



Western Governors' Association 2012 Annual Report



WGA Annual Meeting – Cle Elum, Washington
June 9 - 12, 2012



Outdoor
Recreation



Conservation



Tourism



Volunteerism

Letter from the Chairman



Dear fellow Westerners and friends,

Our Western states have faced some difficult times in recent years with many having to dramatically cut state budgets and services in the wake of the economic recession. The good news is the economy is improving in many of our states, and I believe the West is well positioned to emerge from the recession stronger than ever.

As WGA's Chair, I have enjoyed working with my colleagues to get our young people and their families out into our wild outdoors, and we've talked about ways we can grow the outdoor recreation and tourism sectors of the West's economy. We are blessed with incredible natural areas for outdoor recreation and tourism; and many recreation hot spots in our region are known across the globe. Without a doubt, we are becoming known as the place to come for world class outdoor recreation adventures.

At our Annual Meeting, we will release an unprecedented study documenting total retail sales and jobs created by outdoor recreation in the region. We adopted a resolution last December encouraging the federal government to streamline and improve the tourist visa application, thereby reducing the time it takes foreign visitors to be approved.

To encourage responsible economic growth in the West, Western Governors have agreed to have our agencies create two "first in the nation" systems to help guide decision-makers, industry and the public in siting new economic development projects and industries.

- The first system is a regional database of water supplies. The database will help us determine where there are pinch points on water supply and help us guide responsible growth. Western Governors are also looking at water transfers and the effects of those transfers on communities, as more and more farmers are transferring their water rights and, in some years, fallowing their fields.
- The second system is a region-wide GIS mapping tool that identifies critical habitat, species and wildlife corridors. Crucial Habitat Assessment Tools (CHATs) are now publically available in several states, including California, Montana, Washington and Arizona. The system will be West-wide in 2013. This mapping tool is the first of its kind in the entire country.

We have worked with a bipartisan spirit on many more issues, some of which are summarized in this report, but there is much more Western Governors can and will do in the coming years. I thank my colleagues for their hard work this year.

Sincerely,

A handwritten signature in black ink that reads "Chris Gregoire". The signature is written in a cursive, flowing style.

Christine O. Gregoire
Governor of Washington
Chair of the Western Governors' Association

2011-2012

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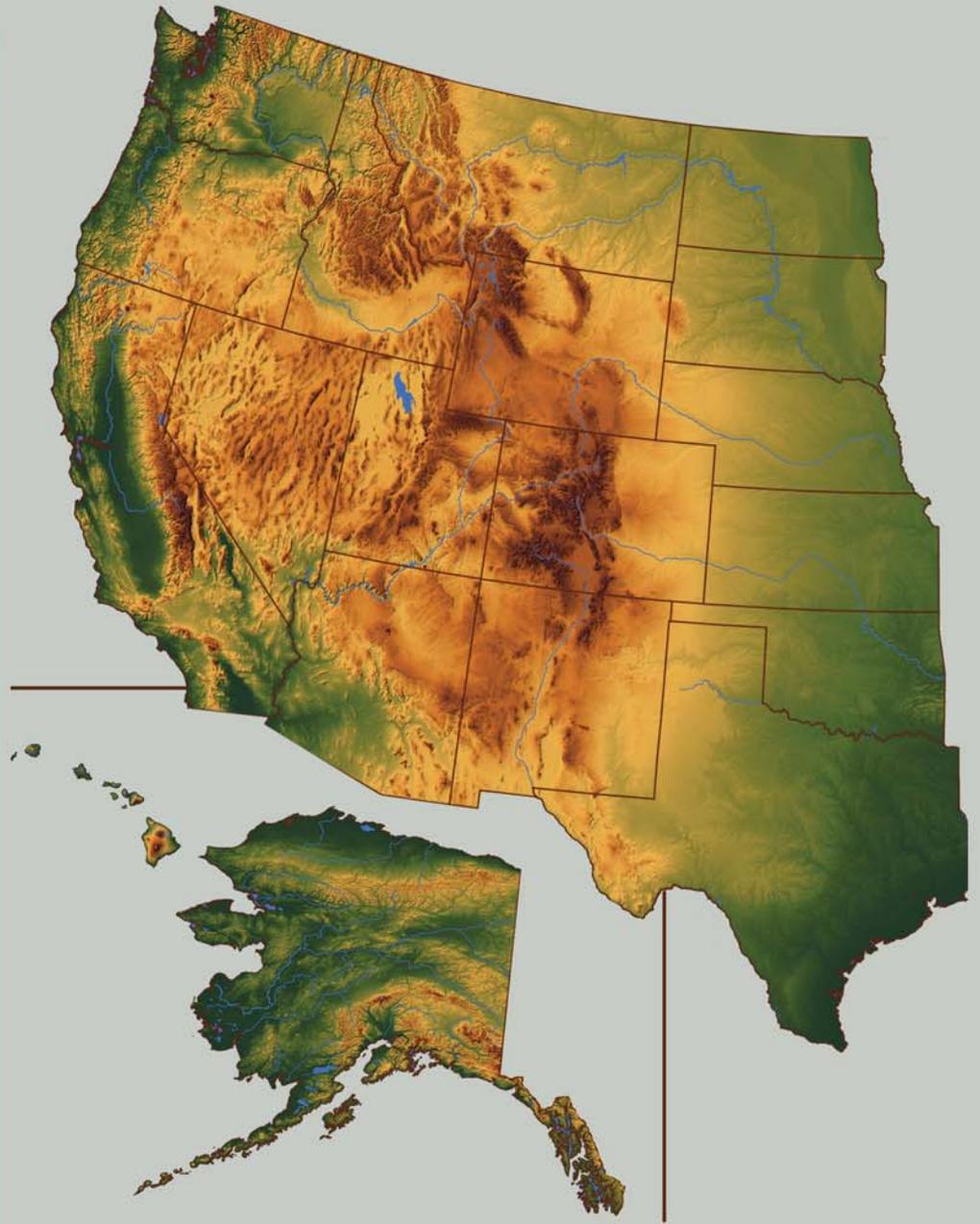


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About the Western Governors' Association

The Western Governors' Association is an independent, nonpartisan organization of Governors representing 19 Western states, and three U.S.-flag Pacific islands. Through their Association, Governors identify and address key policy and governance issues in natural resources, the environment, human services, economic development, international relations and public management.

Governors select issues for further review based on regional interest and impact. WGA helps the Governors develop strategies both for complex, long-term issues facing the West and for the region's immediate needs. Governors use WGA to develop and advocate policies that reflect regional interests and relationships in debates at the national and state levels. WGA also acts as a center of innovation to find promising solutions for problems in the region.

The Governors serve as WGA's Board of Directors. The Board meets up to three times per year. Many Governors have one or more issues or policy areas for which they choose to serve as a lead Governor. With the concurrence of the chairman, lead Governors direct activities, develop proposed positions, chair related meetings, and provide testimony and comments to Congress, committees and federal agencies. WGA staff provides assistance for these activities.

During the Annual Meeting, the board elects a chairman, approves a work plan and budget for the upcoming year, and adopts policy resolutions that guide the work of the Association. Between gubernatorial meetings, the WGA Staff Council, which comprises the chief of staff or a top policy advisor for each Governor, reviews and guides WGA activities.

Acknowledgements

The Western Governors' Association wishes to thank the following federal agencies and organizations for their support over the past year:

Motorcycle Industry Council
National Marine Manufacturers Association
New Mexico Environmental Department
Outdoor Foundation
Outdoor Industry Association
Recreational Off-Highway Vehicle Association
Sandia National Laboratories
State of Wyoming, Department of Environmental Quality
Specialty Vehicle Institute of America
U.S. Department of Agriculture

- Forest Service
- Natural Resources Conservation Service

U.S. Department of Commerce, National Oceanic and Atmospheric Administration
U.S. Department of Energy

- National Energy Technology Laboratory
- National Renewable Energy Laboratory
- National Transportation Program, Office of Civilian Radioactive Waste Management
- Office of Electricity and Energy Reliability
- Office of Environmental Management, Carlsbad Field Office

Office of Civilian Radioactive Waste
U.S. Department of the Interior

- Bureau of Land Management
- National Park Service

U.S. Environmental Protection Agency

- Regional offices: VI, VIII, IX and X
- Office of Air Quality Planning and Standards

The Energy Foundation
The William and Flora Hewlett Foundation
Walton Family Foundation
Wilburforce Foundation



WESTERN
GOVERNORS'
ASSOCIATION

Year in Review

July 2011 – June 2012

Energy

Regional Transmission Expansion Planning

Since 2001, Western Governors have advocated for robust interconnection-wide transmission planning. Interconnection-wide transmission planning took a major step forward when in 2010 the U.S. Department of Energy awarded funding to WGA and the Western Electricity Coordinating Council to analyze transmission requirements under a broad range of alternative energy futures and to develop long-term, interconnection-wide transmission expansion plans. WGA and its affiliate, the Western Interstate Energy Board, are focusing efforts in three major areas: providing state and provincial input into WECC's transmission planning; fostering actions to make more efficient use of the existing grid; and lowering the cost of integrating variable wind and solar generation into a reliable power system.

Included in the planning process and modeling analyses are wildlife sensitivities, water resources and federal air quality rules. With regard to wildlife, work is progressing on the development of online planning tools that can be used to help identify optimal paths for new energy generation and transmission. These should be available for incorporation into the transmission planning process by the end of 2013.

The work has been bolstered with analytic support from the Sandia and other national laboratories. They are examining the regional impacts of new energy generation on water use, including a look at the potential impacts of long-term drought on energy production. In addition, WGA is examining the potential impact of new federal standards for ozone and mercury on the current mix of generation sources.

With support from the Energy Foundation, WGA developed a white paper on barriers to lowering the cost of integrating wind and solar generation and actions that can be taken to overcome those barriers. Saving consumers money while meeting state renewable energy goals will require:

1. greater cooperation among the 37 industry Balancing Authorities in the Western Interconnection,
2. more flexible generation,
3. better wind and solar forecasting, and
4. supportive state policies.

Transmission and Renewable Energy Siting and Permitting

WGA has included transmission siting in its scope of activities of the Regional Transmission Expansion Planning project. Because of the vast amount of federal land in the West, it is critical to examine the impediments to generation and transmission siting on those lands, and potential policies and programs that will make all lands more available to multiple uses, including electricity generation and transmission. WGA is coordinating siting improvement efforts with the federal Rapid Response Transmission Team (RRTT). WGA and the RRTT are



Included in the transmission expansion planning process and modeling analyses are wildlife sensitivities, water resources and federal air quality rules.

focusing on several Western transmission lines as case studies to identify obstacles and recommendations to improve siting and permitting. This information is critical to transmission modeling and will increase the potential relevance of any transmission plan.

WREZ Phase III

An important first step toward expanding renewable energy development in the West was identifying where the richest, most commercially viable renewable resources are within the Western Interconnection. WGA published the report, “Western Renewable Energy Zones (WREZ) – Phase 1” in 2009. Since then, the focus has been on key next steps: determining which of the high-quality areas are of greatest interest to electric service providers, determining how their renewable resources can best be developed, and planning for a transmission network that will bring those resources to market.

In 2011, the Western Governors’ Association commissioned interviews with 25 utilities, 11 public utility commissions (PUCs) and two provincial energy ministries to learn their views on potential collaboration to develop WREZ hubs. These interviews also collected important contextual information on resource planning and procurement, as well as transmission planning and development. In addition, WGA examined market options to support development of higher levels of renewable resources in the West, next steps for the WREZ initiative and other issues of interest for regional discussion. In February 2012, the results of these interviews were published in the report *Renewable Resources and Transmission in the West: Interviews on the Western Renewable Energy Zones Initiative*. Key among the findings are:

- Utilities are focused on resources close to their service areas. This seemed to be true even if closer sources were of lower quality than more distant resources. For those utilities considering long distance resources, the number one consideration was the availability of transmission. Most utilities believe that current (or likely to be completed) transmission will be sufficient to meet current renewable energy requirements for the next 10 years.
- Utilities cite differing renewable portfolio standards (RPS), including in-state preferences, and failure to establish stable federal tax credits as barriers to efficient development of renewable resources.
- Utilities are increasingly wary of making investments in renewable resources and transmission in advance of the need for meeting RPS targets. PUCs find it difficult to approve cost recovery for the “right-sizing” of transmission lines beyond the definable future needs of retail customers.
- Utilities expect the cost of renewable generation to continue to trend downwards.

WGA will continue to refine the research into the development of the WREZ hubs and explore opportunities for cooperation among utilities in the procurement of generation from WREZ hubs.

Leads for Energy and Transmission Expansion are Governors Mead, Otter and Schweitzer.

Transportation Fuels for the Future

In the past, Western Governors stressed the need for federal policy to promote the use of alternative fuels and advanced vehicle technologies. In letters to Congress, Governors supported legislation to encourage natural gas and electric powered vehicles while also asserting a need for federal, state and local coordination in the implementation of these policies. The Governors also called on the White House to lead an effort to create consistency



in federal bioenergy policy, noting the inconsistencies and uncertainties in the current or pending regulatory framework. Without such a policy, the Governors said decisions made by an array of competing federal authorities could negatively impact efforts to improve forest health, as well as local and state investments in renewable energy projects that utilize forest residues and other biomass materials.

Looking forward, the Governors directed the Transportation Fuels Council to examine opportunities for coordinated infrastructure development and fleet conversions. Western Governors realize that regional cooperation will be necessary to develop the connectivity and consumer confidence needed to increase the utilization of alternative fuels and vehicles. In December 2011, the governors of Oklahoma and Colorado led an effort to garner support from motor vehicle manufacturers to build an original equipment, natural gas-fueled vehicle. They asked states to join them in signing an MOU agreeing to integrate natural gas fueled vehicles into their fleets.

Leads for this program are Governors Daugaard, Gregoire, Herbert and Hickenlooper.



Environment

Water

Western states have a unique and essential relationship with water: water shapes our economy, communities and environment. Many Western communities rely on water from rivers or aquifers that are at or near full appropriation, meaning that new water supplies for future uses will be harder to come by. The Western Governors have long recognized the importance of securing reliable, clean water for the region and have worked together for decades to continually meet that goal. The WGA and its affiliate, the Western States Water Council, are engaged in multiple projects to provide a region-wide perspective for state-level decision making on water issues.

In June 2012, the Western States Water Council will finalize its “vision” for water in the West. The vision reflects the common priorities of the Western states — quantity and quality — with state leadership in water allocation at the core. It represents the culmination, and will serve as the organizing theme, for the WSWC’s ongoing series, *Water Needs and Strategies for a Sustainable Future*. Several ongoing projects described here are intended to fulfill the Governors’ vision for water in the West.

One objective is to create new tools and flexibility in managing scarce water supplies. In July 2011, WGA and WSWC embarked on a year-long project to identify innovative strategies for water sharing in the West. The project focuses on water transfers, or the sale or lease of a water right that often redistributes water from agricultural to urban uses. WGA has identified a “toolbox” of programs and policies that states can use when considering water sharing in their states. The final report will also include a number of case studies that show how a mix of transfers, conservation and collaboration can lead to successful water sharing.

Another key task for Western Governors and water resource managers is to identify new and emerging demands for water and to assess how they can be accommodated given finite water resources. WGA and WSWC are engaged in a project on the “energy-water nexus” as a part of WGA’s larger Regional Transmission Expansion Project (RTEP). With help from Sandia National Labs, WGA will map the places where increased energy production could strain water resources, and where drought and variability could undermine energy generation and reliability. By bringing together resource managers from both the energy and water sectors, the project will identify strategies, such as cooling technologies and facility siting that can

(continued on page 8)

The Western States Water Council’s “vision” for water reflects the common priorities of the Western states — quantity and quality — with state leadership in water allocation at the core.

Get Out West!

Growing Outdoor Recreation and Tourism



Tourism and outdoor recreation economies throughout the West are growing rapidly, providing opportunities for communities and states to improve their recreational assets, create new jobs and increase incomes. The West is rightly viewed as a premier tourism destination and the outdoor recreation capital of the world.

It was with that in mind that Governor Chris Gregoire, Chair of the Western Governors' Association, launched the *Get Out West!* initiative in June 2011. To help guide the initiative, WGA created the *Get Out West! Advisory Group*, comprised of representatives from the outdoor recreation industry, conservation groups, recreation advocacy and user groups, and tourism interests. WGA is indebted to the members of this group who worked together to draft the reports outlined below. A list of the Advisory Group members can be found on the acknowledgements page in each report.

The Economic Impact of Outdoor Recreation

WGA and five industry groups – the Outdoor Industry Association, Motorcycle Industry Council, Recreational Off-Highway Vehicle Association, Specialty Vehicle Institute of America, and National Marine Manufacturers Association – completed a report documenting the sales of outdoor recreation equipment and services in the West and the nation. The report highlights jobs supported by the industry and tax revenues from related sales.

The study marks the first time the non-motorized and motorized recreation industries have joined forces to provide a complete picture of the economic impact and importance of outdoor recreation for the economy.



The West's Competitive Advantage: Landscapes, Open Lands and Unique History

This report highlights the trends and opportunities for growth of outdoor recreation and tourism for the West. The report finds that the Western U.S. is blessed with world class tourism and outdoor recreation assets and that these assets generate a significant number of jobs and income for Western states (between 6 - 22% of total income depending on the state). It recognizes that the public sector in the West owns, manages and maintains a large portion of the region's tourism and outdoor recreation assets and that public policies have a significant impact on private sector assets. The report includes the Advisory Group's recommendations on steps Governors can take individually and collectively to build on these two economic sectors.

Connecting Kids and Families to the West's Great Outdoors

Governor Gregoire also asked the Advisory Group to identify models and best practices for getting more children and families out into nature. The West does better than other regions in many ways, but our increasingly urbanized population has been losing touch with its world class state and national parks and the benefits they offer.

This report examines why more children are not connecting to the outdoors; offers recommendations and potential policies Governors and the private sector could implement or support to engage more youth; and highlights successful efforts.



Best Practices in Managing Recreation Assets

Successfully managing the West's recreation assets is a key factor in positive outdoor recreation experiences for the region's citizens and tourists and for local economic development and job creation in communities around these places.

In this report, the Advisory Group identified best practices for overcoming common challenges in recreational

asset management, placing an emphasis on ideas for how to manage in lean budget times. The report showcases the most informative, useful and inspiring Web portals to recreational assets across the West; identifies the challenges in managing the region's recreational assets; and recommends policies to improve the availability, accessibility and awareness of recreational assets in the West.

The recreation managers interviewed for this report indicated they are struggling to maintain the quality and availability of many of the region's recreation assets. They attributed it in part to the users' increasing and shifting demands; shrinking state and federal budgets; and the effects of weather and climate on the landscapes they manage.

The Advisory Group and these recreation managers recommended Western Governors work together to ensure that the West's unparalleled recreation assets continue to provide wonder and enjoyment – and the foundation for a powerful economic sector – for generations to come. The recommendations include:

- *Recognize and invest in the economic and qualitative values of outdoor recreation,*
- *Facilitate synergistic partnerships,*
- *Promote innovative ways to raise revenue for outdoor recreation,*
- *Lead efforts to integrate and streamline landscape-level recreation opportunities, and*
- *Promote demand for recreation in the West.*

Reports

- *The Economic Impact of Outdoor Recreation*
- *The West's Competitive Advantage: Landscapes, Open Lands and Unique History*
- *Connecting Kids and Families to the West's Great Outdoors*
- *Best Practices in Managing Recreation Assets*

Resolutions

- *Improving International Travel to the West*
- *Western Conservation Corps*

avoid or mitigate conflicts between energy production and water supply, and will promote much-needed dialogue across the energy and water communities.

Infrastructure needs are a continuing area of focus for WGA and WSWC. Later this year the groups will host a biannual symposium on opportunities for infrastructure improvement in the West. Effective, reliable infrastructure can offer big conservation benefits, for instance, when leaky underground pipes are replaced. Infrastructure can also take a much larger form, such as the reservoirs that store water for municipal supplies. The 2012 symposium will bring together federal, state and local officials with financial experts and stakeholder groups to discuss ways to improve and fund infrastructure in the West.

All of the efforts towards sustainable water management are made possible by basic data. We need to know how much water is available and when and how we're using it in order to develop management strategies and make new investments for our future. Water managers rely on fundamental data about precipitation, snowpack, run-off and water use; these are the kind of data that have been collected for more than a century.

More recently, we have developed new tools to forecast seasonal and inter-annual trends, or to use satellites to evaluate consumptive use, or to understand the status of our underground aquifers. All of this information is essential to informed water management, and we must continue to invest in it. The Western States Water Council is developing a "Water Data Exchange" in order to compile and share water data from across the Western states. The Exchange will serve as a resource for water managers across the West as we work towards sustainable water supplies.

The Governors are committed to providing secure, clean sources of water for the Western states. WGA and the WSWC are working together to continuously meet that goal by delving deep into the water issues that matter most to the West.

Weather and Climate Risk

Working together with the National Oceanic and Atmospheric Administration (NOAA), WGA has begun a series of regionally focused summits to address weather and climate risk. In June 2011, Governors Gregoire and Otter signed an MOU with NOAA Administrator Dr. Jane Lubchenco to work together on data-sharing and communication in order to better prepare decision makers — in government and business alike — for unpredictable and immobilizing weather disasters.

The first summit, called The Pacific Northwest Weather and Climate Outlook Forum, featured a panel led by Gov. Gregoire that brought together speakers from the transportation, hydropower, and insurance sectors, as well as the Columbia River tribes, to share on-the-ground examples of how weather and climate affect their operations and businesses.

WGA and NOAA will continue their partnership by examining weather and climate in other regions in the West, specifically flooding in the Upper Missouri, drought in the Southwest, fire in the intermountain West, and economic development planning in Colorado.

Support for this program comes from the Walton Family Foundation and the U.S. Department of Energy.

Air Quality

The member states and tribes of the Western Regional Air Partnership (WRAP) continue to work with federal agencies and stakeholders to improve air quality in national parks and wilderness areas. Emissions from industrial and mobile sources have been significantly reduced over the last 10 years, leading to measurable improvements in air quality across the



West. The WRAP is now focused on helping Western states meet EPA health standards for ozone and fine particulate matter.

The WRAP approach emphasizes regional and multi-pollutant assessments of air pollution, including regional transport of pollution across state lines. In the West, sources contributing to regional air pollution range from industrial and mobile sources to energy production, wildland fire, windblown dust and off-shore shipping.

Current regional technical projects involving state, federal, and industry participants are addressing:

- Improved emissions estimates for volatile organic compounds from natural sources, oil and gas exploration and production, and wildland fires;
- Air pollution transport across the West; and
- A data warehouse to store the air pollution data from these projects for ongoing use by state and federal agencies.

Support for WGA's air quality program is provided by the U.S. Environmental Protection Agency, National Park Service, Bureau of Land Management and WGA member states.

Nuclear Waste Transportation

In 2011, the WGA participated in the development of the report from the Blue Ribbon Commission on America's Nuclear Future. This included organizing the first of four regional meetings to solicit Western perspectives on the draft, and the preparation of extensive comments, focusing on the role of prospective host states in siting storage and disposal facilities, system design and process for cross-country transportation, and regional fairness in program implementation.

The report has potential implications for the West in three areas. First, the Commission recommended a consent-based approach to siting future nuclear waste storage and disposal facilities, noting that trying to force such facilities on unwilling states, tribes and communities has not worked. Second, the Commission recommended that the responsibility for the nation's nuclear waste management program be transferred to a new organization — one that is independent of the DOE and dedicated solely to assuring the safe storage and ultimate disposal of spent nuclear waste fuel and high-level radioactive waste. Third, the Commission recommended changing the manner in which fees being paid into the Nuclear Waste Fund — about \$750 million a year — are treated in the federal budget to ensure they are being set aside and available for use as Congress initially intended. This program is supported with funding from the U.S. Department of Energy.

Governor Otter is the lead governor for this issue.

Lands

Western Governors' Wildlife Council

Over the last year the Western Governors' Wildlife Council made significant progress in their mission to identify and conserve crucial wildlife habitats and corridors, as well as develop and coordinate policy options and tools for preserving those important areas. With the support of the Governors, Western states are on target to release a West-wide Crucial Habitat Assessment Tool (CHAT) in 2013 to accomplish this goal.

CHAT aims to bring greater certainty and predictability to planning efforts by establishing a common starting point



Emissions from industrial and mobile sources have been significantly reduced over the last 10 years, leading to measurable improvements in air quality across the West.

for discussing the intersection of development and wildlife. In its simplest form, CHAT will be an easily accessible online system of maps displaying priority wildlife habitats and corridors across the West. While not intended for project-level approval, CHAT is designed to reduce conflicts and surprises for infrastructure planning, while ensuring wildlife values are better incorporated into land use decision-making, as well as large-scale conservation projects.

Several states have released wildlife mapping tools that will become the foundation for displaying crucial habitat and corridor information across the region. They are Arizona, California, Montana and Washington. In addition, the first ever multi-state CHAT was released in August of 2011 and displays priority habitats for the lesser prairie chicken, a candidate for listing under the Endangered Species Act, across the 5-state range of the species.

Every participating Western state will identify crucial habitat for multiple species in 2012, and this information will be combined and made public in the West-wide CHAT in 2013. Current systems are being used today to better inform local growth plans, resource management plans on federal land, alternatives for new transportation corridors, mitigation plans for energy infrastructure, and conservation funding for private landowners.

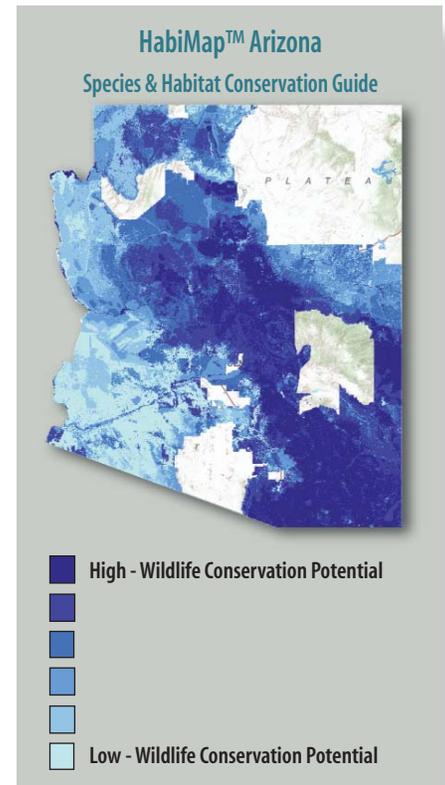
From the beginning of this initiative, coordination with federal natural resource managers has been paramount. Building off of the 2009 MOU between Western Governors and Secretaries of Agriculture, Energy and the Interior, the Wildlife Council was successful in 2011 in negotiating an agreement with officials from the U.S. Departments of the Interior and Agriculture to use the state crucial habitat information in their decision making.

This agreement was implemented in late December 2011 with a policy statement by the Bureau of Land Management that instructs its land managers to use prioritized wildlife and habitat information developed through state- and regional-level CHATs as a principal source to inform land use planning, as well as related natural resource decisions on BLM lands. Of the BLM policy statement, Utah Governor Gary Herbert, WGA's incoming Chairman, said, "At a time when we are working hard to reduce government spending, it is appreciated that the BLM is looking to use this cutting-edge wildlife information from state agencies to inform their planning decisions."

State wildlife agencies have been working diligently over the last year to fill key wildlife data gaps across the region, in order to support the ability of every state to identify priority habitats and provide that information in a compatible manner into the West-wide CHAT. This wildlife data will be updated and improved on an on-going basis with the help of all interested parties and the public, which will contribute to making the CHAT a long-term source of credible wildlife information. Western states have also been working to identify a technical process for applying the common definitions of crucial habitats to this wildlife data in a compatible way across the region. Ultimately, these efforts will improve the efficiency by which public and private entities develop, share and utilize important wildlife information.

The Wildlife Council is grateful to its funders for their generous support of the development and implementation of a state-led West-wide CHAT. Fundraising for this initiative continues to be a high priority as Western states increase their capacity to make crucial wildlife habitats and corridors available online in 2013, maintain and update that important

Participating states will identify crucial habitat for multiple species in 2012, and this information will be combined and made public in the West-wide CHAT in 2013.



information over the long term, and coordinate policy options and tools for preserving those important areas.

Leads for this initiative are Governors Gregoire, Herbert and Schweitzer.

Sage Grouse

The Greater Sage-Grouse, a bird species listed as “warranted but precluded” on the Federal Endangered Species List, is found throughout the interior West. Eleven of the Western Governors’ Association’s 19 member states provide habitat to the sage-grouse – habitat that often intersects with lands ideal for energy development and rangeland agriculture. If the sage-grouse is fully listed under the Endangered Species Act (ESA), the economic impacts to states and communities that have sage-grouse habitat could be severe.

In December 2010 WGA released an inventory report of state and local government efforts to conserve sage-grouse and their habitat. This report will be updated and maintained for use as a catalogue of the many strategies underway to prevent the need to list the species.

Additionally, in early 2011 Governors Mead and Hickenlooper agreed to co-chair, with BLM Director Bob Abbey, a group of Western states and federal agencies to improve joint efforts on sage grouse conservation. The group will identify high priority conservation actions that state and federal governments can take, as joint managers of the species, to prevent the need to list the sage grouse under the ESA.

Governors Mead and Hickenlooper are leads for this issue.



Wildfires and Forest Health

Wildfires were among the largest in history for two Western states in 2011, resulting in the loss of lives, thousands of homes and buildings, and the evacuation of communities, as well as a national nuclear laboratory. While touring the aftermath of the largest wildfires in their states’ histories, the governors of Arizona and New Mexico observed the devastating impacts to their forested watersheds, critical community infrastructure and public water systems.

Reducing the risks of these fires and restoring the health of Western forests and rangelands remains a high priority for Western Governors. In November 2011, the WGA sent a letter to U.S. House and Senate leaders for their respective Natural Resources Committees and noted that there is an urgent need for a dialogue among state and federal leaders to reform the management processes and policies on our federal public lands, the majority of which are in Western states.

The Governors agree that larger forest restoration and management projects are needed to improve forest health. In addition, the use of wood-based bioenergy can be part of a

clean, diverse, reliable and affordable energy supply that moves us toward greater energy security. WGA’s Forest Health Advisory Committee has developed recommendations and draft policies on using forest biomass for energy production, as well as large scale forest restoration and management.

Leads for this initiative are Governors Brewer, Hickenlooper, Kitzhaber and Otter.



Reducing the risks of wildfire and restoring the health of Western forests and rangelands remains a high priority for Western Governors.

Finances

WGA's income is derived from dues from member states, grants and contracts, contributions, interest and other miscellaneous income. Member dues for the fiscal year 2011 were \$36,000 per state and \$6,000 per territory/commonwealth. During the fiscal year ended June 30, 2011 WGA's Income totaled \$8,267,361. Approximately 60% of this amount was received from federal agencies for various projects.

Statement of Activities for the Year Ended June 30, 2011

Functional Expenses

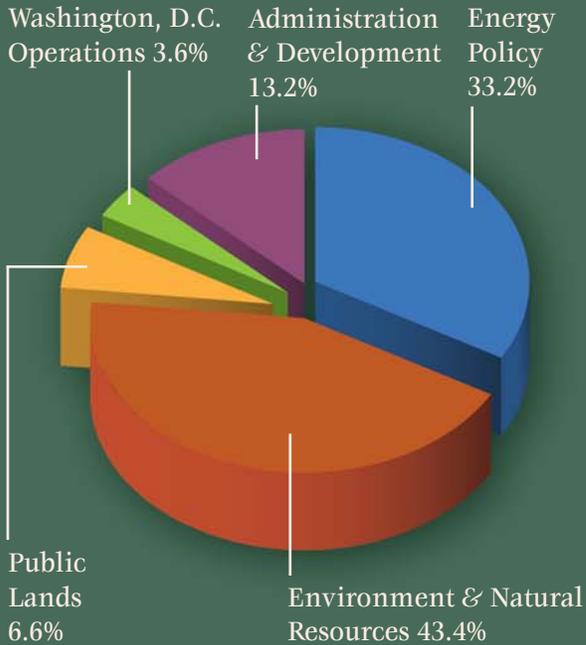
| | |
|--------------------------------------|--------------------|
| Energy Policy | \$2,649,819 |
| Environment & Natural Resources..... | 3,462,595 |
| Public Lands | 529,082 |
| Washington, D.C. Operations | 289,266 |
| Administration & Development | 1,040,691 |
| TOTAL | \$7,971,453 |

Revenues

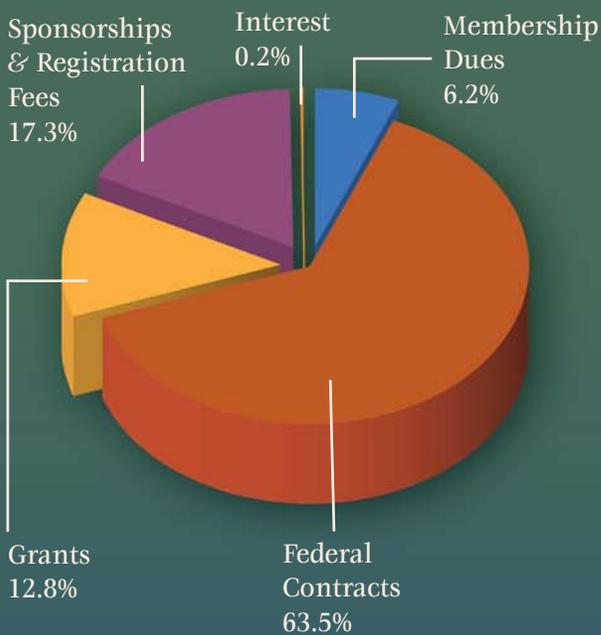
| | |
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| Membership Dues..... | \$ 514,600 |
| Federal Contracts | 5,246,884 |
| Grants | 1,058,393 |
| Sponsorships & Registration Fees..... | 1,427,725 |
| Interest Income | 19,759 |
| TOTAL | \$8,267,361 |

Excerpted from the audit report of JDS Professional Group, Certified Public Accountants, Consultants and Advisors.

FY 2011 Functional Expenses



FY 2011 Revenues



WGA Staff Council 2011 - 2012

The WGA Staff Council comprises the chief of staff or top policy advisor for each Governor and meets between the Governors' annual and winter meetings to review and guide WGA activities. The council reviews proposed work plans, budgets, and policy resolutions; works out interstate differences on regional issues; and provides guidance to WGA staff. Council recommendations are conveyed to the individual Governors, as well, to keep members abreast of WGA activities. Representing each Governor's office are:

Alaska

Mark Robbins

American Samoa

Mr. Motu La'au Seui, Jr.

Arizona

Kevin Kinsall

California

Brian Turner

Colorado

Doug Young

Guam

Rick Perez

Hawaii

Wendy Clerinx

Idaho

John Chatburn

Kansas

Matt Goddard

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Mike Volesky

Nebraska

Lauren Kintner

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Ryan McGinness

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Brian Moore

North Dakota

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Texas

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