

**MINUTES OF THE  
NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE  
January  
Room W130, State Capitol Complex**

MEMBERS PRESENT:      Sen. Thomas Hatch, Co-Chair  
                                 Rep. Bradley T. Johnson, Co-Chair  
                                 Sen. Beverly Evans  
                                 Sen. Parley Hellewell  
                                 Rep. Kerry W. Gibson  
                                 Rep. Rebecca Lockhart  
                                 Rep. John G. Mathis  
                                 Rep. Ronda R. Menlove  
                                 Rep. Michael E. Noel  
                                 Rep. Carl W. Duckworth  
                                 Rep. James R. Gowans

MEMBERS ABSENT:      Sen. Ron Allen  
                                 Rep. Ben C. Ferry

STAFF:                      Ivan Djambov, Fiscal Analyst  
                                 Cindy Hopkin, Committee Secretary

**Note:**    A list of visitors and a copy of handouts are filed with the committee minutes.

Sen. Thomas Hatch called the meeting to order at 2:04 p.m.

MOTION: Sen. Hellewell moved to approve the minutes of January 20, 2005. The motion passed unanimously with Sen. Evans, Sen. Allen, Rep. Ferry and Rep. Mathis absent for the vote.

Ivan Djambov, Fiscal Analyst reviewed for the committee the General Fund increases and compensation. The Executive Appropriations Committee has requested that each appropriations subcommittee adopt a base budget for each agency and prepare a funding priority list.

The Executive Appropriations Committee has allocated the FY 2005 Ongoing General Fund Appropriations to be the base budget for FY 2006.

In the Budget Briefs, the fiscal analyst made recommendations for budget from state funding and non state funding sources, but as there is no extra appropriations funding allocated at this point to the subcommittees, General Fund increases are not built into the budget detail tables in the Budget Briefs.

The fiscal analyst's recommendation for the compensation packets does not include compensation increases. The compensation and benefits increases for all state employees will be addressed by the Executive Appropriations Committee during the session.

The Fiscal Analyst presented the budget for the Department of Natural Resources Administration. The DNR administration develops and coordinates the management of Utah's natural resources. The functions within this line item include: Executive Director's Office, Private Property Ombudsman, Human Resources, Data Processing, Finance, Auditing, Public Affairs, Law Enforcement oversight, Utah Energy Office, and the Bear Lake Regional Commission.

It is the goal of the DNR administration to reduce losses from liability claims, property damage claims and to assist in the prevention of injury to employees. The agency is requesting for FY 2006 an ongoing appropriation of \$92,500 from Dedicated Credits to contract a time-limited safety coordinator position. After four years, the DNR will implement a cost saving post audit to determine if the savings warrant continuation of the position. The Analyst recommends the Legislature approve the funding along with the intent language pertaining to this position.

The DNR is requesting funding to work with local communities to formulate management for roadless areas. This is a result of changes in federal regulations allowing states to actively manage roadless areas. The agency is requesting for FY 2006 an ongoing appropriation of \$253,000 from the General Fund in order to hire three new employees. The Analyst is not recommending this appropriation as there are no General Funds allocated at this time.

The Utah Energy Office has a goal to improve Utah's economic health; its objective is to maximize energy savings for the State of Utah and to ensure that Utah has reliable energy sources. The savings for the department for FY 2002 were \$2.7 million; for FY 2003 were \$5.6 million; and for FY 2004 were \$4.5 million.

The Intent Language regarding the Bear Lake Regional Commission is found on page ii of the Budget Brief - DNR Administration, prepared by the Fiscal Analyst and includes intent language from the previous year as well as new intent language.

A base budget for DNR Administration of \$5,949,000 includes the \$92,500 increase for the safety coordinator position from Dedicated Credit and does not include any General Fund increases.

The DNR has three Internal Service Funds (ISF): Warehouse, Motor pool, and Data Processing. ISFs provide specific services to multiple agencies, which allow economies of scale and coordinated service. The DNR Warehouse ISF saves money for each participating division by purchasing specialty items in high volume at reduced prices, eliminating the need for divisions to have multiple employees searching for the items needed, and providing secure storage for the items.

The last line item is the DNR Species Protection program, the purpose of which is to take action to protect a plant or animal species identified as sensitive by the state or as threatened by the federal government. The Analyst recommends for FY 2006 the Legislature appropriate a base budget of \$3 million for the Species Protection program.

In response to a request for clarification of the purpose of intent language by Sen. Evans, Rick Allis, Director of Utah Geological Survey, explained that the intent language was put in for his agency to be able to use extra funding from mineral lease to pay down debt on the core facility which cost close to \$1 million to build.

Director Michael Styler introduced the DNR Division Directors and explained the goals of the agency. The agency has committed to ask the question of everything they do in Natural Resources, "Does this add value?" Their goal is to be a budget solution in the state of Utah and not a budget problem. They are working to create liaisons with local government. For example, they have already had teams in St. George looking at the dams, looking at the infrastructure, looking at the habitat restoration and seeking solutions to help the community with their problems created by the flooding in that area.

He suggested a change to the intent language in the second paragraph on page ii of the Budget Brief - DNR Administration. In line two where it says "... expand its motor pool fleet by 21 vehicles..." they would like to amend that to 3 vehicles. Then in line six where it says "The remaining 18 vehicles will be purchased ...", they would like to strike out the rest of the paragraph from that point on.

Director Styler stated that the DNR agrees with everything the Fiscal Analyst has suggested and they support the Governor's budget. He expressed one concern of the department regarding the \$253,000 for the roadless area management. To some extent that money was going to fund a bill to put some management in a public lands department. This would need to be funded by the Natural Resources Committee or by a fiscal note in the bill. In order to have a public lands department that consolidates everyone, they need money for administration.

Gayle McKeachnie, Coordinator of Rural Affairs for the Governor's Office presented the proposed structural changes in the Department of Natural Resources. The Huntsman administration would like to move the Energy Office into the Governor's Office and Economic Development. This would make it so those who are in the Energy Office now who fit the program of developing strategy and carrying out economic development would be pulled into the new proposed Department of Economic Development which would be under the Governor's Office. The people in the Energy Office who do not fit that would be placed in other agencies like Department of Environmental Quality, Public Utilities, or DFCM. They are not proposing doing away with people or functions, but positioning them where they are better used.

The Governor's Office also proposes creating a Public Lands Policy Coordinating Office so that the Department of Public Lands is organized and unified in its management.

The Fiscal Analyst presented an overview of the budget for the Division of Water Resources. This division is considered to be the water resource authority for the state, assuring the orderly planning, development and protection of Utah's water. It does this through conservation, planning and financial assistance programs. It is projected that Utah's population will increase to 3.8 million in 2030, an increase of over 60% since 2002. According to some estimates, water infrastructure will require more than \$5.3 billion in improvements over the next 20 years. The need is highlighted by the current drought and its impact on the economy, the environment, and Utah's way of life. The Division has not requested any funding increases and the Analyst does not recommend any FY 2005 supplemental appropriations.

The Water Resources data shows that due to the division's efforts, the water consumption has decreased by 13% since 1995. The division's goal is to reduce water consumption by 25% by 2050.

The Analyst reported that the Cloud Seeding program has been successful. Over the last 10 years the positive impacts of the operational cloud seeding program statewide is 17% precipitation increase at a cost of about \$1 per acre-foot of water produced. The Analyst recommends for FY 2006 the following appropriations for each of the three line items: Water Resources--\$4.5 million with \$2.4 million from the General Fund; Revolving Construction Fund--\$4.3 million with \$.5 million from the General Fund; and Conservation & Development Fund--\$1 million all from the General Fund.

Larry Anderson, Director of the Division of Water Resources stated that the division accepts the recommendations of the Fiscal Analyst and that his recommendations are very close to what the division had presented in their requests.

He provided a booklet titled "Water For Utah - A Review of Duties and Funding Programs of the Division and Board of Water Resources - January 2005" and reviewed some of the charts and graphs in the booklet for the committee.

MOTION: Rep. James Gowans moved to adjourn the meeting at 4:05 p.m. The motion passed unanimously with Sen. Evans, Sen. Allen, Rep. Ferry and Rep. Lockhart absent for the vote.