



Department of Natural Resources Q4 FY2016 Performance Evaluation (August 2016)

Strategic Policy Initiatives

The Department of Natural Resources has identified several strategic policy initiatives for FY 2015-16 and beyond. For this performance evaluation, the Department has updated progress on the initiatives identified in the FY 2015-16 Performance Plan that capture the Department's strategic and operational priorities and reflect the overall direction as identified by Department leadership. The updates reflect data as of October 1, 2015. Additional detail for these and other strategic policy initiatives is available in the Department's Performance Plan, which may be accessed [here](#).

Land and Wildlife Management – Manage, enhance, preserve and protect state lands, wildlife, and their environment for the use, benefit, and enjoyment of the people of Colorado and the State's visitors, now and into the future.

Under this strategic policy initiative, the Department would like to see: (1) state parks visitation grow by about 1% per year; (2) hunting and fishing participation hold at least steady, and; (3) reasonable and consistent revenue generated on State Land Board properties.

Hunting, fishing, and wildlife viewing generate approximately \$5 billion in annual economic activity and support an estimated 50,000 jobs. Colorado State Parks' visitors account for another \$571 million of economic impact. As a measure of Colorado's success in providing quality outdoor opportunities, the Department sold 556,941 hunting licenses, sold 1,087,369 fishing licenses, and served 12,032,209 State Park visitors in FY 2014-15. By FY 2017-18, the Department projects to sell 530,000 hunting licenses, to sell 1,050,000 fishing licenses, and host 12,250,000 state Park visitors.

In FY 2014-15, the State Land Board generated almost \$187 million for trust beneficiaries. In FY 2015-16, the amount dropped to \$137 million. In FY 2016-17, the State Land Board expects this revenue stream to further decline to \$103 million due to lower Oil and Gas royalty and bonus revenue.

Manage Colorado's Water Resources – Conserve, develop, protect, and administer Colorado water for present and future generations in accordance with state and federal laws

Under this strategic policy initiative, the Department will be a leader in helping the State to develop additional water infrastructure to meet projected water supply needs as well as helping Colorado achieve 100 percent compliance with all of its interstate water compacts.

The Statewide Water Supply Initiative from 2010 found that Colorado will need an additional 600,000 to 1,000,000 acre feet of water to meet projected municipal and industrial water supply needs by the year 2050. This strategic policy initiative supports the implementation of new projects and methods while maintaining existing infrastructure through partnerships as well as technical and financial resources. In FY 2014-15, the Department helped create an additional 240 acre feet of water storage and also helped to maintain 2,672 acre feet of existing water storage. In FY 2017-18, the Department hopes to build 2,245 acre feet of new storage and maintain an additional 3,828 acre feet of water storage.

This strategic policy initiative also includes maximizing the beneficial use of water within Colorado for Colorado users and achieving full compact compliance with interstate water compacts. In FY 2015-16, Colorado's compliance with the Republican River Compact has not been determined due to complex accounting issues. The Department is actively working towards compliance and expects Colorado to achieve full compact compliance in FY 2016-17. However,



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the Republican River Compact is on a 5-year rolling average and while Colorado aims for 100 percent compliance, this could change in the future depending on a number of factors, including weather, which cannot be controlled.

Minerals and Energy Regulation – Balance the responsible and efficient development of the State’s energy and mineral resources with the protection of public health, safety, welfare, and the environment including wildlife, from the negative impacts associated with resource development.

The Department will inspect oil and gas wells an average of once every 1.5 years, with higher risk oil and gas activities (wellpad construction, hydraulic fracturing, and flowback operations) being inspected at least once.

Through its permitting, monitoring, enforcement, and restoration efforts, the Colorado Oil and Gas Conservation Commission (COGCC) seeks to encourage innovative technologies and practices that reduce environmental impacts. In FY 2014-15, the COGCC improved inspection frequency to an average of once every 1.5 years (up from once every 1.8 years in FY 2013-14). With additional field inspectors approved as part of the FY 2015-16 budget, and with operational efficiencies achieved, the Department was able to reduce inspection frequency to once every 1.3 years on average in FY 2015-16. The COGCC is also taking steps to reduce median permit processing times.

Operational Measures

Major Program Area – State Land Board

Process – Management of an endowment of “trust” land assets held in perpetual, intergenerational public trust for the financial support of Colorado’s public schools and other public entities

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q4 FY16	1-Year Goal	3-Year Goal
Total revenue	\$122,777,917	\$146,309,540	\$124,939,401	\$173,603,522	¹ \$191,354,826	² \$137,276,402	\$136,486,941	\$77,376,323
Non-recurring revenue	\$108,699,082	\$130,982,147	\$106,572,213	\$155,207,099	\$167,151,516	\$108,279,122	\$114,600,158	\$53,345,375
Recurring revenue	\$14,078,835	\$15,327,393	\$18,367,188	\$18,396,423	\$20,452,418	\$23,694,284	\$21,886,783	\$24,030,948

As illustrated in the revenue amounts, a high percentage of the State Land Board revenues are from “non-recurring” revenue streams. These revenue streams consist of bonus payments and royalties related to depleting minerals such as coal, oil and gas, and solid minerals. “Recurring” lease revenue consists of agricultural, commercial, recreational, renewable energy, water, and other contract revenue from right-of-ways and ecosystem services.

The State Land Board anticipated a substantial downturn in the oil and gas markets (non-recurring revenue) that started at the end of Fiscal Year 2014-15 and gained momentum during Fiscal Year 2015-16. As the oil and gas markets decline, the State Land Board established strategic initiatives to increase recurring revenue streams and to become less dependent on the volatile energy markets.

¹Includes \$3,750,892 of non-reinvested land sales revenue.

²Includes \$5,302,996 of non-reinvested land sales revenue.



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Major Program Area – Colorado Parks and Wildlife
Process – Provide Outdoor Recreation

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q4 FY16	1-Year Goal	3-Year Goal
State Park visitors	12,383,520	12,233,271	11,501,520	11,948,406	12,032,209	13,515,490	12,000,000	12,250,000
Number of hunting licenses issued	535,893	529,618	537,371	553,826	556,941	556,000	530,000	530,000
Number of fishing licenses issued	988,291	1,050,721	1,049,557	1,085,445	1,087,369	1,191,424	1,050,000	1,050,000

Both the parks visitation and fishing license measures were significantly above projections for FY16. While Colorado Parks and Wildlife has initiatives to increase parks visitation and angler participation over the long-term, in both cases favorable weather conditions were clearly a major contributing factor to the single year above average results.

Major Program Area – Colorado Water Conservation Board

Process – Facilitating planning and dialogue at the basin and statewide level, undertaking studies and analyses related to Colorado’s water supplies and demands

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q4 FY16	1-Year Goal	3-Year Goal
Water Project Loans: Number of new loans	12	9	18	53	13	16	20	20
Water Project Loans: Dollar value of new loans	\$15,300,000	\$17,900,000	\$37,300,000	\$107,300,000	\$24,800,000	\$21,090,889	\$30,000,000	\$30,000,000

Major Program Area – Division of Water Resources

Process – Field staff work in each basin to ensure accurate water operations to assess water availability for well permit applications

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q4 FY16	1-Year Goal	3-Year Goal
Number of water right and structure observations	421,382	450,879	460,646	467,002	512,574	521,061	515,000	520,000

The measures reflect a gradually increasing number of water rights and structures which require observations. Quarterly data is not available. Water year records are compiled on an annual basis.



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Process – Interstate Compact Enforcement

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q4 FY16	1-Year Goal	3-Year Goal
Full compact compliance	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	100%	100.0%

The benchmark for both FY 2015-16 and FY 2017-18 is 100 percent compact compliance. In this regard, Colorado is currently in full compliance with all U.S. Supreme Court Decrees, all agreements and eight out of its nine interstate water compacts. Colorado’s compliance with the Republican River Compact has not been determined due to complex accounting issues but DNR continues to take a number of actions to remedy the situation.

Major Program Area – Oil and Gas Conservation Commission

Process – Permitting and Hearings

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q4 FY16	1-Year Goal	3-Year Goal
Median number of days to process permits	30	28	32	49	46	73	45	45

Increasing complexity of permits and associated environmental reviews led to lengthier processing times and permit backlogs.

Process – Monitoring and Enforcement

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q4 FY16	1-Year Goal	3-Year Goal
Average inspection frequency (years)	2.7	3.2	2.7	1.8	1.5	1.3	1.5	1.4

The OGCC exceeded its inspection frequency goal due to improved efficiency of its field operations.