

**MINUTES OF THE
NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENTAL QUALITY
APPROPRIATIONS SUBCOMMITTEE**

Room 210 Senate Building

February 9, 2016

Members Present: Sen. David P. Hinkins, Co-Chair
Rep. Mike McKell, Co-Chair
Rep. Kay J. Christofferson, House Vice Chair
Sen. Jim Dabakis
Sen. Margaret Dayton
Sen. Scott K. Jenkins
Sen. Ralph Okerlund
Sen. Kevin T. Van Tassell
Rep. Scott Chew
Rep. Susan Duckworth
Rep. Brian M. Greene
Rep. Stephen G. Handy
Rep. Timothy Hawkes
Rep. Lynn N. Hemingway
Rep. Ken Ivory
Rep. Michael E. Noel
Rep. Lee B. Perry
Rep. Marc K. Roberts

Members Absent: Sen. Peter C. Knudson

Staff: Mr. Ivan D. Djambov, Fiscal Analyst
Mr. Brian Wikle, Fiscal Analyst
Ms. Linda Service, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

Vice Chair Christofferson called the meeting to order at 8:05 a.m.

1. Revenue Shortfall: Utah Geological Survey and Division of Oil, Gas, and Mining

Mr. Rick Allis, State Geologist and Director, Utah Geological Survey (UGS), reviewed a slide presentation and reminded the committee of the value of UGS. They provide geological information in trying to assess wise land use decisions. He commented on several areas within the state where geologic hazards have been recognized and decisions made to mitigate potential damage and degrading of clean groundwater.

Mr. Allis expressed concern regarding the diminished Mineral Lease revenue due to low oil and natural gas prices. Revenue is down \$2.2 million; to counteract the shortfall, they have reduced staff, put a hold on promotions and new hiring, and shut down some expense categories.

Mr. John Baza, Director, Division of Oil, Gas, and Mining (DOG M), distributed "NRAEQ Appropriations Subcommittee, Briefing on Revenue Shortfall, February 9, 2016." DOGM has a three-part mission to facilitate responsible resource development, protect public health and safety, and preserve the environment. Mr. Baza addressed the revenue shortfall facing his division and discussed efforts to compensate for the decline in oil production.

2. Utah State Fair

Mr. Ivan Djambov, Fiscal Analyst, provided a brief overview of the Utah State Fairpark; it is a non-profit organization whose budget comes through the Department of Agriculture and Food. The issue they are facing has to do with budget and funding. When they were created as an independent entity the goal was for them to become self-sustaining through their operations. As it is right now, they have no General Fund in their budget for 2017. They generate three to four million dollars on their own with operating expenses to cover.

Mr. Roger Beattie, Chairman of the Board, Utah State Fairpark Corporation, introduced "Utah State Fairpark Corporation, 2015 Business Plan," and "2016 Utah State Fair." Mr. Larry Mollenax, Interim Executive Director, Utah State Fairpark, presented a review of their business plan and ongoing efforts. Their goal is to become self-sufficient. Their mission is to preserve Utah's heritage, meet tomorrow's future today, and showcase agriculture, innovative technology, and family values. He discussed the Fairpark Corporation business plan, the first priority of which is to acquire a long-term lease agreement signed and executed. The second priority is to revitalize property by focusing on five interdependent business objectives that diversify revenue potential and are based on long-term planning.

3. Division of Water Rights

Mr. Djambov reported on a \$438,000 item funded in the FY 2015 General Session to help with the backlog of objections filed with the district court by parties who disagree with the State Engineer's recommendations. The initial plan was to hire two full-time Special Masters at about \$200,000 per person. The division's leadership advertised for one part-time Special Master at 20-30 hours a week with billing rates up to \$300 an hour for a Special Master position, up to \$200 an hour for a law clerk, and up to \$100 an hour for a paralegal. No specific goals or results were identified in the announcement. In the opinion of Mr. Djambov, this seemed to be inconsistent with the original request. As of last week, the Department of Natural Resources Administration has recognized that one part-time Special Master is not the most efficient way to spend the funding. They are currently working with the court's administration to restructure how the funding will be used.

Mr. Kent Jones, State Engineer and Director, Division of Water Rights, distributed "Canal Status Update - January 2016" and reviewed the Canal Inventory Program. He requested additional one-time funding to complete their mapping project.

Director Jones discussed "Water Rights Adjudication, Streamlining Strategy," focusing on improving efficiencies and performance measures. Water development is one of the critical factors in the state. We need to know what water is available and have order and certainty in water, so people know what is available. The Adjudication Program is set up to help clarify water rights. The division has established a three-prong approach to successfully streamline water rights adjudication: process refinements, resource requests, and statutory revisions.

In response to Mr. Djambov's concerns over the inconsistencies between the initial funding request and the advertised positions available, Mr. Jones acknowledged that they may not have been clear enough with regard to performance measures and expectations for the position of Special Master. He suggested leaving the Special Master money as it is and trust the courts and the division to implement the position and show the results.

4. Division of Water Resources

Mr. Eric Millis, Director, Division of Water Resources, distributed "Water For You, A Review of Duties and Funding Programs of the Division and Board of Water Resources, January 2016." He explained that by legislative authority, the division and board are to work to protect Utah's rights to interstate waters, provide comprehensive water planning throughout the state, and to manage water resource project construction programs. They plan, conserve, develop and protect Utah's water resources. He asked for the support of the committee for the building blocks requested in an earlier meeting.

5. Requests for Appropriation:

- Featherstone Dental Clinic - Sen. Dayton: Sen. Dayton deferred her presentation.
- \$950,000 ongoing - Water Conservation and Research Initiative - Rep. Perry: Rep. Perry distributed "USU Extension Water Initiative Plans," and "Utah State University Extension Water Conservation Initiative." Dr. Kenneth White, Vice President for Extension and Agriculture and Dean of the College of Agriculture and Applied Sciences, Utah State University, and Mayor Christopher Pengra, Eagle Mountain City, spoke in support of the appropriation.
- \$4,000,000 one-time - Northern Utah Flood Control and Mitigation - Rep. Perry: Mr. Lance Peterson, Weber County Emergency Manager, and Mr. James Ebert, Weber County Commission, spoke in support of the appropriation.
- \$55,000 ongoing - Future Farmers of America - Rep. McKell: Mr. Sterling Brown, Utah Farm Bureau, spoke in support of the appropriation.
- \$100,000 - Energy Incentive Award Manager - Sen. Okerlund: Mr. Jeff Barrett, Deputy Director, Governor's Office of Energy Development, spoke in support of the appropriation.
- \$2,000,000 one-time - Increase State Parks Visitation - Sen. Jenkins: Projects that this funding would add needed capacity to the parks. Mr. Fred Hayes, Director, Division of Parks and Recreation, spoke in support of the appropriation.
- \$200,000 - Bonneville Shoreline Trail - Rep. Edwards: Nineteen mile completion of the Bonneville Shoreline Trail in Davis County. Mr. Barry Burton, Director, Planning Department, Davis County, spoke in support of the appropriation.
- \$250,000 one-time - Ogden Pioneer Days - Rep. Dee: Renovation of the north section of the Ogden rodeo grounds.
- \$2,743,000 one-time - Soldier Hollow Critical Repairs - Rep. Powell: Improvements to get the facility back to operating condition. Mr. Colin Hilton, Chief Executive Officer, and Rep. Hutchings, Utah Olympic Legacy Foundation, spoke in support of the appropriation.

- \$1,500,000 - Water Conservation - Sen. Hinkins: Funds to cover shortfall on repair of a damaged diversion dam and improvements to that dam. Mr. Von Bowerman, Vice President, Green River Canal Company, and Mr. Coby Hunt, Soil Conservation Board, spoke in support of the appropriation.
- \$500,000 - State Sovereignty Grants - Rep. McKell: Seed money to fund legal challenges to federal government restrictions on public lands. Rep. Noel spoke in support of the appropriation.
- \$180,000 ongoing - Public Lands Attorney - Rep. Noel: Additional attorney in the Public Lands Office in Salt Lake City.
- \$300,000 ongoing - Rural Public Lands Attorney and Assistant - Rep. Noel: Additional attorney and assistant in the Public Lands Office in rural Utah. Ms. Kathleen Clarke, Director, PLPCO, spoke in support of the public lands appropriations.
- \$500,000 - CARROT - Rep. Noel: Statewide effort to provide incentives to adopt technologies to improve air quality. Mr. Bryce Bird, Director, Division of Air Quality, Department of Environmental Quality, spoke in support of the appropriation.

MOTION: Rep. Duckworth moved to adjourn. The motion passed unanimously. Vice Chair Christofferson adjourned the meeting at 10:50 a.m.

Sen. David Hinkins, Chair

Rep. Mike McKell, Chair