



## Department of Natural Resources Q1 FY2016 Performance Evaluation (October 2015)

### 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 similar numbers of hunting and 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 2016-17, the State Land Board expects this revenue stream to 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 430 acre feet of water storage and also helped to maintain 7,500 acre feet of existing water storage. In FY 2017-18, the Department hopes to build 1,000 acre feet of new storage and maintain an additional 1,000 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 2014-15, 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 2015-16. 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, the Department hopes to reduce inspection frequency to once every 1.4 years on average by FY 2017-18. The COGCC is also taking steps to reduce median permit processing times to 45 days.

**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	Q1 FY16	1-Year Goal	3-Year Goal
Total revenue	\$122,777,917	\$146,309,540	\$124,939,389	\$173,603,522	\$186,923,371	\$34,530,549	\$136,486,941	\$77,376,323
Non-recurring revenue	\$108,699,082	\$130,982,147	\$107,225,708	\$155,898,924	\$167,008,208	\$29,816,433	\$114,600,158	\$53,345,375
Recurring revenue	\$14,078,835	\$15,327,393	\$17,713,681	\$17,704,598	\$19,915,163	\$4,7141,116	\$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. Based on year-to-date data and the low current prices of oil and gas, the State Land Board now expects to earn about \$154.3 million in total revenue in FY 2015-16.

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

**Process – Provide Outdoor Recreation**

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q1 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	5,600,250	12,000,000	12,250,000



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Number of hunting licenses issued	535,893	529,618	537,371	553,826	556,941	123,483	530,000	530,000
Number of fishing licenses issued	988,291	1,050,721	1,049,557	1,085,445	1,087,369	453,496	1,050,000	1,050,000

The majority of hunting licenses are accounted for in the 2<sup>nd</sup> quarter (big game season) and the 4<sup>th</sup> quarter (limited license draws) of each fiscal year.

**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	Q1 FY16	1-Year Goal	3-Year Goal
Water Project Loans: Number of new loans	12	9	18	53	13	8	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	\$12,874,910	\$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	Q1 FY16	1-Year Goal	3-Year Goal
Number of water right and structure observations	421,382	450,879	460,646	467,002	512,574	N/A	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.

**Process – Interstate Compact Enforcement**

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q1 FY16	1-Year Goal	3-Year Goal
Full compact compliance	88.0%	88.0%	88.0%	88.0%	88.0%	N/A	100%	100.0%

The benchmark for both FY 2015-16 and FY 2017-18 is 100 percent compact compliances. 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.



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

**Process – Permitting and Hearings**

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q1 FY16	1-Year Goal	3-Year Goal
Median number of days to process permits	30	29	32	53	50	65	45	45

Increasing complexity of permits and associated environmental reviews led to lengthier processing times and permit backlogs. Additional staff appropriated in FY15-16 is expected to reduce the number of days to process permits.

**Process – Monitoring and Enforcement**

Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Q1 FY16	1-Year Goal	3-Year Goal
Average inspection frequency (years)	2.7	3.2	2.7	1.8	1.5	1.4	1.5	1.8