



## Strategic Policy Initiatives

The Department of Natural Resources has identified several strategic policy initiatives for FY 2016-17 and beyond. For this performance evaluation, the Department has updated progress on the initiatives identified in the FY 2016-17 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 April 1, 2017. 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 2015-16. By FY 2017-18, the Department projects to sell 530,000 hunting licenses, to sell 1,125,000 fishing licenses, and host 12,700,000 state Park visitors.

The substantial downturn in the oil and gas markets gained momentum in 2016 and resulted in significantly lower state trust revenue in FY 2015-16 of \$137 million. In FY 2016-17, the State Land Board expects the revenue stream to further decline to \$101 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 2015-16, the Department helped create an additional 240 199 acre feet of water storage and also helped to maintain 5,381 acre feet of existing water storage. In FY 2018-19, the Department hopes to build 4,415 acre feet of new storage and maintain an additional 1,836 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. For the Republican River Compact in FY 2015-16, 3 states recently came to resolution on major issues that will help Colorado achieve compliance. Colorado's compliance with the Republican River Compact has not been finally determined due to a few remaining complex accounting issues. The Department is actively working towards compliance and to resolve these issues expects so Colorado's compliance can be finally determined to achieve full compact compliance in FY 2016-17. However, 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 fiscal years 2015-16 and 2016-17, the COGCC increased its inspection frequency to an average of once every 1.3 years (up from once every 1.5 years in FY 2014-15) as a result of improved operational efficiencies and additional field inspectors that were included in the FY 2015-16 budget. The COGCC is also taking steps to reduce median permit processing times, which have increased recently because of the complexities associated with increasing development in urbanizing areas.

**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               | FY12 Actual   | FY13 Actual   | FY14 Actual   | FY15 Actual                | FY16 Actual                | Q3 YTD FY17  | 1-Year Goal  | 3-Year Goal  |
|-----------------------|---------------|---------------|---------------|----------------------------|----------------------------|--------------|--------------|--------------|
| Total revenue         | \$146,309,540 | \$124,939,401 | \$173,603,522 | <sup>1</sup> \$191,354,826 | <sup>2</sup> \$137,276,941 | \$82,517,536 | \$93,400,436 | \$63,975,640 |
| Non-recurring revenue | \$130,982,147 | \$106,572,213 | \$155,207,099 | \$167,151,516              | \$114,600,158              | \$66,035,478 | \$70,654,069 | \$39,785,406 |
| Recurring revenue     | \$15,327,393  | \$18,367,188  | \$18,396,423  | \$20,452,418               | \$22,676,785               | \$16,482,058 | \$22,746,367 | \$24,190,234 |

The State Land Board anticipates 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. The State Land Board expects this decline to continue during the next couple years ultimately decreasing the overall revenues. As the oil and gas markets decline, the State Land Board established strategic initiatives to increase recurring revenue and to become less dependent on the volatile energy markets.



**Major Program Area – Colorado Parks and Wildlife**

**Process – Provide Outdoor Recreation**

| Measure                           | FY12 Actual | FY13 Actual | FY14 Actual | FY15 Actual | FY16 Actual | Q3 YTD FY17 | 1-Year Goal | 3-Year Goal |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| State Park visitors               | 12,233,271  | 11,501,520  | 11,948,406  | 12,032,209  | 13,515,490  | 9,879,772   | 12,700,000  | 12,900,000  |
| Number of hunting licenses issued | 529,618     | 537,371     | 553,826     | 556,941     | 556,000     | 501,083     | 530,000     | 530,000     |
| Number of fishing licenses issued | 1,050,721   | 1,049,557   | 1,085,445   | 1,087,369   | 1,191,424   | 595,140     | 1,125,000   | 1,125,000   |

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  | FY12 Actual  | FY13 Actual  | FY14 Actual  | FY15 Actual   | FY16 Actual  | Q3 YTD FY17 | 1-Year Goal  | 3-Year Goal  |
|--|--------------|--------------|--------------|---------------|--------------|-------------|--------------|--------------|
| Water Project Loans: Number of new loans       | 9            | 18           | 46           | 23            | 21           | 11          | 20           | 20           |
| Water Project Loans: Dollar value of new loans | \$17,900,000 | \$37,300,000 | \$69,100,000 | \$142,200,000 | \$41,500,000 | 37,569,018  | \$30,000,000 | \$30,000,000 |

The reduction in the amount of grant funding available and the number of grant applications anticipated over the next couple years correlate to the reduction in available funds from severance tax. Decreases could be greater than projected.



**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  | FY12 Actual | FY13 Actual | FY14 Actual | FY15 Actual | FY16 Actual | Q3 YTD FY17 | 1-Year Goal | 3-Year Goal |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of water right and structure observations | 450,879     | 460,646     | 467,002     | 512,574     | 521,061     | N/A         | 525,000     | 530,000     |

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

**Process – Interstate Compact Enforcement**

| Measure                 | FY12 Actual | FY13 Actual | FY14 Actual | FY15 Actual | FY16 Actual | Q3 YTD FY17 | 1-Year Goal | 3-Year Goal |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Full compact compliance | 88.0%       | 88.0%       | 88.0%       | 88.0%       | 88.0%       | 88.0%       | 100.0%      | 100.0%      |

Colorado’s compliance with the Republican River Compact over the last several years has not been determined due to some remaining complex compact accounting issues but DNR continues to take action to remedy the situation.

**Major Program Area – Oil and Gas Conservation Commission**

**Process – Permitting and Hearings**

| Measure                                  | FY12 Actual | FY13 Actual | FY14 Actual | FY15 Actual | FY16 Actual | Q3 YTD FY17 | 1-Year Goal | 3-Year Goal |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Median number of days to process permits | 29          | 32          | 53          | 48          | 72          | 79          | 65          | 65          |

As new oil and gas development increasingly occurs in urbanizing areas, the public comment portion of the permitting process has grown in importance, resulting in OGCC staff working through a greater number of conflicts between different parties and a greater number of requested conditions of approval. This additional complexity pushed the median processing time for drilling permits to over 70 days starting in FY 2015-16.

**Process – Monitoring and Enforcement**

| Measure                              | FY12 Actual | FY13 Actual | FY14 Actual | FY15 Actual | FY16 Actual | Q3 YTD FY17 | 1-Year Goal | 3-Year Goal |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Average inspection frequency (years) | 3.2         | 2.7         | 1.8         | 1.5         | 1.3         | 1.3         | 1.4         | 1.4         |

The inspection goals reflect OGCC’s shift in priority towards higher risk locations, which are often more time consuming due to drive time and other factors.