



MAJOR ISSUES FOR GENERAL SESSION

NATURAL RESOURCES, AGRICULTURE, & ENVIRONMENTAL QUALITY APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

This document lists the major issues identified by the leaders of the governmental entities reporting to the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee.

Department of Natural Resources

Division of Forestry, Fire, and State Lands

1. Wildland Fire

- a. Finding a long-term solution for budgeting and paying for wildfire suppression and post-fire rehabilitation. FFSL will continue to work with GOMB, key legislators and the LFA to identify permanent, long-term options within the state budget for paying these annual costs. In the meantime, specific to fire suppression, we will use the existing Wildfire Suppression Account and make annual supplemental budget requests as necessary. However, regarding the more proactive notion of actually reducing wildfire risks and associated costs, please see the following item.
- b. Measurably reducing wildfire risk in Utah through successful implementation of the Governor's Catastrophic Wildfire Reduction Strategy (CatFire), the division's new wildland fire management system (2016's SB 122 and "fire policy"), and the National Cohesive Wildland Fire Management Strategy (NCS).

FFSL, along with our interagency fire management partners, have built and are implementing new systems, processes and initiatives that emphasize wildfire risk reduction—prevention, preparedness and mitigation—with a key objective of, over time, reducing the actual costs of wildfire suppression (or, at the very least, reducing the currently ever-increasing rate of fire suppression costs in the long-run). In partnership with local government, other state agencies and federal fire management partners, FFSL will continue to aggressively implement CatFire and NCS as well as our new fire management system, all of which are focused on risk reduction.

2. Forestry

Ensuring federal (i.e., Congressional) support for state forestry agencies through adequate funding of US Forest Service State & Private Forestry, passage of the 2018 Farm Bill with a robust Forestry Title, and finding a funding fix for federal fire suppression that will stop the harmful practice of "fire borrowing."

Congress annually appropriates funding that is intended to support state forestry agencies through cooperative forestry and fire programs with US Forest Service State & Private Forestry. As well, the Forestry Title of the federal Farm Bill provides tools (and funding if appropriated) for state forestry and other agencies to better, more actively manage private forestland. These tools and funds are critical to the work all state forestry agencies do.

FFSL is active with the Council of Western State Foresters, Western Forestry Leadership Council, National Association of State Foresters, our congressional delegation and others interested in these issues and working to maintain ongoing federal support for our cooperative forestry and fire programs. NASF is in the final stages of developing nation-wide performance measures for the states' cooperative forestry programs and FFSL is actively participating with this endeavor.

3. Sovereign Lands

- a. Continuing adequate revenue to the Sovereign Lands Management Restricted Account. FFSL works closely with our lessees and permittees to ensure excellent service. The financial operations of the Division are primarily funded by the Restricted Account, so it is imperative that that we are responsive to and supportive of the commercial users of sovereign lands, particularly the industries on Great Salt Lake, which fund the vast majority of the Restricted Account.
- b. Successfully navigating the increasing complexity and demand of sovereign lands management, including recent, near-record low water levels for Great Salt Lake and Utah Lake. FFSL works closely with the Great Salt Lake Advisory Council, Utah Lake Commission, Bear Lake Commission, Jordan River Commission and numerous other government, NGO and private entities to proactively and successfully manage the state's sovereign lands. We are in the final stages of completing individual resource management plans (RMPs) for all of our sovereign land water bodies. These plans provide clear and consistent guidance for the Division, our partners and the public for management priorities and actions. As well, our management efforts are guided by other resources, such as the Sovereign Lands Invasive Species Guidance Document, and close cooperation with our assistant attorneys general as much of what we do is guided by both federal and state law.

Division of Oil, Gas, and Mining

1. Continue to apply technology (i.e. information systems, GIS, social media) to improve our ability to collect, manage, evaluate, and disseminate information that can be used to accomplish the Division's mission.
2. Maximize the skills and expertise of our knowledge-based staff members who must apply judgment and reason to technical decisions related to permitting, inspection, and compliance with regulatory requirements.
3. Monitor and communicate on numerous issues arising for extractive industries, e.g. air quality in the Uintah Basin, state regulatory programs vs. federal intrusion, use and management of produced water.
4. Maintain responsible development in the state through efficient and effective regulatory programs, despite depressed and uncertain commodity prices
5. Prepare for a potential rebound of the oil and gas industry due to new pro-fossil fuel presidential administration.
6. Fill vacancies that result from retirement and resignation with qualified professionals; increase retention/decrease turnover.

Division of Water Resources

1. **Dam Safety Funding:** The Division is requesting the Governor's Office recommend a building block of \$8,425,000 in onetime funding to partner with the Natural Resources Conservation Service (NRCS) in constructing dam safety upgrades to 10 high hazard dams in the state. Through this partnership, the State would pay 31.5% of construction costs, rather than the 80-90% it would typically pay under statute. This is a big benefit to the State. The State has already partnered with NRCS in upgrading three dams (Millsite, Silver Lake Flat, and Tibble Fork) and is hoping to continue this partnership on 10 additional dams. Under

the partnership, NRCS would pay 65% of construction costs and 100% of engineering costs. If no State match money is provided, it is most likely that the dam safety upgrades would have to be postponed, and the availability of NRCS funding would be jeopardized.

2. **Water Conservation:** As we get closer to hitting our current water conservation goal of at least a 25% reduction in our municipal and industrial per capita water use, we will transition to water conservation 2.0. We continue to work toward reducing water use with programs such as the Slow the Flow campaign, H2Oath: Utah's Water-Wise Pledge, the weekly lawn watering guide, water conservation research directed by Utah State University and others, community partnerships, the new water saving devices rebate funding provided by the 2017 legislature and our enhanced social media presence. The public has been responding very well to these efforts. Shortly we will be engaged in a third-party review of our current water conservation goal to help direct us in setting new water conservation goals that will focus more on regional water conservation targets, needs and issues. As we continue to work forward in water efficiency and conservation, we will need to have and provide the resources necessary to meet these new water conservation goals and standards. The Division did request ongoing funding of \$100,000 into the Governor's Budget for 1 FTE to help with all of the water conservation work.
3. **Lake Powell Pipeline Project:** The Division recently submitted the additional information requested by the Federal Energy Regulatory Commission (FERC) regarding the Lake Powell Pipeline (LPP) Project License Application. FERC has now issued the notice of Ready for Environmental Analysis and will officially begin preparing the Draft EIS for release. Current water needs analysis indicates water deliveries could be needed from the LPP as soon as 2028. Considering design and construction could take 5-7 years, it is critical that the NEPA process moves forward in a timely manner.

The proposed LPP would deliver water from Lake Powell to Washington and Kane counties. This water, in addition to savings through water conservation and water converted from irrigated farm lands as those lands are developed, will assist in meeting the needs of the rapidly growing population in southwest Utah. The division is working with the recently created Executive Water Finance Board and the Legislative Water Development Commission to review State financing of large water infrastructure projects including the LPP Project. Through the State Treasurer, the State's financial advisor, Zion's bank is currently performing a 3rd party review of the State's funding parameters and methods for large water development projects including the LPP.

4. **Staff Funding:** The Division has just under 50 employees and currently has 6 employees (14% of staff) that are eligible to retire. Within 5 years that jumps approximately to 17 employees (39% of staff). As we look at that potential, we need to continue to make sure that we have the ability in both salary and benefits that will help us to continue to recruit and retain excellent and younger staff that will come in to replace our experienced staff. We conducted an informal salary survey for all engineering, engineering tech and GIS positions compared to those same positions at the local water conservancy districts and found that our state positions are approximately 25% less paid comparatively. It is imperative that we have the financial ability through new salary appropriations, market based adjustments, ASI's and COLA's to compensate current staff in order to appropriately compensate and retain our workforce.
5. **Contract with US Bureau of Reclamation:** The Utah Board of Water Resources is in public negotiations with the US Bureau of Reclamation for water exchange agreements on the Board's Flaming Gorge Water Right. The first negotiation meeting was held in Vernal on October 30 to work on the details and cost per

acre-foot of water of the Green River block contract. A negotiation meeting for the Lake Powell Pipeline block contract was on December 4 in St. George. A final meeting is expected in Salt Lake in January 2018.

This water right was originally intended for the Ultimate Phase of the Central Utah Project. That phase was deauthorized in 1992. In 1996, Reclamation transferred part of the right to the Board with the condition that if it received benefit from the water it would need to make this agreement with Reclamation. The Board subsequently divided the right and granted about 72,000 acre-feet to water users in the Green and Colorado River drainages and kept about 86,000 acre-feet for the Lake Powell Pipeline Project. One agreement will be made for the Green River block and one for the Lake Powell Pipeline block. Direct flow allowed by the water right will be exchanged for water stored in Flaming Gorge reservoir. Increased water supply security and protecting this part of Utah's Colorado River allocation will be the principal benefit to the State and water users. Reclamation will benefit from increased flexibility in its operations. There is no financial obligation to the State other than to pass through fees from third-party contracts with those who hold portions of that water right to Reclamation.

Division of Water Rights

1. Working towards and advocating for an expedited general adjudication of water rights in Utah.

Adjudications have been initiated by the District court in 13 drainage basins. Each is important to complete and will help resolve uncertainty in the administration of water rights. Each is at a different stage of completion and will take a different set of resources to complete. The Governor's office has directed that we prioritize use of adjudication resources and focus on completing the Utah Lake/Jordan River (ULJR) adjudication in a short timeframe as a first priority. The strategy for accomplishing this important goal is multipronged and includes the following:

- a. Analysis of the adjudication process, removing unnecessary activities, modernizing activities where possible, focusing resources to address bottlenecks, and improving measurement and oversight to focus on maximum performance. The office has and continues to invest resources into automation of manual processes like the filing of claims, community outreach and education, and administrative and measurement functions. Specifically an online water user claim form is being developed, public meetings are being broadcast on the internet and recorded for later viewing, public instruction videos (youtube how-to type instruction) is being prepared for dissemination on the internet.
- b. Propose legislative amendments with water community support to address uncertain processes, revise outdated practices, and introduce new methods which could streamline the process. Significant legislation has been enacted and additional legislation is proposed for the coming legislative session.
- c. Secure and focus adjudication resources on the ULJR area. Previous legislation provided funding for courts to appoint a special master. That funding is helping the objection resolution phase move forward with greater speed and has attracted the attention of the courts to the lingering nature of objections and their role in expediting resolution of those issues. During the 2017 legislative session sales tax earmarked to water issues was redistributed to provide significant additional funding for adjudication. That funding is being used to scale up state engineer adjudication duties strategically placing resources into eliminating bottlenecks which control the ULJR adjudication outcomes. Specific steps which have been taken recently include the hiring of an adjudication phone specialist to field the waves of calls that result from issuing summons by mail to thousands of potential water right claimants as an initial step in each adjudication sub-area. Two additional adjudication field teams who do the boots on the ground work of evaluating

claims were added this year. Two additional teams are planned within the next 6 months to help propose an increasing number of claims in the adjudication process.

- 2. Improve timeliness of water right application processing.** The Division has successfully reduced most of the water right application backlog and is now shifting its focus towards improving timeliness of issuing water right decisions. The plan to speed up application processing is much the same as improving other water right processes. It is a three pronged approach consisting review and revision of statutes which are either problematic or introduce a lack of clarity into the processing cycle, using automation technology effectively to reduce manual labor, and set goals and measure performance with an objective of continued improvement. Statutes involving small domestic applications were revised several years ago to allow approval without advertising. We are now working to maximize applications which can be considered under the small application statute. We recently implemented new tracking and management tools to help expedite these applications moving through the office. We have set an aggressive goal of processing these applications within two weeks and are tracking office progress on the goal. This year we also did the same thing with the simplest of extension requests. We have adopted an automated, simplified processing methodology and are tracking and encouraging all qualifying requests to move through the new automated system using production goals as an incentive to utilize the new system. The approach seems to be working as a significant increase in extension requests processed by the automated system was experienced this last month. Electronic protests were recently implemented which remove several manual processes while enabling more convenient protest filing by the public online using a credit card. We continue to work through the remaining backlog of applications which were “deferred” for one reason or another considering studies and policy refinements which will allow decision making to occur. We anticipate legislation this year which will further clarify statutory criteria for diligence claims, defining a clearer application process.
- 3. Improve the transparency and timeliness of water distribution decisions.** One of the responsibilities of the state engineer is to see that water is distributed by priority by establishing distribution systems and appointed water commissioners to distribute the water. As competition for water has increased the complexity of distribution system plumbing and water right characteristics has also increased resulting in increasing manual effort and less confidence in distribution decisions. The Division is addressing this issue with a two prong approach. The Division is encouraging and supporting real time water diversion reporting systems which increase the transparency and availability of basic water right information. Additionally we are implementing water right accounting models which automate much of the water distribution accounting and decision making transparently online for all to see quickly and easily. Models are in operation for the Bear River, Weber River, Provo River, Price River, and Sevier River. We will continue to enhance both realtime reporting and water accounting models to maximize the effectiveness of these tools.
- 4. Improve the quality and quantity of water use data reported.** This issue was brought to light by a legislative audit and resources have been provided by the legislature to improve the water use data reported. We are using a three pronged approach to attack this issue: Increased water user accountability, education and assistance, and automated tools to help detect defective data as it is submitted. We have implemented regulatory controls over data submitted to increase water user accountability. We are preparing to roll out a new online data entry system aimed at helping water users timely provide data and detecting errors as the data is submitted. We have also implemented an aggressive program of data auditing where our staff meet with each system and go over the data provided, provide assistance and education about water use reporting. We are currently working on additional online tools to help water users assess the quality of data they are submitting and working with the major water billing software companies to more closely integrate water use data from billing into water-use reporting.

5. Implement more flexible mechanisms to allow definition and quantification of new water right uses.

Water rights are becoming more complex as pressure mounts for in-stream uses, flexibility to convert beyond standard seasonal uses, and allow for more option driven water right transactions. The Division is engaged in water user discussions on these topics and continues to look at its practices which are steeped in decades old standards to look for new ways to accomplish its work efficiently and also provides greater flexibility as new uses are contemplated. Statutory authority was granted last legislative session to adopt rules which define historic practice on the duty of water. Workgroups are meeting to look at methods to implement water banks and accommodate short season leases for in-stream flow. The Division is educating about current institutional hurdles and providing suggestions to overcome the roadblocks. We believe the best path to flexibility is to have the Division participate in the water user discussions actively identifying and analyzing options as the brainstorming process brings them to light. Our goal is to work cooperatively towards mechanisms which continue to facilitate order and certainty but provide additional opportunity for flexibility.

Utah Geological Survey (UGS)

The primary issue for the UGS is having the capability to accumulate a non-lapsing Mineral Lease carry-forward of at least \$1 million. History has shown that varying oil and gas prices can cause annual Mineral lease revenue to vary by more than \$1 million. In order to stabilize annual UGS expenditure, 80% of which is typical personnel costs, the UGS needs to set aside non-lapsing Mineral lease revenue in good years to cover the effects of poor revenue in years with low oil and gas prices.

Division of Wildlife Resources

- 1. Maintaining and increasing interest in hunting and fishing participation:** The primary revenues that support wildlife management in Utah are generated by the sale of hunting and fishing licenses and permits, as well as federal excise taxes on hunting, shooting and fishing equipment and motorboat fuel. As hunters and anglers continue to support the conservation of Utah's wildlife by making these purchases, it is critical that DWR make strategic investments in developing long-term hunters and anglers. To that end, DWR is working with partners throughout the nation to Recruit, Retain and Reactivate hunter and anglers. This initiative, called "R3," is among DWR's most important long-term initiatives. Getting new generations to become stewards of our wildlife resource is critical for the future of all Utah wildlife.
- 2. Facilitating public participation in wildlife management decisions:** Wildlife conservation is a complex process that requires rigorous scientific evaluation, while carefully considering the various social and economic values of the people of Utah. For these reasons, public participation in wildlife management decisions is critical to achieving a fair and desirable outcome for the public. Further complicating matters, the means, mechanisms and motivations for communicating in the 21st Century continue to evolve. DWR must continually adapt to those evolving trends, while strengthening traditional forums for structured public participation. DWR relies on five Regional Advisory Councils throughout the state, as well as Utah's Wildlife Board, to review day-to-day wildlife management decisions and gather robust public input. In addition, DWR coordinates numerous work groups that advise DWR in a proactive and collaborative manner, as well as a suite of cutting edge social and digital media tools, surveys and analytics to gather public input and key insights.
- 3. Maintaining healthy wildlife populations and expanding wildlife populations where appropriate:** As Utah's economy and population continue to grow, it becomes increasingly difficult to meet the growing demand for hunting and fishing opportunities. DWR is continually developing new and innovative ways to provide for these opportunities, while also supporting the growth of Utah's economy. Over the past ten

years, DWR has focused on maintaining and expanding wildlife populations through activities including the Utah Watershed Restoration Initiative (almost 1.4 million acres of habitat have been restored), numerous wildlife transplants, disease monitoring, predator control, targeted research efforts, and countless other actions.

4. **Utilizing new technology to be more efficient and provide better customer service:** As trends in technology continue to evolve at a dizzying pace, DWR must continually adapt in the delivery of our knowledge, products and services. This need has required a constant focus on innovation, efficiency, effectiveness and security. A recent example of these efforts includes the nation's first mobile app that stores hunting and fishing licenses, information, maps, etc., and was recently recognized by the Web Marketing Association as the Best Government Mobile Application in the nation. We are also using new technology (GIS collars) to track animal movements and migration patterns as part of our new Utah Wildlife Migration Initiative.
5. **Maintaining state authority to manage wildlife:** DWR is the trustee and guardian of Utah's wildlife, and remains the primary authority in the conservation of all state managed species. But when management authority is transferred to the federal government, such as when a species is listed as "Threatened" or "Endangered" under the Endangered Species Act (ESA), local communities and economies are negatively affected. DWR is continually collecting key data and implementing critical conservation actions on-the-ground to forestall the need to list state managed species under ESA.

Division of Parks and Recreation

Over the past several years the Division of Parks and Recreation (Division) has established a very successful business platform. Using proven business principles the Division has been able to operate the State's parks on the funding that is primarily generated at those same parks. Although the Division's operating plan has shown to be extremely efficient and effective there are several constraints that are limiting our continued progress. Elimination of these obstacles is the major issue facing the Division today as we continue to grow. We believe that the most critical items to address in eliminating obstacles are as follows:

1. **Access to the Division's restricted funds:** For a number of years, the Division has focused a great deal of attention on building the balance in the Restricted Funds (collectively, the OHV Restricted Fund, the Boating Restricted Fund, and the State Park Fees Restricted Fund). Today, we have reached a point where we are comfortable in our ability to generate revenue and need to be able to pull large amounts of funding from the Restricted Funds to pay for development, capital replacement, staff enhancements, salaries and business investment. Because of the tremendous growth in visitation, and the associated impacts to capital facilities, we need to accelerate our process of replacing failing infrastructure. We also need to add employees to care for the increased numbers of visitors. We need to develop new opportunities in lodging, activities, and facilities.

Fortunately, the money is available, and simply needs to be appropriated.

2. **Access to non-governmental vendors:** There are many circumstances wherein the Division could better manage expenses and save critical dollars by using non-governmental vendors. Under current law, rule and practice, the Division is mandated to utilize these governmental vendors, many of whom operate as Internal Service Funds. In many cases, the cost of utilizing the ISFs exceed the cost of acquiring the same, or better, service from private vendors who may be better positioned to meet the Division's needs.

Legislation exempting the Division from using the services of non-competitive governmental service providers would be a tremendous boost to the ability of the Division to manage its business.

- 3. Prudent Growth:** Every year, there are numerous proposals floated for additions to the state park system. While some of those are legitimate parks that have a place in the system, most are not. Increasingly, the Division's success seems to make it appear as a "cure all" for areas that are difficult or costly to manage. We believe that the addition of State Parks to the Division's portfolio that do not meet the Division's business model of being able to operate at a profit are detrimental to the entire system. Adding a park that will be a drain on resources is hazardous to the future of the system.

Unfortunately, I don't have a solution to this situation. We will continue to work with the Legislature to make sure they understand our concerns.

Department of Agriculture and Food

1. State Water strategy funding

- a. The Governor's Water Strategy identifies a number of areas that should be addressed to improve efficiency of water use throughout the state in the coming years.
- b. Agriculture, because it is a high water user, will undoubtedly be at the center of many of these debates.
- c. Providing an ongoing source of funding for these water conservation and water efficiency projects is essential to ensure that sufficient water is available for the continued growth of the economy in the state.
- d. Solution: An ongoing source of funding for conservation projects that may include: water efficiency, water recharge, water quality, cover crop to improve soil productivity, etc.

2. New Agriculture Building

- a. The current Agriculture Building is well past its useful life and has half the strength that it would need in an earthquake event.
- b. The programming for the building has been completed and has been verified that \$34.5 million is needed to replace the building which would resolve growth issues for the department for the next 40 years.
- c. While there has been significant discussion about a new building being constructed at the Fairgrounds, there has been renewed discussion with the Chairs of IGGA, DFCM and GOMB about the possibilities of either turning this building into another Multi-Agency building to eliminate a number of leased spaces that state agencies are using or pushing additional space off of the Wasatch Front.
- d. Although much of the significant agriculture production in the state is occurring off of the Wasatch Front, with the food and consumer protection functions that we provide to the public, 70% of the work that happens in the department occurs in Weber, Davis, Salt Lake and Utah Counties. With the growth expected to continue in Utah over the next 40 years, we anticipate that the amount of inspections in the metropolitan areas of the state will only increase..

3. Core Computer System

- a. The Department has about 25 in-house computer applications that were developed over the past 18 years utilizing Microsoft Access as the platform. These applications are old, are not secure, do not communicate amongst each other and are not available to staff out in the field.

- b. The goal is to purchase an electronic administrative and regulatory information system to replace the outdated Access database systems that are currently in use.
- c. These Access database systems are experiencing significant issues and are constantly requiring maintenance efforts from DTS. Also, once information is archived in the current systems, it is nearly impossible to retrieve data to meet requests for information or for management analysis.
- d. The new system will also be designed to upgrade inspection processes from paper to electronic, resulting in more efficient use of inspectors' time and reduced costs associated with managing a paper process.
- e. Solution: This system is proposed to be paid with dedicated credits that are already generated by the department.

4. Brand Inspection

- a. The Brand Inspection program, which has been dramatically increasing in the number of livestock that are inspected on an annual basis, does not have a sustainable funding source that covers the cost of the program.
- b. Because of that, as the number of inspections have increased, the more the Brand Inspection has run into financial challenges.
- c. Prior to 2015 when the department had a single line item, these budgetary challenges were hidden and the program was subsidized from other sources.
- d. The 2015 and 2016 fiscal years had an influx in dollars from Brand Renewals that masked the overall problem. There are 15,000 brands and we receive \$50 for each of them every five years.
- e. At this point, in the current budget year, there will be a budget deficit at the end of the year. We have looked at a number of options including reducing the employees. However, the revenue projections in the program are based upon the current staffing levels and reducing staff would further exacerbate the problem of revenue generation.
- f. Solution: We have requested a one-time supplemental appropriation of \$600,000 to fill the hole within the current budget year.
- g. Following six public meetings around the state, the Brand Board made the recommendation to raise Brand Inspection Fees to resolve this issue moving forward.

School and Institutional Trust Lands Administration

1. Based on a settlement between the Bureau of Land Management (BLM) and the Southern Utah Wilderness Association (SUWA), SITLA will be involved in developing travel management plans with the BLM. As part of the settlement BLM has been given 8 years to review areas in Richfield, Vernal, Price, Moab, and Kanab and come up with travel plans that will protect archeological resources along those routes or create new access to avoid those areas.

Given SITLA's scattered land ownership and the vast area these travel management plans will cover, the agency needs to be involved in the process to preserve access to its parcels. Since the plans must be completed within 8 years this will involve dedicated staff to participate with the BLM. The strategy SITLA is taking to deal with this is to move an open FTE which was the result of a retirement, to hiring a staff member to oversee this project.

2. SITLA will be incurring appraisal costs associated with the Utah Test and Training Range exchange with the federal government. It is anticipated that the majority of the expenses will be incurred in FY 2018 and

FY 2019 and will be funded through the one-time land tenure request that exists in the current budget and has been requested in the FY 2019 appropriation. Additionally, staff will need to spend considerable time on implementing this exchange, however, that time will be absorbed by existing FTEs.

3. The uncertainty of the Bears Ears Monument will provide issues for SITLA in that with the present boundaries we know what lands will be impacted and have identified potential acquisition targets, however, if the monument is reduced in size we will have to reanalyze the in-held lands and look at corresponding acquisition parcels. The uncertainty of how trust lands will be impacted will create additional work for staff as decisions are made.

There is also the unknown of what kind of legal action may ensue with a change in monument size and what SITLAs roll in that process might be. At present we will anticipate being able to use present staffing levels to manage the next steps. Professional and technical costs for appraisals will be needed at some point, but without the footprint of the monument being certain the timing of those costs is unknown.

Department of Environmental Quality

Executive Director's Office

1. **Funding Compensation Increase:** A continual issue that DEQ has is funding the federal portion of compensation increases. DEQ's federal grants that are used to pay personal services are mostly fixed annual amounts. The funding level of these grants has been very flat the last few years with little or no increases. When DEQ is appropriated federal funds for compensation increases there are not additional funds in our federal grants to cover these increases. The federal portion of our compensation increases for the last two years has been: FY2018 - \$447,200; FY2017 - \$366,800. This issue is also applicable to Internal Service Fund increases.
2. **Local Health Departments:** Under Title 19, DEQ and the local health departments are to "coordinate implementation of environmental programs to maximize efficient use of resources." (See 19-1-201) An annual work plan and contract are entered into. Funding has been relatively flat over the past few years, with the exception of the Drinking Water program. There is a budget request in to increase the general funds going to Local Health Departments by \$500,000.

Air Quality

1. **Growth:** Utah is one of the fastest growing states in the nation and 90% of Utah's population is clustered in the urban areas along the Wasatch Front. As the population in Utah grows, the population-associated air emissions that are tied to goods, services, transportation, and energy are increasing. Topography and planning have resulted in more development farther from employment centers. Vehicle miles traveled are growing at twice the rate of population growth. All planning efforts are complicated by the projected growth in potential sources of air pollution.
2. **Implementing new and revised standards:** Federal air quality standards have become more protective and have required the development of new SIPs to improve air quality. Development of a new "serious" SIP to address the 2006 PM2.5 standard in areas along the Wasatch Front will take place in 2017 with an attainment target of 2019. Failure to attain the standard by the attainment target would result in an obligation to include more costly abatement measures in the State plan. Furthermore, EPA could once again revise the standards for PM2.5 as early as 2022. Planning for a new ozone standard and potential

SIP development is ongoing. Increased federal regulation of air pollutants, and accommodation of economic and population growth, will require new plans and processes to attain and maintain the standards.

EPA has revised the program requirements for Regional Haze, a program that improves visibility at Utah's National Parks. The next planning period begins in 2021. The State, along with Rocky Mountain Power, contested a decision by EPA to reject the State's plan for the first planning period and to impose a federal plan that would have cost Utah rate-payers hundreds of millions of dollars. EPA recently agreed to review their prior decision, and DAQ and Rocky Mountain Power are working closely with EPA staff to provide the requested documentation supporting the State's position.

The EPA was scheduled to designate the nonattainment areas for the 2015 ozone standard in 2017. The final designations have not yet been published and may be delayed by EPA until October 2018 to allow time to gather additional information and to address consistency between designations in different EPA Regions. Air monitors along the Wasatch Front and in the Uinta Basin have measured ambient concentrations of ozone that are over the new standard. Based on the monitored values, the emission sources and the impacted topography, the Governor recommended areas that EPA may include in new nonattainment designations for Utah. Updated monitoring data will likely be part of the additional information request. The most current monitoring data show that Tooele County has exceeded the 2015 ozone standard and could receive additional scrutiny due to the delay. Box Elder County has not exceeded the standard. The Uinta Basin will likely be designated as a Moderate nonattainment area based on new data. Prior to the delay they would have been designated as Marginal. This will require increased planning efforts in preparation for the final designation and to reach attainment after the designation.

- 3. Funding challenges from not funding full salary increases:** While DAQ appreciates the funding provided by one-time and ongoing appropriations, one consistent challenge is that when across-the-board cost of living salary increases are granted to state employees, the legislature has funded only the general fund portion of the increase. Since the general fund portion of the agency budget is about one third of the budget, the agency must find other sources for the funding. The biggest challenge is the portion of the budget funded by federal funds. EPA has received only continuing resolution budgets and has taken sequestration cuts each year. The federal funding is flat (other than competition for pass-through funding for emissions reduction projects) and there is no ability to cover the salary increase with new federal funds. Dedicated credits can be adjusted but lag by up to two years beyond the new salary implementation. In fiscal years 2016 and 2017 the unfunded salary obligation equaled the funding for four full time equivalents (FTEs).
- 4. Permitting timelines:** The time it takes to process and issue an NSR permit exceeds the 110 day goal established by a 2011 process improvement exercise about 25% of the time. Permitting branch management has identified some bottlenecks. The application development process is a bottleneck because the Best Available Control Technology (BACT) requirement for all emission units involves a technical and economic feasibility analysis. Sources have difficulty obtaining information specific to their operations, compared to similar operations. Another difficulty is the changing of rules and standards that are ongoing. Staff takes additional time to help sources understand the rules and the standards so they can be properly reflected in the permit. Finally, the documentation needed to support permitting decisions is extensive, but is required to properly defend the permit, especially in the case of a legal challenge. When a permit is challenged, the time to issue an Approval Order (AO) increases significantly due to the need for an in depth legal review.

The DAQ retains the improvement goal of 110 days to issue an AO. In FY 2017, the DAQ completed 264 permits (new and modifications). The average time to issue AO's was 100 days. Of the 264 permits issued in FY2017, 25% took over 110 days.

- 5. What are you doing/going to do about it?:** Planning and coordination has been underway for the past five years. Air quality research has led to a better understanding of the chemistry and emissions sources. Air quality computer models have been upgraded to work in the unique elevation, topography, and chemistry found in Utah. Efficiency, automation, elimination of unneeded and redundant activities has freed up resources, and vital new appropriations have been provided by the legislature.

DAQ intends to work with stakeholders to review the funding structure with the intent to identify an ongoing funding source that is indexed to the workload of the agency. The anticipated solution will include a look at emissions fees and some way to capture the majority of the emissions that are from population-based area and transportation sources.

In 2015, the legislature provided funding for an additional attorney general to assist with air quality approval order reviews and appeals. Permitting engineers have been pulled away from permitting duties to work on SIPs (that should be complete by the end of 2017). A streamlined permit by rule is being developed to remove the need for an AO if the company agrees to install and operate equipment that is defined as Best Available Control Technology (BACT).

A survey was recently developed to provide for permitting branch staff to comment on permit process issues. The feedback from this survey has led to a better understanding bottlenecks and redundant activities. The survey also identified other process improvements so the branch can fine tune the permitting process, from application receipt to permit issuance. A formal process improvement effort is underway to address the opportunities to decrease permitting timelines.

- 6. FTE trends and anticipated FTE levels for FY2017 and a 5-year outlook:** FTEs have been adjusted over recent years in response to available funding. When budgets were cut in 2008-2011, the lower budgets were accommodated by reducing the number of FTEs and equipment replacement costs. Over the past three years, the legislature has funded FTE increases and staffing is back to the pre-2008 levels. No major staffing changes are anticipated over the next five years.

Drinking Water

- 1. Funding Vulnerability:** DDW is extremely dependent on federal funding. What little state funding we receive has been stagnant for years and primarily just meets our state match requirement to receive federal SRF funds. However, the number of public water systems that we regulate has consistently grown and the tasks required to protect public health continue to increase. This has left us in an unsustainable financial situation.
- 2. Electronic Data Management:** The amount of data water systems are required to submit to meet compliance continues to grow. We are actively trying to transition to database solutions to manage this data but struggle with securing DTS support and money to pay the DTS bill. EPA is abandoning the electronic tool that we have historically used to report Utah data to EPA and it will cost significant staff time and division money to transition to the new protocol.

3. **Employee Training and Development:** We are too late to address this deficit in employee skill and knowledge through succession planning. Nearly 40% of our existing staff are new and require training in both the job and the industry with an anticipated additional 20% expected to turn over due to retirement in the next 2 years. In addition, the industry continues to progress and even our experienced employees require training to stay current. We have historically solved this issue by hiring double-dippers from the industry and relying on progressive water systems to provide free training when they are ready to implement new technologies. But this old strategy is no longer meeting the need.
4. **Federal Retreat on Unregulated Public Health Concerns:** There are known unregulated public health gaps such as updating the Lead and Copper Rule, developing a drinking water distribution quality strategy, and developing guidance on cyanotoxins in drinking water that are of issue in Utah. However, EPA has retreated from their initial intent to work on these issues. We need clarification from the State if they would like DDW to fill the gap that the federal government is leaving or not.
5. **Clarifying Drinking Water Source Protection relating to Sewer Lines and Septic Systems:** Much of Utah's development is occurring in previously undeveloped areas. This has increased the number of septic systems being requested in protection zones of drinking water systems. There is also an ongoing conflict between spacing between drinking water pipes and sewer collection lines in right of ways. This is a multi-disciplinary issue and will require extensive collaboration with various stakeholders to find a balanced regulatory solution.

Environmental Response and Remediation

1. **Emerging contaminants and/or changing standards of known contaminants:** Both of these issues may affect characterization and cleanup decisions and may prove very costly to citizens, industry and environmental agencies. Examples of emerging contaminants include PFOAs and PFAS (Perfluorooctanoic acid and per- and polyfluoroalkyl substances). Known contaminants with cleanup or risk-based standards subject to being lowered include lead, which in the mining west could result in more costly cleanups.
2. **Emerging fuels and different fuel blends:** The infrastructure of Underground Storage Tank (UST) systems are potentially affected by new fuels and fuel blends. The impacts of emerging fuels are unknown. Fuel blends of increased ethanol hasten corrosion and failure of parts of UST systems. Staying on top of and understanding emerging fuels and ahead of the impacts of fuel blends is critical to ensure protection of public health and the environment.
3. **Decreased Federal LUST Trust and LUST Prevention funding:** Prevention is a key part of our UST program as it is far more efficient and less expensive to prevent releases through outreach activities and compliance inspections than it is to cleanup releases. LUST Trust funding has also been significantly cut in recent years. Federal LUST Trust funding is used to assess and cleanup UST sites where the owner/operator is either unwilling, unable or unknown to take financial responsibility and necessary cleanup actions.
4. **Proposed decreased federal funding for Superfund site assessment (pre-remedial) activities:** Site assessment activities under Superfund leverages protection to public health and the environment through the implementation and use of EPA removal actions, use of Brownfields tools, cleanups under the state Voluntary Cleanup Program, or deferrals to other means such as state voluntary RCRA corrective actions. The current federal budget proposal severely cuts Pre-remedial funding. Unlike other states,

Utah conducts all CERCLA site assessments. Cutting this funding would severely hamper our efforts to identify and cleanup sites.

- 5. Ensuring there is sufficient cost share monies available to meet our CERCLA obligations at fund-lead National Priorities List (NPL) sites:** The DERR has successfully managed available resources to meet the state's obligations for the required 10% cost share of CERCLA Remedial Action costs and 100% of post-construction Operation and Maintenance costs at fund-lead NPL sites. DERR wants to ensure that there are sufficient resources available for not only meeting current known and anticipated obligations, but potential future cost share obligations at fund-lead sites as yet unidentified, so that NPL listing remains a viable tool for cleaning up significantly contaminated sites where there are no identified responsible parties.
- 6. Division succession and ensuring development and maintenance of a skilled work force that is ready and able to meet the need of implementation of the division's environmental programs:** The DERR work force is aging. Many were hired in the late 1980's and early 1990's as state environmental regulations and programs were developed and promulgated. There will be significant staff and manager turnover.

Waste Management & Radiation Control

- 1. Solid Waste Fees:** This is headed toward a major policy discussion.
- 2. Renewal of the White Mesa Mill Uranium Mill License:** This issue has significant public interest. Any decision will be challenged. The Ute Mountain Ute Tribe is the most organized group in opposition and does not hesitate to involve the Governor's Office because of its "sovereign nation" status.
- 3. Low Level Radioactive Waste Management.** The pending decision on depleted uranium will continue to bring increased public scrutiny, controversy and opposition. Any decision will be challenged. Routine waste management issues continue to pose challenges to the agency.

Water Quality

- 1. Growth:** Utah is one of the fastest growing states in the nation and 90% of Utah's population is clustered in the urban areas along the Wasatch Front. Wastewater infrastructure will be needed to accommodate growth. This means upgrades to and expansion of wastewater treatment plants. Our portion of the Water Development Security account is capped at the same amount since the fund was instituted. The growth in that account as sales tax revenues have increased due to Utah's growth over the years has not been available to the Division or its customers even though the amount of wastewater and storm water infrastructure systems has increased.
- 2. Reducing Nutrients in Our Lakes and Streams:** One of the biggest sources of water pollution in Utah is from the excessive levels of nutrients. DWQ expects to finalize water quality standards to protect Utah's most pristine headwater streams in 2017 and will initiate the first site-specific nutrient standard study for Utah Lake where harmful algal blooms are problematic. In 2018, we will finalize a Nutrient Strategy to chart a path to address nutrient issues in the remainder of the state.
- 3. Great Salt Lake:** Great Salt Lake is a unique ecosystem that needs additional study to develop protective water quality standards. The Division of Water Quality will seek a sustainable funding source in order to

perform the necessary studies and research to establish water quality standards that protect Great Salt Lake and to sustain its beneficial uses and to understand and mitigate the impacts of reduced water flows to the lake.

4. **Storm Water Pollution:** With increased urbanization come increased levels of urban pollution, in the form of sediment, salts, herbicides, pesticides and hydrocarbons, which flow into our waterways. Increased efforts by our communities will be necessary to address this issue. DWQ is developing a new Storm Water Strategy to outline milestones necessary to improve water quality through better storm water system management. The proposed fee increase for storm water program will support the elements of this strategy.
5. **Harmful Algal Blooms:** The Division of Water Quality does not have sufficient resources to provide the level of monitoring and reporting that we believe is critical to protecting the public from harmful algal blooms. DWQ is the public agency responsible for monitoring, assessing, and protecting Utah's water quality. Based on experience and efficiencies gained during the 2016 HAB response, DWQ has identified a HAB response budget to cover monitoring and analytical costs for 2017.

Office of Energy Development

1. **The impacts of changing commodity prices and preferences on Utah's energy- and minerals-producing counties:** In 2015, oil prices dropped below \$40 per barrel, down more than 60 percent from their high in the summer of 2014. This price drop was caused by a decrease in demand coupled with oversupply as North American oil production nearly doubled thanks to improvements in fracking and OPEC advocating for higher production to lower prices in order to erode the profitability of shale oil production. Consequently, from mid-2014 to the end of 2016, employment in Duchesne and Uintah counties declined by approximately 20 percent. Over this same period, unemployment in each of those counties peaked at almost 10 percent. Statewide, employment most directly related to oil and gas extraction declined by 44 percent over that same period as the pace of new wells slowed to a crawl.

Utah's coal industry has also faced significant challenges and uncertainties, namely, slow growth in electricity demand, aging facilities, price competition from natural gas, environmental regulations and increased integration of renewable energy resources.

In summary, job loss in the energy and minerals and related support sectors, driven by historically low oil, gas and coal prices, has disproportionately impacted rural Utah. Comparatively high production and regulatory costs, coupled with insufficient infrastructure, private investment and economic diversity have combined to constrain rural job growth.

Solutions: Jobs in the energy sector pay almost twice the average Utah wages and are determinant to economic stabilization in rural Utah. Therefore, OED set a SUCCESS+ goal to create 8,000 direct, indirect and induced jobs in rural Utah by 2020 as part of the Governor's 25k Rural Jobs Initiative. OED's strategies to achieve this goal include effective administration of its incentives programs, business development initiatives, regulatory and policy engagement and education initiatives to prepare Utahns to fill newly-created jobs.

OED has also proposed a Memorandum of Understanding to collaborate with Colorado and Wyoming to create a gubernatorial-appointed panel of experts to evaluate potential expansion of natural gas pipeline infrastructure and rural economic development opportunities. The effort would culminate in a report to

help the states enhance infrastructure and export opportunities for the resources in Piceance, Uintah and Green River Basins.

2. **Regional transmission organization (RTO) efforts in the West that may impact Utah:** Within the Western grid (known as the “Western Interconnection”), electricity is managed by 38 separate Balancing Authorities (BAs) that cover 14 states from the Pacific Coast to the Great Plains and extends from Canada to Mexico. All 38 BAs are part of the synchronized Western Interconnection, but each BA is independently responsible for balancing supply and demand in its own territory. At present, the Western Interconnection has only one wholesale electricity market, the California Independent System Operator (CAISO), which operates almost entirely within the State of California.

The CAISO, Western states, and other stakeholders have been exploring the creation of a more fully integrated regional electricity market that would be comprehensively managed by a single system operator and include a day-ahead market. The effort faces a number of hurdles, however, including the need for California’s legislature to approve amendments that would allow California to enter into a regional organization, and that did not occur before the legislature adjourned until January 2018. Correspondingly, discussions on CAISO expansion are expected to pick back up in 2018.

In a separate, parallel initiative, an informal collaboration of electricity service providers known as the Mountain West Transmission Group (MWTG)—whose territories primarily cover portions of Colorado, Wyoming, Nebraska, South Dakota, New Mexico and Arizona—has been evaluating RTO membership and market participation. MWTG intends to commence negotiations regarding membership in the Southwest Power Pool, a system operator located in the central United States.

The creation of an RTO in the West presents a number of complexities and interdependent issues that require careful consideration. Such a market could enhance utilities’ resource planning, improve grid efficiency and reliability and save utility customers money. However, it could also diminish individual states’ ability to make energy policy and resource decisions, potentially levelize Western energy costs (which may mean cost increases for Utahns) and possibly affect the continued operation of Utah’s thermal units.

Solutions: OED has closely followed the developments in both of the aforementioned efforts and has represented Utah’s interests in written comments and at industry meetings. OED will continue to participate in these initiatives and will keep state decision-makers apprised of their progress and provide policy recommendations to help the State of Utah navigate these complex and consequential processes.

3. **Workforce development and energy and minerals literacy:** Though energy jobs pay about twice the state average, the aging energy and minerals workforce is shrinking, and with it critical skills and knowledge. Currently, a disproportionate number of workers are preparing to leave the energy and minerals workforce compared to those who are trained to enter it, leaving industry facing a skills gap in hiring qualified employees. With the right investments, however, this challenge presents an excellent opportunity to enhance our economy and enable Utahns to fill high-paying jobs.

In addition to workforce development, there is a need to increase general energy and minerals literacy across the State to help individuals and communities make informed decisions regarding our natural resources.

Solutions: An energy-and minerals-literate constituency and a highly-skilled workforce are vital to the State and the nation’s future economic prosperity, energy independence and a reliable, affordable energy supply. To enhance energy and minerals literacy, close the skills gap and encourage Utah students to

pursue lucrative careers in the energy and minerals sector, OED launched its Energy and Minerals Education and Workforce Development Initiative, which entails the following:

- Annual Utah Governor’s Energy Summit
- Utah Energy and Minerals Career Expo
- Energy and Minerals Days at STEM Fest
- Energy Workforce Scholarship Program in partnership with Chevron
- K-12 energy and minerals curriculum, which is available at utahenergyed.org
- Energy and minerals educational [video series](#)
- Support for Utah’s Applied Technology Colleges

4. Other policy matters (regional and national) that might be significant for UT energy development:

- a. Air quality
- b. Grid reliability and resiliency amid intermittent resources/natural disasters/other emergencies
- c. EV infrastructure to keep pace with EV adoption
- d. Meeting the energy demands of Utah’s fast-growing population and economy
- e. Managing federal overreach

Public Lands Policy Coordinating Office

- 1. Environmental litigation that is harmful to the State is increasing in number and scope:** There is an increase in litigation on public land decisions that could be detrimental to Utahans access to public land. As such, PLPCO and AG staff are increasing their workload by intervening and defending federal actions. Even more disturbing is the target of the litigation now includes successful programs that benefit ecosystem health (i.e. SUWA’s lawsuit on a Watershed Restoration Initiative project in Hamlin Valley). Each of these lawsuits has the potential to span several years with legal procedures and court appearances.

Possible Solutions: PLPCO is working to absorb the expanding workload through greater efficiencies. Other actions may include: hiring additional staff, hiring outside legal assistance and prioritizing/triage cases.

- 2. Staff insecurity and turnover due to structural imbalance of annual budget:** Managing a credible and stable office is very difficult without the benefit of reliable funding. PLPCO employs a team of highly skilled and specialized attorneys, more than 60% of which are presently funded with one-time funds. For the past five years, PLCPO has been running a structural imbalance by relying on non-lapsing balances, general fund one-time dollars and diminishing LEDA funds to meet the budget needs of the office.

Possible Solution: An increase in General Fund or funds from a restricted account with a reliable funding stream would provide PLPCO with reliable capacity to perform our duties.