



HB 346: RECOMMENDATIONS TO IMPROVE COORDINATION

*Report to the Natural Resources, Agriculture, and Environment
Interim Committee, November 2021*



GOVERNOR'S OFFICE OF
Planning & Budget

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EXECUTIVE SUMMARY

HB 346, *Natural Resources Entities Amendments*, (C. Snider), passed during the Legislative 2021 General Session, tasks the Governor's Office of Planning & Budget (GOPB) to make recommendations regarding possible restructuring to improve coordination between the Department of Natural Resources (DNR) and the following entities:

- Department of Environmental Quality (DEQ)
- Division of Public Utilities (DPU), Department of Commerce
- Office of Consumer Services (OCS), Department of Commerce
- Center for Rural Development (CRD), Governor's Office of Economic Opportunity (Go Utah)

To gather information regarding possible restructuring between the DNR and other listed state entities, GOPB implemented a three-pronged approach, including a public listening tour, an online survey, and engaged the Kem C. Gardner Policy Institute (Gardner Institute) to conduct targeted stakeholder interviews.

The work that is reflected in this report focuses only on the entities listed above, which were explicitly mentioned in HB 346. Additional work outside of this directive is being done to evaluate ways to streamline state government and the work of those efforts is not reflected in this report. For example, the Economic Opportunity Commission is evaluating rural programs for possible realignment. Additionally, the One Utah Roadmap Streamline State Government work group is evaluating other opportunities to improve coordination and collaboration between various departments, divisions and programs. Proposals to realign certain elements of state government may emerge from the work of these groups.

In part due to the passage of HB 346, as well as a focused effort by the Cox-Henderson administration to re-evaluate how best to cross collateralize the work being done in state government, there has been a heightened effort to increase communication, collaboration and coordination. GOPB recommends that DNR and the organizations outlined in HB 346 continue to increase these efforts and that no department-level consolidations are done at this time.

Departments should continue to prioritize coordinating councils with agency leadership, regular interagency coordination meetings, and coordinated strategic action plans. GOPB recommends that departments look for additional areas of coordination by holding joint meetings on key issues such as drought, wildfire, and air quality. Agencies should also ensure employees are properly trained regarding coordination efforts, and promote increased communication among their own departments and divisions.



INTRODUCTION

HB 346, Natural Resources Entities Amendments, (C. Snider), passed during the Legislative 2021 General Session, tasks the Governor's Office of Planning & Budget (GOPB) to make recommendations regarding possible restructuring to improve coordination between the Department of Natural Resources (DNR) and the following entities:

- Department of Environmental Quality (DEQ)
- Division of Public Utilities (DPU), Department of Commerce
- Office of Consumer Services (OCS), Department of Commerce
- Center for Rural Development (CRD), Governor's Office of Economic Opportunity (Go Utah)

Additionally, volunteer review committees during the Cox-Henderson administration transition found that coordination between DNR and other state agencies could be improved.

This document includes a set of recommendations based on thorough analysis and input from agency leadership, employees, stakeholders, and members of the public, a list of opportunities associated with improving coordination between agencies, and a summary of key public concerns identified from GOPB's extensive review process.

Agencies under consideration

DNR helps ensure Utah residents' quality of life by managing and protecting the state's abundant natural resources. DNR protects Utah's natural resources through active management, which includes engaging state, county, and local officials; coordinating with our federal partners; and collaborating with community members and organizations. Active management of resources like watersheds, wildlife, oil and gas, minerals, and water, allows the state to forecast challenges, solve complex opportunities, and anticipate and meet future needs. DNR comprises: Division of Water Rights; Division of Oil, Gas, and Mining; Utah Geological Survey; Division of State Parks; Division of Wildlife Resources; Division of Forestry, Fire, and State Lands; Division of Water Resources; Division of Recreation; Utah Office of Energy Development; and the Public Lands Policy Coordinating Office.

The mission of DEQ is to safeguard and improve Utah's air, land, and water. It does this through balanced regulation with a desire for a healthy and prosperous Utah. DEQ serves the public by solving problems and actively engaging stakeholders. It earns the public's trust by showing care, demonstrating expertise, and basing decisions on science and the law. DEQ includes: Division of Water Quality; Division of Drinking Water; Division of Environmental Response and Remediation; Division of Waste Management and Radiation Control; and Division of Air Quality.

DPU promotes the public interest in utility regulation and works to assure that all utility customers have access to safe, reliable service at reasonable prices. It is a division of the Department of Commerce.

Also housed in the Department of Commerce is OCS, Utah's utility consumer advocate. It represents residential, small commercial, and agricultural consumers of natural gas, electric, and telephone service before the Utah Public Service Commission.

Department of Natural Resources	Department of Environmental Quality	Department of Commerce	Governor's Office of Economic Opportunity
<ul style="list-style-type: none"> • Division of Water Rights • Division of Oil, Gas, & Mining • Utah Geological Survey • Division of State Parks • Division of Wildlife Resources • Division of Forestry, Fire, & State Lands • Division of Water Resources • Division of Recreation • Utah Office of Energy Development • Public Lands Policy Coordinating Office 	<ul style="list-style-type: none"> • Division of Water Quality • Division of Drinking Water • Division of Environmental Response & Remediation • Division of Waste Management & Radiation Control • Division of Air Quality 	<ul style="list-style-type: none"> • Office of Consumer Services • Division of Public Utilities 	<ul style="list-style-type: none"> • Center for Rural Development

Figure 1: HB 346 entities under consideration

The Center for Rural Development (CRD) works with businesses in Utah’s rural counties, providing resources and programs to sustain business and improve employment opportunities. The center collaborates with local governments and other development partners to support rural economic growth. It is housed within Go Utah.

GOPB RECOMMENDATIONS

GOPB recommends that efforts to increase communication, collaboration, and coordination between DNR and the organizations outlined in HB 346 continue and that no department-level consolidations are done at this time.

Coordination improvements have been made as a result of an increased focus on prioritizing collaboration. For example, the new Interagency Coordinating Council established by HB 346 meets each month to communicate and work together on overlapping issues. In an effort to coordinate activities related to public lands, a Public Lands Sync group was established, which meets weekly to discuss issues related to public lands. Additionally, the new Utah Coordinated Water Action Plan group has been executively tasked to coordinate the efforts of water-related divisions and programs from DNR, DEQ and the Department of Agriculture to take a holistic approach to water planning. Departments should continue to prioritize coordinating councils with agency leadership, regular interagency coordination meetings, and coordinated strategic action plans.

GOPB recommends that departments look for additional areas of coordination by holding joint meetings on key issues such as drought, wildfire, and air quality. Agencies should also ensure employees are properly trained regarding coordination efforts, and promote increased communication among their own departments and divisions.

Specifically, the following divisions and departments should consider ways to formally or informally increase coordination. Agencies should report plans and progress in the following areas to GOPB by December 31, 2021.

- Additional coordination between OED and DPU
- Increased information sharing between DEQ and DPU/OCS
- Occasional DPU/OCS involvement in interagency coordination meetings with both DNR and DEQ
- Increased collaboration between OGM and DAQ
- Additional cooperation between OGM, Division of Water Quality, and DAQ
- Further communication between DEQ and DNR
- More coordination between divisions within DNR
- More collaboration between DNR and Resource Development Coordinating Committee
- Further coordination between PLPCO and Division of State Parks
- Increased cooperation between PLPCO and Utah Office of Energy Development
- More communication between DEQ and OCS
- Further coordination between Department of Agriculture and Food and DEQ
- Inclusion of DEQ in DNR water council meetings
- More interdepartmental cooperation between the Division of Forestry, Fire, and State Lands and DAQ
- Additional collaboration between DAQ and OGM
- Increased coordination between CRD and DNR
- Meetings for key managers within departments to discuss programmatic issue crossovers and plan coordination strategies

METHODOLOGY

To gather information regarding possible restructuring to improve coordination between the Department of Natural Resources and other state entities outlined in HB 346, GOPB implemented a three-pronged approach including a public listening tour, an online survey, and a contract with the Gardner Institute to conduct targeted stakeholder interviews. Analysts also researched the history of each agency (see Appendix A).

The public listening tour included 10 meetings: one in each of the associations of government, specifically Tremonton, Price, Richfield, Tooele, Spanish Fork, St. George, and Roosevelt, and three in Salt Lake City. In each meeting, staff provided an overview of the guiding legislation and showed a video of the executive directors mentioned in statute describing the mission and purpose of their respective departments (for meeting handout, see Appendix B). The remainder of each meeting consisted of a public comment period for in-person and online attendees. A total of 82 people participated in these 10 meetings, with 59 participating virtually and 23 participating in person.



10
public
meetings

8
locations

59
virtual
participants

23
in person
participants

55
emails

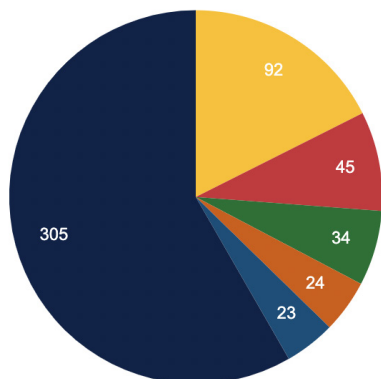
951
responses
to online survey

Figure 2: Public participation in information-gathering process

Employees of impacted entities, members of the public, customers, and other stakeholders were invited to complete an online survey to provide written input (see Appendix C). GOPB received 951 survey responses. Additionally, 55 emails concerning HB 346 were sent to GOPB from private citizens and other stakeholders.

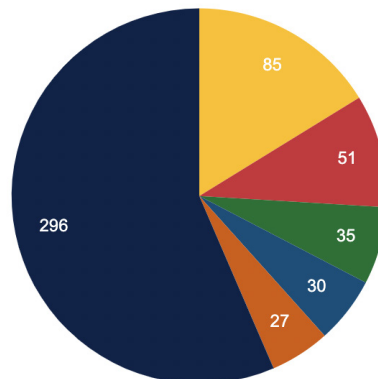
Survey Respondents Relationship to DNR

Private Citizen Elected Official or Staff Industry Association / Advocacy
Other Private Business State Employee



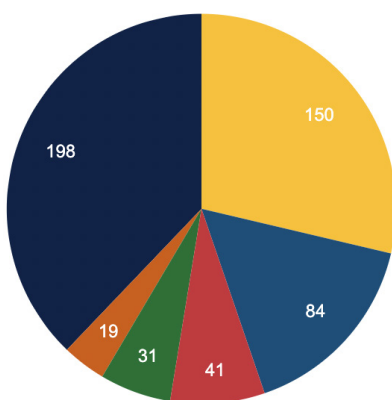
Survey Respondents Relationship to DEQ

Private Citizen Elected Official or Staff Industry Association / Advocacy
Private Business Other State Employee



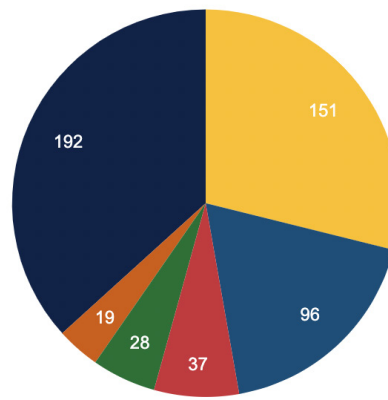
Survey Respondents Relationship to DPU

Private Citizen Private Business Elected Official or Staff
Industry Association / Advocacy Other State Employee



Survey Respondents Relationship to CRD

Private Citizen Private Business Elected Official or Staff
Industry Association / Advocacy Other State Employee



Survey Respondents Relationship to OCS

Private Citizen Private Business Elected Official or Staff
Industry Association / Advocacy Other State Employee

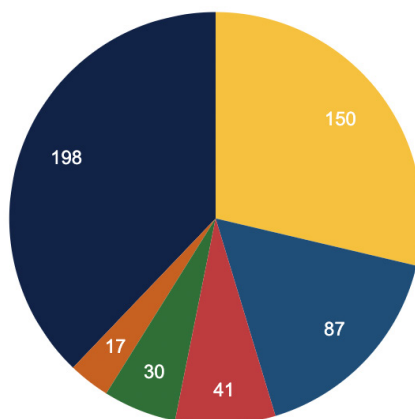


Figure 3: Online survey respondents relationship to various organizations

GOPB engaged the Gardner Institute to conduct targeted interviews with state employees. This process provided a third-party layer of anonymity so that interviewees could respond candidly. Interviewees were asked for input on the issues, risks, opportunities, benefits, key considerations, and recommendations to improve coordination between agencies. The Gardner Institute conducted 23 interviews, summarized in a report to GOPB (see Appendix D).

It should be noted that the work reflected in this report focuses only on the entities which are explicitly mentioned in HB 346. Additional work outside of this directive is being done to evaluate ways to streamline state government and the work of those efforts is not reflected in this report. For example, the Economic Opportunity Commission is evaluating rural programs for possible realignment. Additionally, the One Utah Roadmap Streamline State Government work group is evaluating other opportunities to improve coordination and collaboration between various departments, divisions and programs. Proposals to realign certain elements of state government may emerge from the work of these groups.

RESPONDENT FEEDBACK

Many respondents expressed the belief that challenges with collaboration and communication which existed previously are either already resolved, or on the path to resolution due to the new Cox-Henderson administration's executive instructions to prioritize collaboration. Many respondents felt all applicable organizations were significantly less independently driven than they have been in the past.

The overwhelming majority of public concern expressed a desire to see DNR and DEQ remain separate entities. Many comments stated that agencies are working well together, and there is no clear reason to undertake a significant change. Responses from the survey, public listening tour, emails, and Gardner Institute report all cited key considerations as potential risks of restructuring: loss of prominence, independence, and expertise; conflicts of interest; loss of focus on important issues; time and financial costs; and the need to avoid creating unwieldy, inefficient organizations.

APPENDIX A: DEPARTMENT HISTORIES

The Utah Department of Natural Resources was created during the limited reorganization of Utah state government in 1967, which brought together several of the agencies that dealt with the conservation, development, and use of Utah's tangible natural resources.

The Department of Environmental Quality was created from programs located in the Department of Health in 1990. Separation was meant to better address environmental issues, facilitate interaction with local and federal environmental agencies, and increase economic competitiveness by improving the state's ability to have a proactive environmental policy.

The Division of Public Utilities was formed in 1969 when the Utah Legislature reorganized the administrative powers of the Department of Business Regulation, now known as the Department of Commerce. Utah's utility consumer advocate was first established as the Committee of Consumer Services in 1977 by the Utah Legislature. In 2009, the Utah Legislature reorganized the Committee into the Office of Consumer Services.

The Center for Rural Development, first known as the Office of Rural Development, was created in 2004 as part of an effort to foster and support rural development and benefit rural counties and communities. It was housed in the Department of Community and Economic Development. To supplement these efforts, the Rural Development Legislative Liaison Committee, the Governor's Rural Partnership Board, and the Rural Coordinating Committee were created. Goals included streamlining rural development efforts around the state, preparing statewide strategic plans for rural interests, and providing training for local leaders in planning and rural development. In subsequent years (2014 and 2021), the Rural Coordinating Committee and Governor's Rural Partnership Board were restructured and then repealed, and the Office of Rural Development was renamed to the Center for Rural Development. CRD is housed in the Governor's Office of Economic Opportunity (Go Utah).

APPENDIX B: PUBLIC MEETING HANDOUT



Use lines, arrows, diagrams, or comments to illustrate your recommendations for possible restructuring to improve coordination between entities under consideration

DEPARTMENT OF COMMERCE

(entity not under consideration)

DEPARTMENT OF ENVIRONMENTAL QUALITY

DIVISION OF WATER QUALITY

DIVISION OF DRINKING WATER

DIVISION OF ENVIRONMENTAL RESPONSE & REMEDIATION

DIVISION OF WASTE MANAGEMENT & RADIATION CONTROL

DIVISION OF AIR QUALITY

OFFICE OF CONSUMER SERVICES

DIVISION OF PUBLIC UTILITIES

DIVISION OF WATER RIGHTS

DIVISION OF WATER RESOURCES

DIVISION OF OIL, GAS, & MINING

DIVISION OF RECREATION

UTAH GEOLOGICAL SURVEY

UTAH OFFICE OF ENERGY DEVELOPMENT

DIVISION OF STATE PARKS

PUBLIC LANDS POLICY COORDINATING OFFICE

DIVISION OF WILDLIFE RESOURCES

DIVISION OF FORESTRY, FIRE, & STATE LANDS

DEPARTMENT OF NATURAL RESOURCES

CENTER FOR RURAL DEVELOPMENT

GOVERNOR'S OFFICE OF ECONOMIC OPPORTUNITY

(entity not under consideration)

APPENDIX C: SURVEY



GOVERNOR'S OFFICE OF Planning & Budget

HB 346, passed during the 2021 General Session, tasks the Governor's Office of Planning & Budget (GOPB) to make recommendations regarding possible restructuring to improve coordination between the Department of Natural Resources and the following entities:

- Department of Environmental Quality
- Division of Public Utilities, Department of Commerce
- Office of Consumer Services, Department of Commerce
- Center for Rural Development, Governor's Office of Economic Opportunity

Please use the following survey to provide your feedback and ideas. Individual responses will not be shared with entities under review. Anonymized or aggregated responses may be used in reports.

Intro

How often do you generally interact with each of the following entities?

	Daily	Weekly	Monthly	Less than monthly	Not at all	Other
Department of Natural Resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Department of Environmental Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Division of Public Utilities (Department of Commerce)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Office of Consumer Services (Department of Commerce)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Center for Rural Development (Governor's Office of Economic Opportunity)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What best describes your role as it relates to the entities you interact with?

[illegible]

In the Department of Natural Resources, how often do you generally interact with each of the following divisions?

[illegible]

	Daily	Weekly	Monthly	Less than monthly	Not at all	Other
Division of Forestry and Fire	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Watershed Restoration Initiative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Division of State Parks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Division of Recreation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Utah Office of Energy Development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public Lands Policy Coordinating Office	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Not applicable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In the Department of Environmental Quality, how often do you generally interact with each of the following divisions?

	Daily	Weekly	Monthly	Less than monthly	Not at all	Other
Division of Drinking Water	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Division of Water Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Division of Air Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental Response and Remediation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Waste Management and Remediation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Not applicable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

No interaction

Please share your recommendations regarding possible restructuring to improve coordination between the impacted entities:

Click to write the question text

Click to write Choice 1

Click to write Choice 2

Click to write Choice 3

Private Citizen

Based on your experience, can you suggest any examples of restructuring or improved coordination that would help the Department of Natural Resources achieve their mission?

What, if any, concerns do you have about restructuring the Department of Natural Resources?

Based on your experience, can you suggest any examples of restructuring or improved coordination that would help the Department of Environmental Quality achieve their mission?

What, if any, concerns do you have about restructuring the Department of Environmental Quality?

Based on your experience, can you suggest any examples of restructuring or improved coordination that would help the Division of Public Utilities (in the Department of Commerce) achieve their mission?

What, if any, concerns do you have about restructuring the Division of Public Utilities (in the Department of Commerce)?

Based on your experience, can you suggest any examples of restructuring or improved coordination that would help the Office of Consumer Services (in the Department of Commerce) achieve their mission?

What, if any, concerns do you have about restructuring the Office of Consumer Services (in the Department of Commerce)?

Based on your experience, can you suggest any examples of restructuring or improved coordination that would help the Center for Rural

Development (in the Governor's Office of Economic Opportunity) achieve their mission?

What, if any, concerns do you have about restructuring the Center for Rural Development (in the Governor's Office of Economic Opportunity)?

Not a private citizen, some interaction

Which of the following restructuring options do you find most likely to increase coordination?

Full merge - all impacted entities and divisions report to a single executive director

Partial merge - specific divisions or offices merge based on topical overlap

No merge, increased formal coordination - coordination is increased through formal processes such as boards or councils that coordinate on a regular basis to discuss common issues

No merge, increased informal coordination - coordination is increased through informal processes such as committees or regular coordination meetings to discuss common issues

No additional coordination is needed

No opinion on how coordination is increased, only concerned about outcomes

Other (please describe)

Based on your experience, which of the following agencies or divisions, if any, would benefit from increased coordination with the Department of Natural Resources? (select all that apply)

Department of Environmental Quality

Division of Public Utilities (Department of Commerce)

Office of Consumer Services (Department of Commerce)

Center for Rural Development (Governor's Office of Economic Opportunity)

Don't know

What do you think would be the positive outcomes that would result from restructuring the Department of Natural Resources, the Department of Environmental Quality, the Office of Public Utilities (Department of Commerce), Office of Consumer Services (Department of Commerce), and the Center for Rural Development (Governor's Office of Economic Opportunity)? (select all that apply)

- Decrease in costs to taxpayers and customers
- Better environmental oversight
- More representation or influence on important issues
- Improved agency cultures
- Decrease in size of state government
- Increase the neutrality of a regulating entity
- Increase in mission alignment
- No positive outcomes
- Other (specify)

What do you think would be the negative outcomes that would result from restructuring the Department of Natural Resources, the Department of Environmental Quality, the Office of Public Utilities (Department of Commerce), Office of Consumer Services (Department of Commerce), and the Center for Rural Development (Governor's Office of Economic Opportunity)? (select all that apply)

- Increase in costs to taxpayers and customers
- Worse environmental oversight
- Less representation or influence on important issues
- Worse agency cultures
- Increase in size of state government
- Decrease the neutrality of a regulating entity
- Decrease in mission alignment
- No negative outcomes
- Other (specify)

If restructuring were to occur, how do you think service would be impacted during the restructuring process? Would there be...

- Major disruption of service

Minor disruption of service

No disruption of service

Other (specify)

Don't know

Industry, advocacy, and business organizations

Please discuss what, if any, ways restructuring would benefit you or your organization?

Please discuss what, if any, concerns you or your organization have regarding restructuring?

State Employee

What agency or division do you currently work for?

Department of Natural Resources

Department of Environmental Quality

Division of Public Utilities

Office of Consumer Services

Center for Rural Development

Other (please specify)

What do you feel are the most likely results of restructuring?

	Decrease	Unsure	Increase	No impact
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	Decrease	Unsure	Increase	No impact
Employee compensation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Job security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Workforce size	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of internal processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules and regulations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of work product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collaboration among colleagues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Office space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of public image	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of relationship with industry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of relationship with elected officials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to senior leadership and management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of policy direction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public influence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Funding from state	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Can you think of any other changes – positive or negative – that may occur as a result of restructuring?

Based on your perceptions, what is the primary role of your program, division, or agency?

Based on your perception of your organization's role, how would restructuring benefit or detract from your mission, customer service, or interactions with policy makers?

What issues or concerns, if any, have you experienced due to lack of coordination?

What ideas or suggestions do you have to improve coordination between your organization and other impacted entities?

APPENDIX D: KEM C. GARDNER INSTITUTE REPORT

Memo



To: Sophia DiCaro, Governor's Office of Planning and Budget

From: Natalie Gochnour, Director
Dianne Meppen, Director Survey Research
Samantha Ball, Senior Research Associate

Date: October 21, 2021

Subject: Study for H.B. 346 – Governor's Office of Planning and Budget (GOPB)
Summary Report on Targeted Stakeholder Outreach Interviews (Revised)
Conducted by Kem C. Gardner Policy Institute (with assistance from The Langdon Group, Inc.)

Introduction/Background

H.B. 346, passed during the 2021 General Session, tasks the Governor's Office of Planning & Budget (GOPB) to make recommendations regarding possible restructuring to improve coordination between the Department of Natural Resources and the following entities:

- Department of Environmental Quality
- Division of Public Utilities
- Office of Consumer Services
- Office of Rural Development

The GOPB has established a process to complete the requirements of H.B. 346 that involves two parallel tracks of outreach and analysis: Targeted Stakeholder Outreach and a Public Listening Tour. This report utilizes information and data from the Targeted Stakeholder Interview process to identify key points, potential risks and benefits, summary observations, and any other insights that emerged through Targeted Stakeholder Outreach interviews.

Interview Process

Interview questions were drafted by staff at the Kem C. Gardner Institute (the Gardner Institute) and The Langdon Group (TLG) and submitted to GOPB staff for review. Interviews were conducted between July 14th and August 3rd, 2021. Interviews were conducted via video meetings and averaged about 30-45 minutes each. A total of 23 interviews were completed.

A note on interview anonymity - Each participant was advised that while there would be no attribution within this report that it was possible some comments could be intuitively linked to them or their agency simply by the nature of the comments themselves.

Findings

The aim of qualitative research is to gain a deeper understanding of opinions and attitudes on an issue. Responses are generally more nuanced and less quantifiable, and are not generalizable. Stakeholders were selected for interviews by GOPB because of their unique perspectives and the depth of their work experience. ***The analysis in this memo notes themes mentioned by multiple interviewees, but all findings should be seriously considered, as some observations would only be known to individuals with specific positions, work tasks, and experience.***

The findings are organized as follows:

- Key Points from Interviewees
- Interviewee Identified Potential Benefits/Opportunities and Interviewee Identified Potential Risks
- Important Themes – Respondent comments were summarized and placed in general theme categories. Thoughts mentioned by 1-2 respondents are noted with an asterisk.
- Summary Observations – The Gardner Institute's mission is to develop and share economic, demographic, and public policy research that sheds light and helps people make INFORMED DECISIONS™. Although the Gardner Institute does not make recommendations, a number of summary observations are offered at end of the analysis.
- Question Guide
- List of Interviewees

Key Points from Interviewees

- Leadership has not clearly expressed a compelling need or problem to be solved.
- The missions of the departments involved are very different. Having both missions under the same department could present real conflicts of interest and/or perceived conflicts that could cause public outcry.
- Utah DEQ Primary Enforcement Authority (i.e., primacy) is highly preferred over EPA enforcement of federal environmental laws in Utah.
- Consolidation will create a larger government entity, not a more efficient or streamlined entity.
- Improved collaboration and coordination are being developed, implemented, and fostered currently; and interviewees are already seeing the benefits.
- Changes to structures and cultures can have lasting effects; the proposed consolidation may create more problems than it solves.
- Most interviewee concerns centered on the relationship between DEQ and DNR – the Division of Public Utilities, Office of Consumer Services, and Office of Rural Development were mentioned infrequently.

Interviewee Identified Potential Benefits/Opportunities

- Cost savings from consolidating administrative and HR expenses.
- Improved public communication regarding earthquakes, drought, public hazards, and water quality.
- Increased understanding of what different divisions do.

Interviewee Identified Potential Risks

- Degradation of state employees' relationships with stakeholders, including loss of known contacts for stakeholders. Additionally, a general decrease in public and stakeholder trust for the newly merged entity.
- Loss of efficiency, especially during the short-term when the logistics of consolidation are being worked out. Some were concerned that a merger could prevent certain departments from fulfilling their time-restrained statutory obligations of licensing and permitting.
- Losing the departmental effectiveness of DNR and DEQ's intentionally conflicting mandates.
 - Increased risk of litigation if environmental NGOs believe a merger would prevent DEQ from fulfilling their duty.
 - Decreased objectivity regarding tasks intended to protect the general public if regulatory agency DEQ is made a part of DNR (examples include fair rate setting, and safeguarding and improving environmental standards).

Important Themes and Observations

Concerns about Uncertainty or Skepticism

- While most individuals stand ready to implement whatever is deemed necessary, interviewees nearly unanimously expressed that they have not yet heard a clearly articulated need for restructuring or a problem that needs solving.
- Many believe any challenges with collaboration and communication that existed previously are already resolved or on the path to resolution due to the leadership of the new governor and his administration (i.e. direction given on collaboration between the leaders of the named agencies). Due to this, most individuals interviewed did not see a benefit to making structural change at this time.
- Some interviewees expressed concern that lawmakers may not have a full understanding of agency roles and the reasons for separation.
- Several individuals noted that creating DEQ in 1991 from five environmental health bureaus within the Utah Department of Health was a model of a successful and beneficial merger: it addressed a real problem; it was carried out slowly with ongoing feedback from those it impacted; and leaders were transparent about the process.
- Most recognized this exercise as helpful and acknowledged a history of these organizations having been siloed. However, nearly all felt that organizations were significantly less siloed since Governor Cox took office and suggested no more action was needed to achieve better collaboration and communication.
- A number of interviewees worried about the legitimacy of the stakeholder outreach process that includes these interviews. They wondered whether feedback from the survey and interviews will actually be considered or if stakeholder outreach is just a “feel good thing” and the decision is already a foregone conclusion.
- * The lack of reasoning provided for why only certain departments are included in the merger results in state employee perception that the merger is a power grab rather than a legitimate effort to encourage collaboration and communication.

Interviewee Concerns related to DEQ/DNR

- Moving DEQ under DNR could be seen by the public and key stakeholders as a sign that the Governor doesn’t value environmental protection. Specifically, many noted that DNR issues oil and gas leases and DEQ regulates those companies and their facilities. Merging these two departments could be perceived by the public and stakeholders as a conflict of interest.
- Consolidation could be a threat to DEQ primacy. Interviewees expressed concern that if Utah DEQ lost its primacy, the EPA would take over regulation within the State of Utah. Oversight work would then be conducted by federal employees who may or may not understand Utah issues as well as the DEQ staff currently regulating work.
- Several interviewees talked about water planning. One suggested a restructuring would be successful if it increases communication between UDAF and DEQ on important agricultural issues. Another interviewee emphasized that “the biggest risk [of the merger] was to the role of the state engineer,” noting that there should be no political or special influence added to the water rights process because it would jeopardize criteria-based independent decision making.
- Mandates could be diluted through a merger and raise primacy issues. DNR focuses on increasing production whereas DEQ regulates and often limits production - one interviewee noted it is better to understand when one mandate is more applicable than another (either because of statutory obligations, public perception, etc.) than to combine these opposing mandates under the oversight of one department.
- * Regulatory requirements may not be met if DEQ was consolidated with DNR.
- * There is a lack of shared culture between DNR and DEQ. One interviewee noted that there is some common culture between DEQ and the Division of Wildlife in DNR that could be built upon.

Interviewee Concerns Regarding Size of New Department / Ability to Manage Effectively

- A megalithic DNR could become too unwieldy. Issues expressed in this topic area included:
 - Concern about no longer being able to advocate for budgets and programs directly, and relying on leadership who may be biased or less familiar with their importance.
 - Concern that moving to larger centralized structures will make the operations less nimble, not more streamlined.
- Having one person in charge of so many divisions would create a bottleneck that slows work pace, frustrating industry stakeholders.
- * New structures developed during a time of need may not have the capacity to organize in the most efficient way. Some mentioned the importance of regularly evaluating bureaucratic structure to ensure it is as efficient as possible.
- * It would be even more difficult to convey the specialized detail of a division's work to superiors if a merger took place - the division may not receive the support to educate its staff.
- * Natural resource issues are already overwhelming and a merger is a lot to add to the issues they are already managing.

Interviewee Concerns related to Employees

- Staff quality of life could potentially be negatively affected by a merger. Changes to policies or locational changes such as dress code, parking spaces, work proximity to lunch places, etc. could negatively impact employee satisfaction and retention. Loss of these things would be especially difficult for career employees or those close to retirement.
- Creating new entities with different values and motivations could lead to a loss of career employees. Certain scientists/employees may no longer feel fulfilled in their jobs: "It's not just about saving dollars, it's about saving motivations."
 - Some noted that this risk is especially high for those in DEQ. Career employees have experienced a few attempts to merge their department, and this uncertainty and perceived lack of understanding regarding the detail and importance of their function has taken its toll on employees. Many highlighted the importance of prioritizing DEQ's mission during a merger (both out of respect for their function, and for reasons of primacy).
- * There is concern there would be a loss of positive work environment, camaraderie, and excellent culture if their division was moved to a new department under a different type of leadership (the importance of culture and values in particular was echoed by many interviewees).
- * The uncertainty of a possible a merger makes it difficult to hire right now, especially for DEQ employees.
- * Employee satisfaction could be negatively affected by the tough choices made necessary by consolidation.
- * Possible reduction in pay inequities between department employees as the result of a merger.
- * Employees may be distracted by the logistics when they just want to be allowed to keep doing their job.

Miscellaneous Concerns and Observations from Interviewees

- A sense that regardless of structure, collaboration will only happen if leadership promotes it. On a related note, others noted that structure is important to avoid major culture swings and “politics by personality”.
- Will savings in administrative costs outweigh the costs and difficulty involved in actions like changing signage to match a new name and logo, as well as the difficulty associated with this change for employees?
- Coordination and communication improvement and suggestions with or without consolidation, including:
 - Combine task forces tackling the same issues, especially those dealing with drought and water quality, and wildfire and air quality.
 - Regular meetings between divisions with overlapping purposes, providing there is no conflict of statutory responsibilities.
- * Consider maintaining the location of the Center for Rural Programs in the Governor’s Office of Economic Development but moving community development grant programs to the Divisions of Workforce Services’ Division of Community Development.
- * Ensure the Governor’s staff understands which people need to be included in the decision and whom coordination efforts effect. A larger Governor’s cabinet may lead to better informed executive decisions.
- * Utility rate setting may no longer be objective if done under DNR.
- * Suggest pursuing this effort at the executive level by issuing an executive order to structure better communication and coordination between agencies.
- * Both industry and public interest groups see value in having the Governor directly discuss environmental issues with the head of DEQ as a cabinet-level environmental director. Both NGOs and industry stakeholders would benefit from a well-informed Governor in environmental issues.

Summary Observations

Some summary observations to consider based on interviewee responses:

- Restructuring decisions should be based in careful study and an examination of differences between need and perceived need.
- Ensure agencies with competing goals or mandates can effectively pursue their missions. Overlapping subject matter does not itself suggest consolidation will enhance efficiency and effectiveness.
- Communication and transparency with staff, stakeholders, and the public is of the utmost importance. Any information concerning agency restructuring should be clearly communicated before actions are decided or set in motion.
- Establishing a shared problem definition will be essential if restructuring changes are deemed necessary. While most individuals stand ready to implement whatever is deemed necessary, interviewees nearly unanimously expressed that they have not yet heard a clearly articulated need for restructuring or a problem that needs solving.

Appendix A – Interview Questions

1. Describe, in your own words, what you see as the intent or goals of the H.B. 346 legislation?
2. If you could make any changes amongst these agencies to improve communication and coordination, what would they be and why?
3. Have you witnessed other governmental restructuring efforts in your career? Describe what worked well with efforts you've seen and what could've gone better.
4. Efforts like this one represent potential change and whether you agree or disagree with the changes – they can cause stress. Where do you see this analysis and its potential recommendations causing stress? What needs to be done to address this?
5. Who would be most impacted by potential structural changes?
6. What key functions do you see being most impacted or disrupted by potential organizational changes? What can be done about that? What needs to be in place to keep these functions working well depending on the outcome of this analysis?
7. What are the biggest challenges the State will face as it works to implement the required analysis outlined in H.B. 346?
8. Describe what you value most about the services performed by these agencies and what is critical to keep in place (i.e. staff, leadership, decision-making framework, etc.)
9. What are the biggest opportunities or benefits this analysis or potential restructuring could bring to the State as this is implemented?
10. What are the biggest risks you see in making structural changes? What can be put in place to mitigate these risks?
11. When you think about the critical issues that these agencies will be leading the State of Utah in tackling in coming years, what issues are most important to you? What needs to be in place to keep these agencies on-pace in tackling these issues?

Appendix B – List of Interviewees

Todd Adams	Craig Buttars	Daniel Hemmert	Rory Reynolds
Jamie Barnes	Thom Carter	Ty Howard	Kim Shelley
John Baza	Tim Davis	Redge Johnson	Ryan Starks
Michele Beck	Brent Everett	Bill Keach	Brian Steed
Bryce Bird	Erica Gaddis	Chris Parker	Teresa Wilhelmsen
Margaret Busse	Doug Hansen	Jeff Rasmussen	

