ACTION PLAN

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No

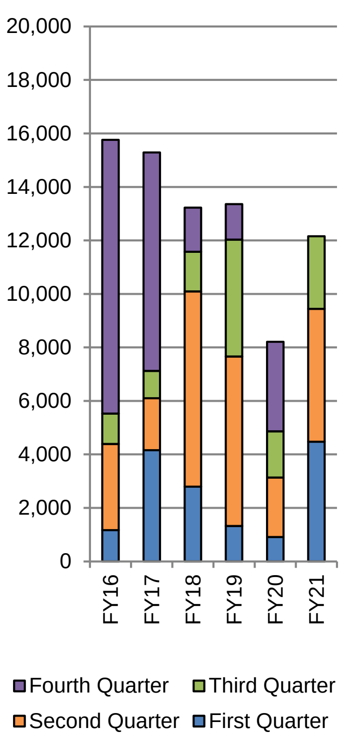
Energy, Minerals and Natural Resources Department

The Energy, Minerals and Natural Resources Department (EMNRD) is pursuing initiatives in FY21 aimed at improving performance in key areas, such as a modernization and marketing plan to increase State Parks visitation and a reorganization of the Oil and Gas Conservation Division (OCD) to address the agency's need to pay competitive salaries. The impact of these efforts, however, is yet to be seen. State parks have returned to normal operations following pandemic-related closures and capacity limits, but visitation continues to decline. Meanwhile, OCD inspections and abandoned well reclamations have not yet increased to meet expectations set by the program.

Healthy Forests

The Covid-19 pandemic inhibited the operations and performance of the Healthy Forests Program, also known as the State Forestry Division (SFD), in the first half of FY21, placing the program behind schedule in meeting its firefighter training target. SFD amended contracts to develop and expand online classroom trainings, which led to an increase in FY21 Q3. Going forward, SFD will expand the group size for field training and testing in response to the state's improving Covid-19 conditions.

Forest and Watershed Acres Treated



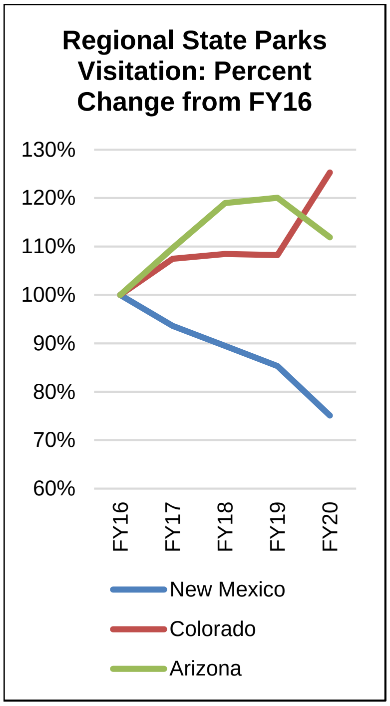
Source: EMNRD

The number of forest and watershed acres treated was also affected by Covid-19 in FY20 and early FY21, as prescribed burns were canceled to comply with the public health order. Some forest thinning operations were also halted until contractors received clarification that natural resource extraction is deemed an essential business and work could resume within the safety guidelines. Improving pandemic conditions, however, have allowed SFD to return to a more typical pace. Furthermore, the court-ordered injunction on treatments in Mexican spotted owl habitat that was responsible for reduced treatment acres in FY20 was lifted, allowing SFD to move forward on high-priority U.S. Forest Service projects. Although third quarter numbers were lower than quarters one and two, acres treated in FY21 have already exceeded the FY20 total and the program is on track to meet its target.

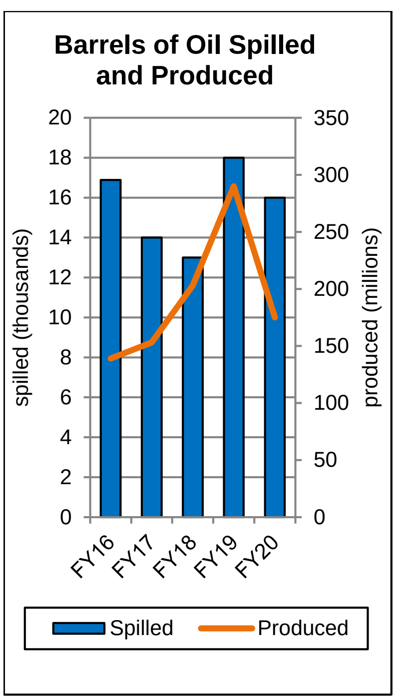
Budget: $16,032.8 **FTE: 77**	**FY19 Actual**	**FY20 Actual**	**FY21 Target**	**FY21 Q1**	**FY21 Q2**	**FY21 Q3**	**Rating**
Nonfederal wildland firefighters provided training	1,454	1,229	1,500	20	50	752	Y
Acres treated in New Mexico's forest and watersheds	13,358	8,213	15,500	4,473	4,968	2,716	G
Program Rating	Y	Y					Y

State Parks

State park visitation declined for the fifth year in a row in FY20. The Covid-19 pandemic suppressed visitation in the third and fourth quarters, when state parks were closed to the public or open at limited capacity for day-use only. Visitation continues to fall short of expectations, despite state parks gradually reopening and having returned to near normal operations late in the third quarter of FY21; third quarter visitation, which the program anticipated would outperform prior years, was about 5 percent below the same period in FY20. According to EMNRD, Covid-19 restrictions on mass gatherings in many counties had an impact on visitation this quarter. Self-generated revenue from camping was down 93 percent relative to the same period last year, and day-use revenue was down 22 percent.



Source: EMNRD, Colorado Parks & Wildlife, Arizona State Parks & Trails, Arizona Office of Tourism



Source: OCD Data

As a result of revenue losses, the State Parks program reduced its FY21 operating budget by $5 million by planning for an elevated vacancy rate (currently 34 percent), reduced operational expenditures in the field and for statewide programming, and deferred operations and maintenance needs across the system.

In FY20, the State Parks program began implementing a modernization plan and promotional campaign to reduce cash management, improve visitor experience through facilities upgrades and new amenities, and increase park visitation. The agency used park closures in FY20 as an opportunity to complete some construction and maintenance work. However, the program's reported upgrades of self-pay kiosks and credit card purchase capabilities were not present during recent LFC site visits to smaller parks in Doña Ana and Sierra counties. The agency reports there are 23 point-of-sale credit/debit card machines located in park visitor centers, but if visitor centers are closed, this payment method is not an option. EMNRD is working with DFA and the state fiscal agent on financial accounting and reconciliation requirements to support self-pay kiosks.

Budget: $28,160.6 **FTE: 242.4**	**FY19 Actual**	**FY20 Actual**	**FY21 Target**	**FY21 Q1**	**FY21 Q2**	**FY21 Q3**	**Rating**
Number of visitors to state parks, in millions*	4.5	3.9	N/A	1.4	0.5	0.4	R
Self-generated revenue per visitor, in dollars*	1.02	1.04	N/A	$0.38	$0.33	$0.86	
Program Rating	Y	Y					R

*Measure is classified as explanatory and does not have a target.

Mine Reclamation

The Mining Act and the Surface Mining Act require that mines obtain a permit including an approved reclamation plan and financial assurance that would allow the state to complete the reclamation if the company owning the mine fails to do so. In the third quarter of FY21, 65 of the 66 mines managed by the program were in compliance with this requirement. The operator of the out-of-compliance mine has had its permit revoked and the agency is pursuing forfeiture of the financial assurance. Once the financial assurance is returned, the mine will be in compliance.

Budget: $8,229.1 **FTE: 32**	**FY19 Actual**	**FY20 Actual**	**FY21 Target**	**FY21 Q1**	**FY21 Q2**	**FY21 Q3**	**Rating**
Permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	100%	100%	97.5%	99%	99%	99%	G
Program Rating	G	G					G

Oil and Gas Conservation

The Oil and Gas Conservation Division (OCD) is engaged in a reorganization effort that will address inconsistencies across district offices and streamline processes to improve compliance and enforcement. Performance data will help determine the effectiveness of the reorganization. Specifically, the agency expects the quality of inspections and compliance to increase as a result of the restructuring and aggressive hiring efforts.

The division approved 93 percent of drilling permits within 10 business days in the third quarter, allowing most operators to conduct business without unnecessary delays. A total of 558 applications for permit to drill (APDs) were approved this quarter. OCD has a new procurement agreement for FY21 that allows for additional approved well-plugging contractors, which staff expect to increase performance on the related metric. Last quarter, OCD reported bids to plug 30 wells in Q3 were submitted, but only 14 wells were completed.

The Environmental Bureau of OCD has the additional responsibility of overseeing the Carlsbad brine well remediation project, which is not captured in the division's performance measures. The southern void has been stabilized, but additional roof collapse was discovered in the northern portion of the cavern and additional filling material and work is needed to prevent potential groundwater contamination. A combination of special appropriations, local government contributions, and a transfer from the state road fund are expected to cover the remaining costs.

Budget: $13,148.7 **FTE: 75**	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Inspections of oil and gas wells and associated facilities showing compliance with permits and regulations	31,043	36,852	31,000	12,556	6,756	6,424	Y
Application to drill permits approved within 10 business days	92.9%	94.6%	95%	95%	90%	92.8%	Y
Abandoned oil and gas wells properly plugged	31	36	50	6	0	14	R
Violations issued*	1,620	2,176	N/A	618	603	628	
Program Rating	Y	Y					Y

*Measure is classified as explanatory and does not have a target.

ECMD operates the Energy Savings Performance Contracting program, which implements energy efficient facility improvements without the need for upfront capital funding from state agencies. ECMD reviews and certifies investment grade audits that guarantee the energy savings will provide for the financing of construction costs.

ECMD also monitors project construction to ensure certified measures are implemented and evaluates monitoring and verification reports to assess the performance of the annual energy savings. LFC recommends EMNRD add performance measures to capture the energy and financial savings created by this program and demonstrate compliance with best practices.

Renewable Energy and Energy Efficiency

The purpose of the Renewable Energy and Energy Efficiency program, also called the Energy Conservation and Management Division (ECMD), is to develop and implement effective clean energy programs, renewable energy, energy efficiency and conservation, alternative transportation and fuels, and safe transportation of radioactive waste. ECMD also provides technical assistance and information to the renewable energy industry for ongoing, potential, and proposed projects.

ECMD administers six clean energy tax credit programs for renewable energy production, solar market development, sustainable buildings, agriculture biomass, biodiesel facilities, and ground-source heat pumps. The program received and reviewed nearly 1,600 tax credit applications in the third quarter of FY21, the vast majority of which were for the solar market development tax credit. ECMD reports this credit program has generated a strong interest in solar photovoltaic (PV) systems. The program has issued roughly $5.2 million in tax credits, representing statewide investment in PV systems of about $51.7 million.

Budget: $ 3,460.4 **FTE: 21**	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Applications for clean energy tax credits reviewed within 30 days	90%	90%	90%	90%	97%	92%	G
Number of clean energy projects to which the division provided information and technical assistance*	N/A	143	N/A	88	63	36	
Program Rating	G	G					G

*Measure is classified as explanatory and does not have a target.