

Office of the  
Legislative Fiscal Analyst

## **FY 2005 Budget Recommendations**

Joint Appropriations Subcommittee for  
Natural Resources

Utah Department of Natural Resources  
**Department Administration**

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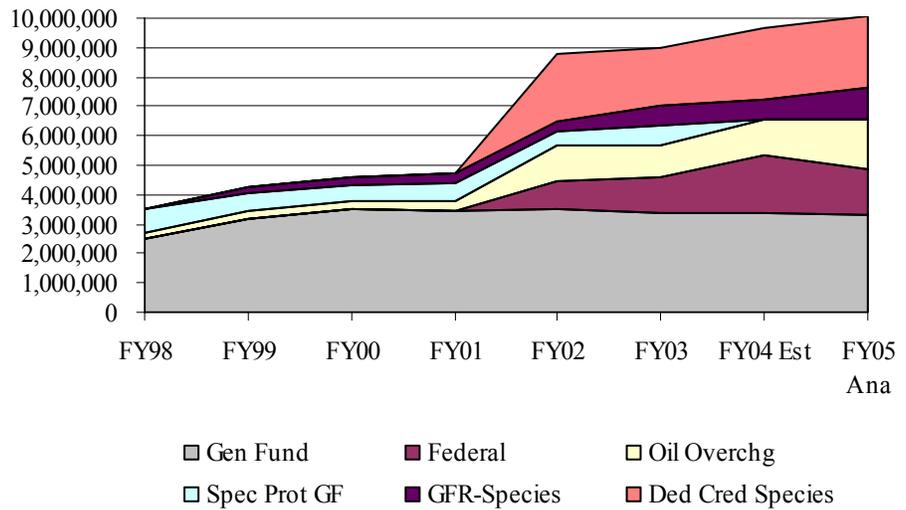
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### 1.0 Summary: Department Administration

The Department Administration develops, implements, 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. More detail on each program can be found in Section 3.0.

**DNR Admin Funding (Includes Species Protection)**



	<b>Analyst FY 2005 Base</b>	<b>Analyst FY 2005 Changes</b>	<b>Analyst FY 2005 Total</b>
<b>Financing</b>			
General Fund	3,359,500	(25,000)	3,334,500
Federal Funds	1,531,200		1,531,200
Oil Overchg - Exxon	927,800	328,500	1,256,300
Oil Overchg - Stripper Well	295,000	103,700	398,700
<b>Total</b>	<b>\$6,113,500</b>	<b>\$407,200</b>	<b>\$6,520,700</b>
<b>Programs</b>			
Executive Director	971,300		971,300
Administrative Services	1,415,000		1,415,000
Utah Energy Office	3,099,000	407,200	3,506,200
Public Affairs	334,000		334,000
Bear Lake Commission	28,700		28,700
Law Enforcement	118,100		118,100
Ombudsman	147,400		147,400
<b>Total</b>	<b>\$6,113,500</b>	<b>\$407,200</b>	<b>\$6,520,700</b>
<b>FTE/Other</b>			
Total FTE	48.0	(1.0)	47.0

## **2.0 Issues: Department Administration**

### **2.1 Increased Appropriation from Oil Overcharge Funds**

In FY 2002-2003, two programs transferred from DCED and GOPB to create the Utah Energy Office. Funding from the two Oil Overcharge funds also transferred. Based on FY 2002 actual results, the Analyst recommended total ongoing appropriations from the Oil Overcharge funds totaling \$1.2M. The Utah Energy Office has requested an additional appropriation of \$432,200 in order to meet salaries and project costs. Since these funds come from a one-time legal settlement and are to be used according to the best judgment of the executive branch, the Analyst recommends the Legislature approve their request. See item 3.3 below for further explanation on the origin of these funds. At the close of FY 2003 there was a balance of \$7.8M remaining.

**Exxon Oil Overcharge .....\$328,500**  
**Stripper Well – Petroleum Violation Escrow .....\$103,700**

### **2.2 Transfer of One Employee to Wildlife Resources**

One of the positions that transferred to DNR from GOPB was a wetlands specialist. The position is a better fit in the Division of Wildlife Resources than DNR Administration. The position is mostly funded with federal money, but has \$25,000 in matching funds associated with it. The Analyst recommends transferring the position and the \$25,000 to the Division of Wildlife Resources.

**General Fund.....(\$25,000)**

### **2.3 Transfer of Bear Lake Commission Funding**

The Bear Lake Commission receives funding from the State of Utah, the State of Idaho, and federal and other grants. In the State of Utah, it is currently budgeted as a separate program in the DNR Administration line item (see item 3.5). In the State of Idaho, it is not visible at the legislative level but is treated as a contract by the Idaho Department of Environmental Quality. The Analyst believes it would be more appropriate for the State of Utah to handle this program similarly.

- It is completely a pass-through item for DNR. Other than cutting a check, DNR has no further involvement. Because it is a mandated pass-through, it probably receives less scrutiny than a contract, which at least has a list of deliverables.
- The work of the commission deals with water quality—the reduction of point and non-point source pollutants. The DEQ’s Division of Water Quality has the same mission.

- Because DEQ has the same mission, it can view the work of the commission in a larger framework and channel all of its resources accordingly, perhaps finding more funds for the commission.
- The size of the program does not warrant legislative time and attention each session.

When asked by the Analyst, DEQ's Division of Water Quality responded that this transfer makes sense. They work with the Bear Lake Commission frequently and give them other supplemental monies. They also pass money through to other similar programs such as the Jordanelle Reservoir of the Central Utah Project.

The Analyst recommends the Legislature transfer funding for the Bear Lake Commission to the Department of Environmental Quality and that it be treated as other water quality contracts in that department.

**General Funds to DNR..... (\$28,700)**  
**General Funds to DEQ.....\$28,700**

### 3.0 Programs: Administration

#### 3.1 Executive Director

##### Recommendation

The Analyst recommends a total budget of **\$971,300**. The Growth of three FTE in FY 2004 represents a transfer of three employees from the Energy Office (see item 3.3 below).

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
<b>Financing</b>				
General Fund	758,000	953,300	971,300	18,000
General Fund, One-time	40,000	1,600		(1,600)
Beginning Nonlapsing	147,100	20,400		(20,400)
Closing Nonlapsing	(20,400)			
<b>Total</b>	<b>\$924,700</b>	<b>\$975,300</b>	<b>\$971,300</b>	<b>(\$4,000)</b>
<b>Expenditures</b>				
Personal Services	424,400	652,700	659,900	7,200
In-State Travel	11,300	16,600	16,600	
Out of State Travel	4,800	8,200	5,200	(3,000)
Current Expense	469,100	283,100	271,300	(11,800)
DP Current Expense	15,100	14,700	18,300	3,600
<b>Total</b>	<b>\$924,700</b>	<b>\$975,300</b>	<b>\$971,300</b>	<b>(\$4,000)</b>
<b>FTE/Other</b>				
Total FTE	4.0	7.0	7.0	0.0

\*Non-state funds as estimated by agency

##### Purpose

Under the direction of the Governor, the Executive Director's office provides leadership, direction, and policy for the seven operating divisions at the Department of Natural Resources.

Budget cuts over the past two years eliminated \$60,000 in ongoing General Funds that were in this program for protection of RS 2477 roads. The Governor's Office still manages the RS 2477 defense program through appropriations from the Constitutional Defense Fund.

##### Intent Language Report

The following intent language from H.B 1, 2003 General Session, requires a **report** from the department to the subcommittee. The Analyst recommends the report be given now without continuing with the language into FY05.

*It is the It is the intent of the Legislature that the Department of Natural Resources study brine shrimp royalty laws to determine if adjustments could be made to enhance revenue collections in an effort to offset General Fund reductions to the Species Protection program. This study shall be presented to the Natural Resources Appropriations Subcommittee in January 2004.*

**Previous Budget  
Action Report**

In the 2003 General Session the Legislature transferred \$5,100 in ongoing General Funds from this program to the Building Operations line item. The transfer was effective for FY 2003 forward.

The Legislature also cut \$10,000 in ongoing General Funds from this program as part of the requirement to reduce budgets by an additional two percent.

### 3.2 Administrative Services

**Recommendation**

The Analyst recommends a total budget for this program of **\$1,415,000**, funded entirely from the General Fund. Personal Services comprise **87** percent of the recommended appropriation. Two FTEs became vacant in FY 2002 and will probably not be filled for some time.

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Est/Analyst</b>
<b>Financing</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	1,353,100	1,411,200	1,415,000	3,800
General Fund, One-time		5,000		(5,000)
<b>Total</b>	<b>\$1,353,100</b>	<b>\$1,416,200</b>	<b>\$1,415,000</b>	<b>(\$1,200)</b>
<b>Expenditures</b>				
Personal Services	1,186,100	1,240,600	1,230,200	(10,400)
In-State Travel	3,600	4,700	4,700	
Out of State Travel	1,800	3,100	6,500	3,400
Current Expense	116,900	131,200	130,800	(400)
DP Current Expense	44,700	36,600	42,800	6,200
<b>Total</b>	<b>\$1,353,100</b>	<b>\$1,416,200</b>	<b>\$1,415,000</b>	<b>(\$1,200)</b>
<b>FTE/Other</b>				
Total FTE	19.4	20.0	20.0	0.0

\*Non-state funds as estimated by agency

**Purpose**

Administrative Services supports the Executive Director and the seven divisions in the areas of human resources, budgeting, accounting, data processing, and central services (motor pool, warehouse, data processing). The purpose of department-level support is to assure uniform policy among divisions and to coordinate actions between divisions.

### 3.3 Utah Energy Office (formerly Office of Energy and Resource Planning)

**Recommendation**

The Analyst recommends a total budget of **\$3,506,200**, funded from the General Fund, federal funds, and the Oil Overcharge accounts. In FY 2002 the energy functions in the Department of Community and Economic Development (DCED) were transferred to this program. In FY 2003 some resource planning functions in the Governor’s Office of Planning and Budget were transferred to this program. In FY 2004 the department transferred three employees doing resource planning work to the Executive Director’s program.

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Est/Analyst</b>
<b>Financing</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	620,700	333,800	320,000	(13,800)
General Fund, One-time		1,800		(1,800)
Federal Funds	1,184,800	1,963,400	1,531,200	(432,200)
Oil Overchg - Exxon	792,600	927,800	1,256,300	328,500
Oil Overchg - Stripper Well	318,000	295,000	398,700	103,700
<b>Total</b>	<b>\$2,916,100</b>	<b>\$3,521,800</b>	<b>\$3,506,200</b>	<b>(\$15,600)</b>
<b>Expenditures</b>				
Personal Services	1,209,500	921,900	918,700	(3,200)
In-State Travel	11,100	6,800	6,800	
Out of State Travel	17,300	18,200	18,200	
Current Expense	1,246,700	2,158,100	2,136,500	(21,600)
DP Current Expense	49,900	37,700	46,900	9,200
Capital Outlay	8,300	7,900	7,900	
Other Charges/Pass Thru	373,300	371,200	371,200	
<b>Total</b>	<b>\$2,916,100</b>	<b>\$3,521,800</b>	<b>\$3,506,200</b>	<b>(\$15,600)</b>
<b>FTE/Other</b>				
Total FTE	19.9	15.0	14.0	(1.0)

\*Non-state funds as estimated by agency

*Increased  
Appropriation from  
Oil Overcharge  
Funds*

In FY 2002-2003, two programs transferred from DCED and GOPB to create the Utah Energy Office. Funding from the two Oil Overcharge funds also transferred. Based on FY 2002 actual results, the Analyst recommended total ongoing appropriations from the Oil Overcharge funds totaling \$1.2M. The Utah Energy Office has requested an additional appropriation of \$432,200 in order to meet salaries and project costs. Since these funds come from a one-time legal settlement and are to be used according to the best judgment of the executive branch, the Analyst recommends the Legislature approve their request. See item 3.3 below for further explanation on the origin of these funds. At the close of FY 2003 there was a balance of \$7.8M remaining.

**Exxon Oil Overcharge .....\$328,500**  
**Stripper Well – Petroleum Violation Escrow.....\$103,700**

*Transfer of One  
Employee to Wildlife  
Resources*

One of the positions that transferred to DNR from GOPB was a wetlands specialist. The position is a better fit in the Division of Wildlife Resources than DNR Administration. The position is mostly funded with federal money, but has \$25,000 in matching funds associated with it. The Analyst recommends transferring the position and the \$25,000 to the Division of Wildlife Resources.

**General Fund.....(\$25,000)**

**Purpose**

The Utah Energy Office directs and provides economic analysis, research analysis, policy coordination, energy engineering services, and strategic planning on behalf of the Executive Director, as required by UCA 63-34-5. The program is responsible for coordinating all energy issues across the state. The office also oversees the State Buildings Energy Efficiency Program (SBEEP) with the requirement that 50 percent of net energy savings be deposited in the LeRay McCallister Critical Land Conservation Fund.

Oil Overcharge funds were awarded by the federal Department of Energy and the federal courts to state governors for restitution of damages to consumers due to oil companies' violation of law. The Utah Attorney General has issued an opinion that, since the funds were distributed directly to the governor, "such monies are subject to executive disbursement and not amenable to legislative appropriation." Nevertheless, the department presents the requested amounts in its annual budget package to the Legislature.

**Previous Budget  
Action Report**

During the 2003 General Session the Legislature transferred \$2,800 in ongoing General Funds from this program to the Building Operations line item. The transfer was effective for FY 2003 forward.

### 3.4 Public Affairs

#### Recommendation

The Analyst recommends a total budget of **\$334,000**, funded entirely from the General Fund. One FTE in this program has been vacant for approximately two years (the program formerly had five FTE).

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Est/Analyst</b>
<b>Financing</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	297,500	367,000	334,000	(33,000)
General Fund, One-time		1,200		(1,200)
<b>Total</b>	<b>\$297,500</b>	<b>\$368,200</b>	<b>\$334,000</b>	<b>(\$34,200)</b>
<b>Expenditures</b>				
Personal Services	263,600	293,300	292,300	(1,000)
In-State Travel	2,200	2,800	2,800	
Out of State Travel	1,100	3,000	3,000	
Current Expense	13,700	52,200	19,000	(33,200)
DP Current Expense	16,900	16,900	16,900	
<b>Total</b>	<b>\$297,500</b>	<b>\$368,200</b>	<b>\$334,000</b>	<b>(\$34,200)</b>
<b>FTE/Other</b>				
Total FTE	3.8	4.0	4.0	0.0

\*Non-state funds as estimated by agency

#### Purpose

The Public Affairs program assists the department in understanding the needs of its customers and educates the public regarding the department's efforts. They coordinate the production of written materials, department communications, and news media relations. It coordinates the "Take Pride in Utah" partnership of state, federal, and private entities. The program is also the liaison between the Legislature and the department.

### 3.5 Bear Lake Regional Commission

**Recommendation**

The Analyst recommends a total budget of **\$28,700**, funded entirely from the General Fund. In FY 2003 the Legislature transferred \$30,000 in one-time nonlapsing funds from the Wildlife – Capital budget to this program.

	2003	2004	2005	Est/Analyst
<b>Financing</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	28,700	28,700	28,700	
Beginning Nonlapsing	30,000			
<b>Total</b>	<b>\$58,700</b>	<b>\$28,700</b>	<b>\$28,700</b>	<b>\$0</b>
<b>Expenditures</b>				
Other Charges/Pass Thru	58,700	28,700	28,700	
<b>Total</b>	<b>\$58,700</b>	<b>\$28,700</b>	<b>\$28,700</b>	<b>\$0</b>

\*Non-state funds as estimated by agency

*Program Transfer*

The Bear Lake Commission receives funding from the State of Utah, the State of Idaho, and federal and other grants. In the State of Utah, it is currently budgeted as a separate program in the DNR Administration line item (see item 3.5). In the State of Idaho, it is not visible at the legislative level but is treated as a contract by the Idaho Department of Environmental Quality. The Analyst believes it would be more appropriate for the State of Utah to handle this program similarly to the State of Idaho. Reasons include:

- It is completely a pass-through item for DNR. Other than cutting a check, DNR has no further involvement. Because it is a mandated pass-through, it probably receives less scrutiny than a contract, which at least has a list of deliverables.
- The work of the commission deals with water quality—the reduction of point and non-point source pollutants. The DEQ has the same mission.
- Because DEQ has the same mission, it can view the work of the commission in a larger framework and channel all of its resources accordingly, perhaps finding more funds for the commission.
- The size of the program does not warrant legislative time and attention each session.

The Analyst recommends the Legislature transfer funding for the Bear Lake Commission to the Department of Environmental Quality and that it be treated as other water quality contracts in that department.

**General Funds to DNR..... (\$28,700)**  
**General Funds to DEQ.....\$28,700**

**Purpose**

In 1983, the Bear Lake Regional Commission, through funds provided by the Department of Natural Resources, the State of Idaho and the Environmental Protection Agency, undertook a water quality study of Bear Lake, Bear River, and the associated watersheds. The Commission reported to the Legislature that the water quality of Bear Lake had deteriorated and that the Commission wanted to continue studying the lake to preserve its quality.

Research several years ago found higher-than-expected amounts of algae and phosphorus in the lake. These result from biological matter that enters the water. The Commission works to reduce non-point source pollutants with federal grants, local influence, and a small hands-on staff.

**Intent Language**

**Only if the Legislature does not approve the Analyst's recommendation to transfer this funding to DEQ**, the Analyst recommends maintaining the following intent language from H.B. 1, 2003 General Session:

*It is the intent of the Legislature that funding for the Bear Lake Regional Commission be expended only as a one-to-one match with funds from the State of Idaho.*

The State of Idaho has maintained its commitment at \$50,000. It is unknown whether Idaho will adjust its future appropriations in response to Utah's changes.

**Previous Budget Action Report**

In the 2003 General Session the Legislature transferred \$30,000 in FY 2003 nonlapsing funds from the Wildlife Resources – Capital line item to this program. The funds were one-time in nature.

### 3.6 Law Enforcement

#### Recommendation

The Analyst recommends a total budget of **\$118,100**, funded entirely from the General Fund. This program has decreased from three FTE in FY 2001 to one in FY 2004. Due to budget cuts these positions probably will not be filled anytime soon.

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Est/Analyst</b>
<b>Financing</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	131,400	118,100	118,100	
General Fund, One-time		300		(300)
<b>Total</b>	<b>\$131,400</b>	<b>\$118,400</b>	<b>\$118,100</b>	<b>(\$300)</b>
<b>Expenditures</b>				
Personal Services	106,200	94,000	93,600	(400)
In-State Travel	2,200	2,100	2,100	
Out of State Travel	800	800	800	
Current Expense	19,800	17,800	19,200	1,400
DP Current Expense	2,400	3,700	2,400	(1,300)
<b>Total</b>	<b>\$131,400</b>	<b>\$118,400</b>	<b>\$118,100</b>	<b>(\$300)</b>
<b>FTE/Other</b>				
Total FTE	1.1	1.0	1.0	0.0

\*Non-state funds as estimated by agency

#### Purpose

The department has a large law enforcement presence. The purpose of this departmental law enforcement office is to ensure a high degree of professionalism and training, consistent policy administration, and to review complaints about any peace officers in the department.

### 3.7 Private Property Ombudsman

**Recommendation**

The Analyst recommends General Funds for this program in the amount of **\$147,400**. Program staffing consists of one attorney. An office technician (0.5 FTE) temporarily in this program until FY 2002 is no longer on staff due to budget reductions.

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Est/Analyst</b>
	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
<b>Financing</b>				
General Fund	149,400	147,400	147,400	
General Fund, One-time		500		(500)
<b>Total</b>	<b>\$149,400</b>	<b>\$147,900</b>	<b>\$147,400</b>	<b>(\$500)</b>
<b>Expenditures</b>				
Personal Services	105,000	106,600	106,300	(300)
In-State Travel	8,400	8,400	8,400	
Out of State Travel	3,700	3,700	3,700	
Current Expense	27,100	24,300	24,200	(100)
DP Current Expense	5,200	4,900	4,800	(100)
<b>Total</b>	<b>\$149,400</b>	<b>\$147,900</b>	<b>\$147,400</b>	<b>(\$500)</b>
<b>FTE/Other</b>				
Total FTE	1.0	1.0	1.0	0.0

\*Non-state funds as estimated by agency

**Purpose**

The Ombudsman program was created by the 1997 Legislature in an effort to address citizen concerns about the way government actions can impact the use and value of private property. At the request of a state agency, local government, or private property owner, the Ombudsman assists in analyzing actions with takings implications. Information is provided to groups about takings law. Mediation or arbitration is arranged for disputes between private property owners and government entities.

## 4.0 Additional Information: Department Administration

### 4.1 Funding History

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
General Fund	3,414,200	3,510,300	3,338,800	3,359,500	3,334,500
General Fund, One-time		(4,300)	40,000	10,400	
Federal Funds		973,200	1,184,800	1,963,400	1,531,200
Oil Overchg - Exxon		2,376,300	792,600	927,800	1,256,300
Oil Overchg - Stripper Well	500,000	755,500	318,000	295,000	398,700
Beginning Nonlapsing	208,900	176,400	177,100	20,400	
Closing Nonlapsing	(176,400)	(147,100)	(20,400)		
Lapsing Balance	(163,400)	(1,910,500)			
<b>Total</b>	<b>\$3,783,300</b>	<b>\$5,729,800</b>	<b>\$5,830,900</b>	<b>\$6,576,500</b>	<b>\$6,520,700</b>
<b>Programs</b>					
Executive Director	800,300	890,300	924,700	975,300	971,300
Administrative Services	1,331,300	1,391,400	1,353,100	1,416,200	1,415,000
Utah Energy Office	868,300	2,696,300	2,916,100	3,521,800	3,506,200
Public Affairs	291,200	322,500	297,500	368,200	334,000
Bear Lake Commission	50,000	50,000	58,700	28,700	28,700
Law Enforcement	282,300	205,500	131,400	118,400	118,100
Ombudsman	159,900	173,800	149,400	147,900	147,400
<b>Total</b>	<b>\$3,783,300</b>	<b>\$5,729,800</b>	<b>\$5,830,900</b>	<b>\$6,576,500</b>	<b>\$6,520,700</b>
<b>Expenditures</b>					
Personal Services	2,845,000	3,324,700	3,294,800	3,309,100	3,301,000
In-State Travel	37,400	27,700	38,800	41,400	41,400
Out of State Travel	41,100	52,700	29,500	37,000	37,400
Current Expense	717,700	1,936,900	1,893,300	2,666,700	2,601,000
DP Current Expense	122,100	123,200	134,200	114,500	132,100
Capital Outlay	15,100		8,300	7,900	7,900
Other Charges/Pass Thru	4,900	264,600	432,000	399,900	399,900
<b>Total</b>	<b>\$3,783,300</b>	<b>\$5,729,800</b>	<b>\$5,830,900</b>	<b>\$6,576,500</b>	<b>\$6,520,700</b>
<b>FTE/Other</b>					
Total FTE	45.1	46.0	49.2	48.0	47.0

\*Non-state funds as estimated by agency.

#### 4.2 Federal Funds

			<b>FY 2003 Actual</b>	<b>FY 2004 Estimated</b>	<b>FY 2005 Analyst</b>
Program:	Utah Energy Office	Federal	995,200	1,963,400	1,531,200
Fed Agency:	Department of Energy	State Match			
Purpose:	State Energy Programs	Total	995,200	1,963,400	1,531,200
Program:	Utah Energy Office	Federal	189,600		
Fed Agency:	Enviro Protection Agency	State Match	23,200		
Purpose:	Wetlands Programs	Total	212,800	0	0
		<b>Federal Total</b>	<b>1,184,800</b>	<b>1,963,400</b>	<b>1,531,200</b>
		<b>State Match Total</b>	<b>23,200</b>	<b>0</b>	<b>0</b>
		<b>Total</b>	<b>\$1,208,000</b>	<b>\$1,963,400</b>	<b>\$1,531,200</b>

### 4.3 Department Administration Fees

	<b>FY 2004 Current</b>	<b>FY 2005 Proposed</b>	<b>Difference</b>	<b>FY 2005 Units</b>	<b>Revenue Change</b>
Custom Reports	Computer time and current personnel rate	Computer time and current personnel rate			
Photocopies-Staff Copy, Per Page	0.25	0.25			
Photocopies-Self Copy, Per Page	0.10	0.10			

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