Western Governors' Association

# ANNUAL REPORT 2014

WGA ANNUAL MEETING • JUNE 9-11 • COLORADO SPRINGS, COLORADO



🎆 Forest Management 🎆





JOHN HICKENLOOPER Colorado Governor

WGA Chairman

# Dear Friends and Colleagues:

I am honored to have served as Chair of the Western Governors' Association this past year and have enjoyed the opportunity to work with my western colleagues on matters of regional concern.

Given the intense partisanship dividing our country, I chose the theme "We Go Altogether." Western Governors have a long tradition of "going together" -- taking nonpartisan approaches that focus on solving the challenges western states face. Drought, tightened water supplies, wildlife habitat, wildfires, invasive species, 368 corridors and state authority are just a few of the issues where we have worked together.

Western states have faced unprecedented conditions in the past year brought on by extreme weather. Floods, mudslides and wildfires have caused devastation in the western United States. Residents in western states looked for answers, not arguments. To combat wildfires, Governors worked together by sharing firefighting resources across state lines. For wildfire prevention we have worked to advance policies that will improve forest and rangeland health, including Good Neighbor Authority and Stewardship contracting.

Western Governors have undertaken extensive efforts to protect sage-grouse habitat and avert a federal Endangered Species Act listing, in part by establishing incentives for landowners to participate in greater sage-grouse conservation and recovery efforts. Additionally, Western Governors continue to share best practices through the Sage-Grouse Task Force. We believe these collaborative approaches provide a more rapid and effective response than a listing under the Endangered Species Act and all the regulatory burdens that entails.

One of our biggest accomplishments was the public rollout of the Crucial Habitat Assessment Tool (CHAT). With bipartisan cooperation across 16 western states, CHAT was launched as a non-regulatory, cross-boundary information system to help make wildlife data easily accessible for preliminary land-use decision making. We also focused on recruiting additional states for the existing multi-state MOU designed to add more natural gas vehicles to state government fleets.

These are just a few of the issues Western Governors have tackled this past year. Under the leadership of Governor Sandoval in the year to come, WGA will delve more into water issues, as states release their water plans. While Colorado suffered tremendous flooding and Washington and Oregon witnessed mudslides, Nevada and Idaho are experiencing severe drought, and California is parched by drought conditions across the state.

So while the term "water issues" sounds simple to some people, we in the West know that it covers many policies central to our states. And addressing them will most certainly demand that "We Go Altogether" to find practical solutions.



## Dear Friend of the West,

JAMES D. OGSBURY

WGA Executive Director

Gallup recently released the results of a poll it conducted to measure trust in state government. A remarkable result of this poll is that, ranked by the amount

of trust that residents have in their state government, the top eight states are all in the West.

In poll after poll, the West rates highly with respect to positive cultural and social demographics. The West always leads the pack in surveys of the best business climates, nicest places to live, most scenic landscapes, and even favorite flags and license plates.

The Gallup poll, however, is extraordinary in that it speaks directly to the affirmative leadership of Western Governors. It is a regional distinction of which they should be proud.

Though Western Governors have distinguished themselves among state chief executives, the contrast between their brand of leadership and that exercised at the national level is even more striking. Last fall, the United States government shut down. Demonstrating that gridlock is the new normal, national leaders had difficulty even crafting a budget, one of the most basic functions of our elected federal officials. The poisonous political environment in Washington, D.C. is one in which partisan gamesmanship rules the day and compromise is a dirty word.

Look to the West for a sharp contrast. Western Governors never shut down. They remain decidedly on the job. They're making things happen. They're tackling challenging issues and working across the political aisle and state boundaries to develop bipartisan solutions to the region's most pressing problems.

No less an authority than *The New York* 

*Times* has picked up on this theme. In an article earlier this year entitled, *As Washington Keeps Sinking, Governors Rise*, the Grey Lady opined that, "...

> governors are, at least by comparison to lawmakers in Washington, capable and popular leaders, pushing through major legislation and trying to figure out ways ... to avoid the partisan wrangling that has come to symbolize Washington."

Western Governors are nothing if not pragmatic, responsible chief executives who demand results. In

WGA, they have found an effective vehicle to leverage their collective influence to achieve favorable outcomes on a range of issues and initiatives. Their many achievements within the past year include: a successful campaign to return some \$90 million in sequestered mineral royalty payments to the states; the launch of the Crucial Habitat Assessment Tool, a non-regulatory GIS mapping tool that provides a high-level state-by-state overview of sensitive wildlife habitat across the West; and an effective effort to persuade Congress to restore more than \$400 million in funding to counties through the Payments-in-Lieu-of-Taxes program, designed to compensate local communities for the massive presence of federal lands in Western states. The following pages describe additional success stories.

Thank you for your interest in the work of Western Governors. We've enjoyed a productive and transformative year, and with the financial support of sponsors, the intellectual contributions of opinion leaders and the active engagement of Western citizens, WGA is expecting even greater things in the year ahead.

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#### The Governors

#### **Executive Directors**

**Gov. John Hickenlooper**, Colorado, WGA Chairman

**Gov. Brian Sandoval**, Nevada, WGA Vice Chairman

#### **Board of Directors**

Gov. Sean Parnell, Alaska

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Gov. Gary R. Herbert, Utah

Gov. Jay Inslee, Washington

Gov. Matt Mead, Wyoming



# Crucial Habitat Assessment Tool (CHAT)

#### ISSUE

Western Governors recognized a need to identify crucial wildlife habitats across the West to help guide project planners. Sixteen states collaborated during a three-year period to define and identify such habitat, then depict the habitat in an interactive, GIS map format.

#### **ACTIONS**

- In December 2013, Western Governors launched their Crucial Habitat Assessment Tool (CHAT), which provides a high-level, non-regulatory "first look" at habitat to facilitate project pre-planning in sectors such as energy, transportation and conservation.
- More than 200 people have downloaded the CHAT data set since its debut and more than 5,000 users have visited the website.

#### NEXT

Feedback is being gathered from CHAT users on the website's functionality, and the Western Governors' Wildlife Council is working to identify a long-term host for CHAT.

## State Wildlife Data

#### **ISSUE**

States are the best source of "on the ground" science and expertise about the health of species within their borders. The Endangered Species Act (ESA) requires the U.S. Fish and Wildlife Service (FWS) to use the "best available science," which should include state data, when making decisions about whether to list species under the ESA.

#### **ACTIONS**

In 2013 WGA successfully urged Congress to direct federal agencies to make better use of state wildlife data and analyses. The Consolidated Appropriations Act of 2014 includes a directive to the U.S. Department of Interior and U.S. Forest Service to engage with state wildlife agencies and utilize state wildlife data and analyses in land management decisions.

#### NEXT

WGA is advocating for issuance of a stronger congressional directive in FY 2015. Executive Director Jim Ogsbury made this request in testimony before the House Appropriations Interior Subcommittee on April 10, 2014.

#### Endangered Species Act Reform

#### **ISSUE**

The ESA is premised on a strong federal-state partnership, but the act and its implementation need reform to provide expanded, meaningful opportunities for states to participate in the conservation and management of species covered under the law.

#### ACTIONS

- Western Governors approved an ESA reform resolution in June, 2013 that calls on Congress to "amend and reauthorize the ESA of 1973 based upon seven broad goals ... while maintaining the Act's integrity and original intent to protect listed species."
- In October 2013, WGA testified about the Western Governors' perspective on ESA in a listening forum hosted by the ESA Congressional Working Group.
- In February 2014, the ESA Congressional Working Group released its findings and recommendations, which included ESA reforms endorsed by the Governors.

• In April 2014, the House Committee on Natural Resources approved a package of ESA-related measures, including a bill recognizing the value of state data and requiring that "best available scientific and commercial data" used by the federal government include data provided by affected states.

#### NEXT

Western Governors will continue to advocate for increased use of state science, data and analysis in pre-listing and post-listing decisions under the ESA.



Cheatgrass

#### **Invasive Species**

#### ISSUE

The rapid spread across the West of invasive species creates significant economic and ecological damage, including reduced wildlife habitat, diminished agricultural productivity, and increased risk of catastrophic wildfires. The latest federal interagency National Invasive Species Management Plan expired in 2012.

#### ACTIONS

- WGA has urged federal agencies involved in the National Invasive Species Council to engage and cooperate with states in developing and implementing a new invasive species plan that can achieve measurable progress in preventing and managing the spread of invasive species.
- WGA is engaging with the White House Council on Environmental Quality, seeking to promote greater federal coordination and partnership with states in detecting and combating invasive species.

#### NEXT

A National Invasive Species Management Plan is being drafted by federal agencies, and Western Governors have been asked to provide input. WGA will participate in discussions about improving state and federal coordination on seeding policies as a means to help contain invasive species such as cheatgrass.



## **Greater Sage-Grouse**

#### ISSUE

In 2010 the FWS listed the greater sage-grouse as "warranted but precluded," meaning it warranted protection under the Endangered Species Act (ESA) but that a listing of the species was precluded by the need to address higher-priority species first. Western Governors, who predict significant negative impact to Western economies if the sage-grouse is listed, have worked to preclude the need to list these birds under the ESA.

#### ACTIONS

- In the past year, Western Governors' designees from the 11 states with greater sagegrouse populations participated in five meetings of the State-Federal Sage-Grouse Task Force to work with federal land agency representatives on alternatives to a listing for sage-grouse.
- WGA published its third annual Inventory of State and Local Governments' Conservation Initiatives for Sage-Grouse,

#### NEXT

detailing the proactive, voluntary steps that states and counties are taking to conserve sage-grouse and their habitat.

 Natural Resources Conservation Service Chief Jason Weller provided a report to Western Governors about the Service's Sage-Grouse Initiative, which has invested nearly \$350 million for conservation on 3.8 million acres across the 11-state range of the sage-grouse.

State conservation efforts and discussions with federal officials will continue as the greater sage-grouse listing determination approaches in September of 2015.

## Lesser Prairie-Chicken

#### ISSUE

FWS proposed to list the lesser prairie-chicken as "threatened" under the ESA in 2012 and finalized its decision to list in March of 2014. The listing includes a special 4(d) rule that permits states to manage species conservation efforts and avoid further regulation of activities covered under the Lesser Prairie-Chicken Range-Wide Conservation Plan (RWP).

#### ACTIONS

The governors of Oklahoma, Texas, Kansas, Colorado and New Mexico have long worked to conserve the bird and its habitat through the development of the RWP.



#### NEXT

The governors will continue to implement conservation measures, per the RWP, with a goal that the bird be "de-listed."



#### **ISSUE**

Western Governors in 2013 published a *Ten-Year Energy Vision for the West*, a forward-looking document guiding WGA's energy work.

#### **ACTIONS**

WGA has been engaged in an array of energy issues. Among other things, the Association:

- Urged federal engagement with states surrounding implementation of landscapescale mitigation procedures and requirements.
- Encouraged federal land management agencies to work with state authorities in selection and review of West-Wide transmission corridors under Section 368 of the Energy Policy Act of 2005 (EPAct).
- Asserted that western states have effective regulatory infrastructure in place to continue as the principal regulatory authority for coal combustion residuals from fossil fuel-based energy production.
- Resisted BLM efforts to regulate hydraulic fracturing on federal lands (an area of traditional state authority).
- Encouraged extension of the Federal Permit Streamlining Pilot Project under Section 365 of EPAct so that the BLM can continue to more efficiently process oil and gas leases on agency land.

#### NEXT

- WGA will work with federal partners to identify a more robust role for states in DOI's implementation of landscape-scale mitigation.
- To reduce time and lower cost for electricity transmission line siting, permitting and construction, WGA will facilitate development and deployment of a "one-stop-shop" website.
- Western Governors will keep working to maintain state authority over the regulation of coal combustion residuals and ensure that such byproducts can continue to be converted to beneficial uses.



#### 2013 Regional Energy Advocate of the Year Award

WGA was awarded the 2013 Regional Energy Advocate of the Year award by the Partnership for Science & Technology for its work to advance nuclear technology.

# Forest & Wildfire Management

## Wildfire

#### ISSUE

More than 4 million acres of land burned in the West during the 2013 wildfire season. The fires cost hundreds of millions of dollars in property damages and more than \$1 billion in suppression costs. The risk of wildfire continues to grow due to unhealthy forests and longer wildfire seasons.

#### ACTIONS

In February of 2014 Western Governors supported House and Senate legislation designed to end the practice of "fire borrowing." The practice occurs when the USFS and BLM use funds from non-fire suppression accounts – such as hazardous fuel reduction and restoration projects -- to pay for wildfire suppression. WGA participated in production of "The National Strategy: The Final Phase in the Development of the National Cohesive Wildland Fire Management Strategy" and the "National Action Plan," a companion to the National Strategy. Both documents were published in April 2014.

#### NEXT

• Continue to advocate for an end to "fire borrowing."

ALS AND

- Work with those involved in the National Action Plan to ensure successful implementation of this wildland fire management strategy.
- Improve the sharing of wildfire suppression resources among Western states.

# 2013 Wildfire Stats

# More than 4.3 million acres

of National Forest System lands burned.

#### **34 firefighters**

died fighting the blazes, including 19 at the Yarnell Hill Fire on June 30, 2013.

#### More than 1,000 residences

were destroyed, with damages to homes in Colorado's Black Forest Fire alone topping \$90 million.

Total cost of suppression on state, private and federal land for the fire season topped

#### \$1.7 billion

according to the National Interagency Fire Center.

## **Forest Management**

#### ISSUE

Federal forests are unhealthy throughout the West. Sustainable management is crucial to forest health and should include robust restoration of areas impacted by wildfire, disease and insect infestation.



#### ACTIONS

Western Governors successfully advocated for the inclusion of tools in the 2014 Farm Bill (the Agricultural Act of 2014) to help states strengthen regional forest health:

- Permanent extension of Stewardship Contracting authority.
- Nationwide expansion of Good Neighbor Authority, which allows state and federal entities to work together on fire mitigation efforts, even when project

areas cross ownership boundaries. Previously the program existed only in Colorado and Utah.

• Expedited treatment for those at-risk areas of National Forests nominated by governors for priority restoration treatments.

#### NEXT

WGA will continue to work with USFS and western state foresters on implementation of these programs to improve forest management.

# Water & Drought



#### **ISSUE**

Drought is pervasive across the West. Parts of Oklahoma, Colorado, New Mexico, Texas, Nevada and California are experiencing the most exceptional levels of drought measured by the National Drought Monitor. Reservoir levels are below average in many Western states.

#### **NIDIS Reauthorization**

#### **ACTIONS**

• WGA promoted the 2006 creation of the National Integrated Drought Information System (NIDIS) and has since worked with the National Oceanic and Atmospheric Administration (NOAA) and other partners on the system's deployment. That included the creation of the U.S. Drought Portal, an online resource that provides early warning about drought as well as information about drought planning and its impacts.

• NIDIS was reauthorized in March of 2014 with the strong support and active advocacy of WGA.

#### NEXT

WGA and NOAA expect to sign a new MOU at the WGA Annual Meeting in June of 2014, continuing cooperative efforts to put the best information about drought into the hands of states and decision-makers.

# Water

#### **Clean Water Act**

A proposed rule to define "waters of the U.S." under the Clean Water Act was released by the Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers (the Corps) in March 2014. The lack of state consultation during early stages of the rulemaking, which has broad implications for state authority to manage water resources, generated concern among Western Governors.

#### ACTIONS

The Governors reponded when the proposed rule was announced, telling EPA and the Corps that the rule would have benefitted from additional state input and could impinge on state authority.

#### NEXT

WGA will continue to urge the EPA, Corps and other federal agencies to engage with states as authentic partners in the development and implementation of policies that directly impact state authority.



#### Army Corps "Surplus Water" Rulemaking

In response to indications that new rulemaking from the Corps would redefine "surplus" and "stored" water in Corps reservoirs, WGA has urged recognition of states' authority to manage and allocate water resources within their boundaries and emphasized the need for federal agencies to engage in true consultation with the states.

#### ACTIONS

- In August of 2013 WGA joined the Western States Water Council in expressing concern that an expanded definition of "stored water" could subject the natural flows of the river to contracts and fees. Such an outcome would fail to recognize state authority over management of surface water.
- WGA urged Congress to address this issue through the Water Resources Reform and Development Act (WRRDA), which it did through a provision blocking surplus water charges for the next 10 years.

#### Water Resources Reform and Development Act

Western Governors advocated for reauthorization of WRRDA to promote effective management of western water resources. The legislation was approved by Congress on May 22, 2014.

#### **ACTIONS**

Consistent with WGA priorities, the final bill:

- Prohibited the Corps from charging a fee for surplus water storage on Corps reservoir projects in the Upper Missouri River Basin for the next 10 years.
- Continued soil moisture and snowpack monitoring efforts in the Upper Missouri River Basin to better manage flood effects.
- Recognized state authority in water management.

#### Water Transfers Rule

A ruling in March 2014 by the U.S. District Court for the Southern District of New York vacated the EPA's "water transfers rule," making transfers subject to National Pollutant Discharge Elimination System (NPDES) permit requirements under the Clean Water Act. The current rule clarifies that water transfers are *not* subject to NPDES regulations.

#### **ACTIONS**

WGA and the Western States Water Council (WSWC) strongly urged the EPA to appeal the ruling, noting that water transfers historically have not been subject to NPDES, the change would make water prohibitively expensive in the West, and could curtail certain transfers, with little (if any) water quality benefits. EPA announced on May 29 its intent to appeal the ruling.

# State-Federal Relations

#### **Sequestration**

#### ISSUE

The FY 2013 Budget Sequester resulted in a decrease of roughly \$90 million in Mineral Leasing Act (MLA) royalty payments to oil- and gas-producing Western states. Administration officials asserted the payments were a "federal expenditure" that could be retained by the federal government.

#### **ACTIONS**

- WGA requested in May 2013 that Interior Secretary Sally Jewell justify how MLA funds were legally subject to sequestration, considering they represent states' statutorily-guaranteed share of mineral royalties.
- The Conference of Western Attorneys General joined WGA's dissent in August 2013, to call the

response from Interior and OMB "a profoundly flawed understanding."

 On August 26, 2013, after legal review, the Office of Natural Resources Revenue announced the return of the sequestered payments. Western states received close to \$90 million, with Wyoming (\$40 million) and New Mexico (\$20.8 million) receiving the most.



## **Payment in Lieu of Taxes**

#### ISSUE

Payment in Lieu of Taxes (PILT) compensates local governments for the presence of federal lands in Western states. Local governments rely on PILT to fund critical services such as law enforcement that counties are required to provide under state and federal law. The FY14 spending bill included language for PILT to be funded, but left it up to appropriators to make the final decision on whether the program would be funded -- and to what extent.

#### ACTIONS

In cooperation with the National Association of Counties, WGA launched a campaign during December 2013 with House and Senate Appropriations Committees to support full PILT funding in the final FY14 Appropriations bill.

#### NEXT

Western Governors are working with Congress to find a permanent funding solution for PILT.

# Meetings & Outreach



Western Governors at 2013 Winter Meeting in Las Vegas, from left, Steve Bullock, Matt Mead, WGA 2014 Chair John Hickenlooper, Vice Chair Brian Sandoval, Butch Otter and Gary Herbert.



Utah Gov. Gary Herbert, 2013 WGA Chair, at the 2013 Annual Meeting with Nevada Gov. Brian Sandoval.



Interior Secretary Sally Jewell addresses media after her keynote at the 2013 Annual Meeting.





Above: Incoming WGA Chair, Gov. John Hickenlooper, enjoyed a lighter moment during the 2013 Annual Meeting in Park City.

#### Left: Idaho

Gov. Butch Otter used a quagga musselencrusted license plate to make a point at the 2013 Winter Meeting.

#### Communications

WGA gathers the Western Governors at least twice annually to discuss important Western issues. Last year's meetings in Park City and Las Vegas enjoyed significant growth in both attendance and Governors' participation.

#### Media

The policy work and meetings of WGA received significant coverage from media outlets such as the Washington Post, E&E News, Deseret News, Stateline, Associated Press, Kiplinger, Denver Post, Los Angeles Times, Las Vegas Review-Journal, NPR and many more.

#### Website

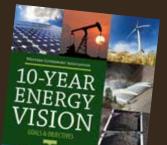
"Total Visits" to the site grew by 52%, while "Page Views" rose by 44%.

#### **Social Media**

- WGA's Twitter following jumped by 312%, while our Facebook audience increased by 48%.
- Over the course of 2013, the association sent 101 e-mail newsletters, averaging a 23% "open" rate.

#### Reports

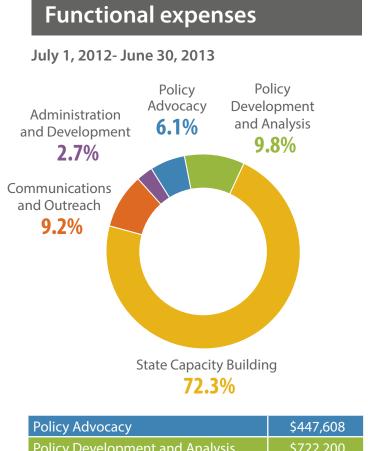
The three Energy reports published in 2013, combined with our Annual Report, generated a combined 15,000+ downloads.



# Finances

WGA income is derived from member state dues, grants and contracts, contributions, interest, and other miscellaneous income. Member dues for the fiscal year 2013 were \$36,000 per state and \$6,000 per territory/commonwealth. (WGA dues have not increased since 1994.) WGA's income totaled \$7.5 million for the fiscal year, with approximately 69% of that amount received from federal agencies for various projects.

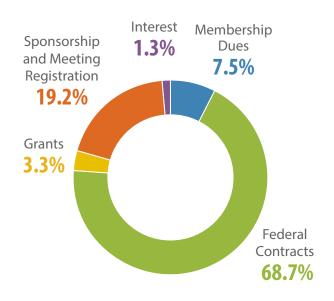
The following is excerpted from the audit report of JDS Professional Group, Certified Public Accountants, Consultants and Advisors. The information below is for the fiscal year ending June 30, 2013.



# Policy Advocacy\$447,608Policy Development and Analysis\$722,200State Capacity Building\$5,345,476Communication and Outreach\$677,505Administration & Development\$199,048Total\$7,391,837

#### Revenues

July 1, 2012- June 30, 2013



Membership Dues	\$564,000
Federal Contracts	\$5,187,800
Grants	\$252,108
Sponsorships and Meeting Registration	\$1,452,145
Interest	\$99,036
Total	\$7,555,089

### About the Western Governors' Association

The Western Governors' Association represents the Governors of 19 Western states and 3 U.S.-flag islands. The association is an instrument of the Governors for bipartisan policy development, information exchange and collective action on issues of critical importance to the Western United States.

#### WGA Staff

James D. Ogsbury, *Executive Director* 

Christopher McKinnon, *Deputy Director* 

Holly Propst, Policy Director

Joe Rassenfoss, *Communications Director* 

Carlee Brown, *Policy Advisor* 

Katie Kalinowski, *Policy Advisor* 

Deborah Kinsley, *Administrative Assistant* 

Sara Lang, *Grants/Accounting*  Tim Macklin, Natural Resources Conservation Service Liaison

Toni McCammon, Office Manager/ Executive Assistant

Tom Ritter, *Finance Manager* 

Chris Scolari, *Policy Advisor* 

Sally Shafroth, George S. Mickelson Fellow, Governor Hickenlooper's Office

Laura Wilkeson, Manager of Federal Relations, Washington, D.C.

#### WGA STAFF COUNCIL 2012-2013

The WGA Staff Council includes top policy advisors from each governor's office and meets regularly to review and guide association activity. The council reviews proposed work plans, budgets and policy resolutions, works out differences on regional issues, conveys recommendations to governors, and provides guidance to WGA staff.

Staff Council Chair: Doug Young, Colorado

Staff Council Vice Chair: Ryan McGinness, Nevada

#### Alaska Kip Knudson

American Samoa Joseph Pereira

**Arizona** Ryan Serote

**California** Todd Ferrara

<mark>Guam</mark> Jay Rojas

<mark>Hawaii</mark> Kendra Oishi

Idaho

John Chatburn

Kansas Matt Goddard

**Montana** Tim Baker

Nebraska Lauren Kintner New Mexico James Ross

North Dakota Jason Nisbet

Northern Mariana Islands Angel A. Demapan

Oklahoma Craig Sundstrom

**Oregon** Richard Whitman

South Dakota Jim Soyer

**Texas** Dan Wilmot

Utah Wesley Smith

Washington Sam Ricketts

Wyoming Shawn Reese



# Western Governors' Association

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