



STATE OF DELAWARE
**DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL**
RICHARDSON & ROBBINS BUILDING
89 KINGS HIGHWAY
DOVER, DELAWARE 19901

OFFICE OF THE
SECRETARY

PHONE
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Secretary's Order No.: 2019-OTS-0044

**RE: Establishment of DNREC Fees for 7 DE Admin. Code 101,
Regulations Governing Delaware's Coastal Zone, related to
Coastal Zone Act ("CZA") Conversion Permit Applications,
CZA Conversion Permit Modifications, and CZA
Conversion Permittees**

Date of Issuance: November 14, 2019

Effective Date: January 1, 2020

Under the authority vested in the Secretary of the Department of Natural Resources and Environmental Control ("Department" or "DNREC"), pursuant to 82 *Del. Laws, c.86, §80* and 7 *Del. C. §7005(e)*, DNREC hereby establishes fees of \$15,000 for Coastal Zone Act, 7 *Del. C. §§7001-7015* ("CZA") conversion permit applications, \$5,000 for major modifications to CZA conversion permits, and \$1,500 annually for all CZA conversion permittees. These fees, consistent with §7005(e) and DNREC's annual operating budget proposal, which approximate and reasonably reflect the costs necessary to defray the expenses of each activity, will be established following adequate opportunity for public comment.

Background, Procedural History, and Findings of Fact

In 2017, the Coastal Zone Conversion Permit Act ("CZCPA") was passed by the General Assembly to address the possible under-utilization of existing industrial properties within the Coastal Zone. The CZCPA allows additional or alternative heavy industry uses to occur at the 14 grandfathered sites, specified in Appendix B of the *Regulations Governing Delaware's Coastal Zone* (7 DE Admin. Code 101), which were amended effective September 11, 2019.

The review of a CZA conversion permit application by the Department's CZA Program necessitates significant additional activities by DNREC. For example, the CZCPA and the amended *Regulations Governing Delaware's Coastal Zone* require that DNREC, without limitation, conduct an assessment of impacts to the environment, economy, aesthetics, neighboring uses, and municipal comprehensive plans, as well as impacts of any supporting facilities and previous site uses; evaluate an applicant's proposed means of offsetting any negative environmental impacts; and evaluate an applicant's financial assurance.

Additionally, aspects of the CZCPA permitting process necessitate ongoing expenses. Evidence of financial assurance and environment offsets must be verified annually, while a Sea Level Rise and Coastal Storms Plan must be examined and updated every ten years. Each of these activities necessitated by a CZA conversion permit will require expenses by the CZA Program and subject matter experts in the Department, both in the assessment of an application, and on an ongoing basis after a permit is granted.

Reasons and Conclusions

The CZA Program has evaluated the actual direct costs (i.e. hearing room rental, legal notices, court reporter, third party consultants) and estimated staff costs by position (salary and overhead), that will be necessitated in evaluating and administering CZA conversion permits, both initially and on an ongoing basis. I find and conclude that the fees set forth herein approximate and reasonably reflect the costs necessary to defray the expenses of the CZA conversion permitting process and the administration of CZA conversion permits.

I further find and conclude that the fees set forth herein are consistent with 82 *Del. Laws, c.86, §80* and 7 *Del. C. §7005(e)*.

DNREC hereby establishes fees for Coastal Zone Act, 7 *Del. C. §§7001-7015*. Accordingly, this Order approves and directs that the following fees shall be established:

Fee Description	Fee Occurrence	Fee Amount
Conversion Permit	Each Application	\$15,000.00
Conversion Permit Modification	Each Application	\$5,000.00
Permittee Annual Fee	Annually	\$1,500.00



Shawn M. Garvin

Secretary

