other public processes underway, planning dollars inevitably will be needed to guide and set the stage for implementing proposed recommendations.

SOLID WASTE/NATURAL RESOURCE DAMAGE ASSESSMENT. Support is needed for the governor's proposal to increase funding for the Natural Resource Damage Assessment line item in the Environmental Protection Fund. For decades, the state and federal government have sought to implement a restoration fund for the Hudson River to address long-term damages wrought on the estuary by the General Electric Corporation, which dumped tons of toxic Polychlorinated Biphenyls (PCBs) in the Hudson River, causing a shutdown of the commercial fishery, closure of portions of the Champlain Canal, and underutilization of the economic and ecological potential of both the river and its riverfront. Advocates and government officials now familiar with the state of a potential Natural Resource Damage settlement have stated that renewed investment in this line item of the EPF is necessary to prepare for reparations and fully leverage the potential for settlement funds.

SUMMARY

The Environmental Protection Fund was created 21 years ago by the Legislature, and has now come of age. Its programs are well-respected and understood to deliver tangible environmental, economic, public health and quality of life benefits in every county of New York State. The Legislature should be proud of this accomplishment.

As you know, the fund has not always been appreciated as it is now. Under the leadership of Governor Cuomo, New York has benefited from funding for environmental capital programs and federal pass-through programs. In fact, the past three years have delivered stable or increased funding to the EPF. The Governor has established a track-record of running EPF programs effectively and transparently. Despite relatively low staffing levels, agencies are performing in their administration of the fund. Staffing levels in agencies remain a concern for the future of New York's environment.

New York State is expected to have a \$2 billion budget surplus in its 2015 fiscal year. Given this surplus, one would expect a proportional level of additional support for environmental programs in New York State, notably the EPF. However, under the governor's proposal, state spending on energy and the environment as a whole is expected to drop \$17 million. This is particularly concerning when one considers the downward trend in state debt payments on the 1996 Environmental Bond Act, and the upward trend in revenue through the real estate transfer tax, the traditional funding source of the EPF.

Scenic Hudson consequently urges the legislature to support a \$200 million EPF in the 2015 budget, including \$25 million for open space/land conservation, \$20 million for farmland protection, and \$5.8 million for Hudson Estuary Management. The integrity of these programs should be preserved, particularly the state land acquisition program, which has a proven track record of win-win economic-environmental achievements in Hudson Valley communities.