



DRAFT REPORT OF THE NATURAL RESOURCES STEERING COMMISSION

PURSUANT TO EXECUTIVE ORDER JML 24-77

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## **EXECUTIVE SUMMARY**

On February 2, 2024, Governor Landry issued Executive Order JML 24-13 (EO-13), directing the Department of Energy and Natural Resources (DENR) to investigate consolidation and reorganization of the state's natural resources management and regulatory regime. DENR pursued legislation during the 2024 regular session to prepare the groundwork for reorganization. Following the initial due diligence under EO-13, Governor Landry sought to expand input and scope of the review by creating the Natural Resources Steering Commission (NRSC) to conduct a thorough review of the state's natural resource management and provide a report of the NRSC's findings and approved recommendations to the Governor by October 15, 2024, to provide the NRSC an opportunity for stakeholder outreach, public comments, and a public meeting where the NRSC can publicly adopt the recommendations contained in this report. This report summarizes all submissions from the NRSC working groups and from public comment to identify needs and analyze those data points developing a strategic outlook for reorganization. This report recommends modernizing DENR by reducing confusion under unclear statutes and regulation and ensure that functions of the department are intuitive and accessible to the public. Specifically, it proposes structuring the department to include three offices, each considering the capability of the administrative functions at DENR to provide support to the entirety of the State's natural resources management and regulatory structure. This report suggests investigating the creation of an entity alike to the Coastal Protection and Restoration Agency (CPRA) to pursue flood protection and prevention projects outside of the coastal area. Furthermore, the NRSC recommends retaining the steering commission on a permanent basis for strategic oversight of all aspects of natural resources management moving forward and provides a recommended organizational framework to execute proposed recommendations. The following paragraphs describe the needs of the State's natural resources management and regulatory structure, and the outline of a proposed plan in further detail by working groups. The NRSC recommends all of these matters for consideration under the final report to EO-13.

## **REPORT OF NRSC PUBLIC HEARINGS**

On June 18, 2024, all working groups presented their findings to the NRSC for potential ways to reorganize DENR. A detailed listing of all recommendations made by the working groups is attached to this report as Appendix A. In summary, the working groups recommended the NRSC review and recommend high level organizational and logistical questions. All issues of day-to-day workflow and personnel charts were recommended for further review. Some groups, however, did provide the NRSC with recommended options for reorganizing offices.

## **SYNOPSIS OF PUBLIC COMMENTS**

The NRSC accepted public comment through July 9, 2024, following its June 18<sup>th</sup> meeting. During the comment period, eight comments were submitted which are attached to this

memorandum as Appendix B. Comments cover the breadth of issues addressed by the NRSC, from groundwater to coastal issues. Commenters were concerned about recommendations to reduce the CPRA advisory board or to restructure it towards a financial advisory board. Commenters were generally supportive of the CPRA plan to investigate funding by increasing offshore revenue. Commenters overwhelmingly supported the strategic planning proposed by the Office of the Secretary and of moving the legal functions all into one organizational unit.

Commenters were supportive of the Natural Resources Trust Authority and provided examples from other states as models. Commenters further were supportive of consolidating groundwater and surface water management into the Office of Land and Water, but also stated the urgent need to create a state plan for groundwater management, including a state water budget and master plan for water resources. Finally, commenters were supportive of the Energy office goal to maximize Federal grant opportunities but were not supportive of DENR leveraging the expertise of CPRA to assist in administration of these grants.

## **RECOMMENDATIONS FOR REORGANIZATION**

Following the June 18, 2024, public hearing and public comment period, the working groups were asked to respond to any outstanding questions. The responses of each working group are attached hereto as Appendix C.

After reviewing the presentations to the NRSC and subsequent responses provided by the working groups, in light of the priorities established in Executive Order JML 24-13, one possible option rises to the fore.

The DRIVE Initiative prioritizes efficiency and coordination amongst all agencies associated with natural resources management. This efficiency and coordination is, to a large degree, not present in the current structure. Therefore, the model proposed for reorganization is based on several separate business units working towards a common goal. This entity would be a cross-functional and cross-agency commission, termed for purposes of this report as the Steering Commission (“Commission”). It would be comprised of five voting members, together representing those interests and functions identified during the DRIVE Initiative as paramount for an integrated system of natural resources governance and it would perform the steering functions of the NRSC on a permanent basis. The five voting members of the Commission would be: (1) a commissioner representing coastal activities, (2) a commissioner representing statewide interests on natural resources and energy resiliency and infrastructure, (3) a commissioner representing finance, economic development, and planning, (4) a commissioner representing the head of the Department of Energy & Natural Resources, and (5) a commissioner representing energy resources management.

The Commission will need legal representation and counsel, as well as administrative expertise. These functions can be performed by the advocate general for natural resources, and (2)

the Chief Administrative Officer (“CAO”). The CAO and advocate general will be discussed further in later paragraphs. This proposed structure would allow the advocate general to provide legal counsel to the Commission and the CAO to advise the Commission on budgetary, funding, personnel, and procurement matters. These members and their staffs are intended to provide professional continuity for the Commission regardless of changes in the voting members. The following paragraphs will analyze each member of the commission, and their corresponding subject matter, in further detail.

## STEERING COMMISSION

Currently, each agency or office involved in the natural resources management and regulatory structure maintains its own administrative support personnel and operates based on its own planning. However, there is limited coordination between agencies, even though all of the agencies work within the natural resources management and regulatory structure of the Executive Branch. The absence of coordination is likely due to each agency’s specific historical programmatic focus and the peculiarities surrounding each program’s creation and growth. Regardless of the specific reasons that led to each agency’s current structure and the executive branch’s overall structure, the current structure lets each agency operate in its own “silo”, prohibiting a coordinated, holistic approach. The proposed reorganization plan would create the Commission to coordinate and provide high-level guidance to the State’s natural resources management and regulatory agencies akin to the guidance the NRSC is providing to the DRIVE initiative. The commission model improves the current structure by bringing together five voting members who all have a stake in natural resources management to provide the coordination and support of all natural resources related activities that is lacking in the current structure. The commission model also ensures that all offices represented within the commission work towards a common goal instead of working individually without or with limited consultation or coordination, while still being independent units. The commission model further improves agency efficiency and coordination by ensuring decisions are not made in a vacuum and that the relevant governmental stakeholders are consulted for decisions. The commission model can also provide additional opportunities to engage the public in the state’s natural resources management and regulatory oversight, while also ensuring that multiple agencies can identify existing policies that stymie proactive resource management.

### *Commissioner focused on Statewide Infrastructure, Energy and Resiliency*

Energy is of great importance to Louisiana’s economy and its citizens. Further, one need echoed by many of the working groups is a lack of strategic planning. This commissioner would have a direct hand in crafting a strategic energy plan for the state and in advocating for the pursuit of statewide energy plans on the Commission. This commissioner will also ensure that statewide infrastructure has an active interest in the state’s natural resources management, promoting coordination between energy and infrastructure related projects, and taking into account that

revenue derived from the state's natural resources provides a funding source for statewide infrastructure projects. Further, this commissioner will ensure that the policy and projects, as well as federal grants, promoted by the energy division will remain an important consideration in the state's natural resources management.

#### *Commissioner focused on The Department of Energy and Natural Resources*

As the NRSC and the entire DRIVE Initiative has shown, DENR has paramount interest in the state's natural resources management structure. Therefore, if there is to be a permanent Commission to review and coordinate natural resources management, the head of DENR should most certainly be a member of the Commission. This commissioner will represent DENR's interests pertaining to permitting and enforcement. Other commissioners will represent the management functions of the department and their associated interests, including state mineral and energy leasing.

#### *Commissioner focused on Energy and Resources Management*

The Office of Land and Water was created within DENR during the 2024 Regular Session. During the NRSC meeting on June 18<sup>th</sup> and in their written report, the working group focused on land and water noted that the office's mission had expanded beyond simply management of land and water. The office of land and water now also focuses more on management of all the state's energy and state-owned resources. The breadth of the mission also necessitates a seat on the Commission for a person to represent the interests of this office. The commissioner for energy and resources management will represent the management functions housed within the DENR and the interest of commercial use of state-owned lands and resources, state minerals, and water management. The inclusion of two commissioners from the Department ensures that the management of the state's energy and natural resources has its own dedicated advocate who can ensure that proper management of the state's natural resources is an issue at the forefront of the Commission.

#### *Commissioner focused on Finance, Economic Development and Planning*

During the 2024 regular session, the Natural Resources Trust Authority (Trust) was created within DENR. The Trust is designed to provide a modernized financial security system for energy and natural resources-related projects in the state that is both simpler and more effective. There has also arisen a need for more planning within the natural resources management structure, including financial planning. To incorporate a financial planning process, it makes sense to house a planning function within the administration. Further, both the working groups and NRSC members have expressed interest in engaging in workforce development and economic development. There is certainly a need to engage in workforce and economic development in the natural resources sphere, especially if a state energy plan were to be created. The commissioner for finance, economic development, and planning would represent all of the above interests on the

Commission. This commissioner will provide perspective from the Trust as well as the planning division. This commissioner will help guide the state's natural resources management from a standpoint of financial security and ensure the management structure acts in accordance with the state's strategic and tactical plans for natural resources management.

*Commissioner Focused on Coastal Activities*

Louisiana's coast forms an integral part of any discussions regarding natural resources management. The coast is home to a large part of Louisiana's energy infrastructure and receives funding from energy and natural resources leasing for coastal resiliency and restoration projects. Further, the coast benefits the State not only economically through jobs in multiple industries, but environmentally as a shield against storms and a carbon sink. Therefore, the State's coastal interests must be represented on the Commission. One commissioner, therefore, should be dedicated to representing the state's coastal activities, continuing their focus on the long-term planning for CPRA.

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## RECOMMENDATIONS OF WORKING GROUPS

### NRSC-1-2024: IMPLEMENTATION

The Implementation working group investigated the state’s functions focused on public infrastructure pertaining to flood protection, restoration, and resiliency. These functions are currently distributed among various agencies, including CPRA, DOTD, and local levee districts or other regional bodies. While CPRA has been successful in managing projects within the coastal zone, its success stems from a well-defined separation of functions—policy, planning, and implementation—that occur without direct consideration of funding. Outside the coastal zone, however, there is no equivalent structure, and resources for large-scale projects are limited. This results in disjointed efforts, particularly as the Army Corps of Engineers must coordinate with individual levee districts rather than a single authority, as they do within the coastal zone.

To address this, the Implementation working group recommends a restructuring of public infrastructure management into distinct functions statewide. These would mirror the CPRA’s model, with clear divisions for policy, planning, and implementation. In theory, the Governor’s Office of Coastal Activities (GOCA) would continue the planning and policy role, expanding it to take on a comprehensive approach for the entire state’s water and natural resource-related construction projects, functioning as the primary hub for strategic policy and planning with consideration not to dilute a coastal focus. Hereinafter referred to as, *Planning and Policy* (PP) provides strategic direction, then CPRA (for coastal areas) or URMA (for non-coastal areas) evaluate cost estimates and project specification, which then PP lead on funding.

This approach would ensure that implementation—handled by CPRA or the newly created Upland Resource Management Authority (URMA)—only begins after proper planning and budgeting are in place. This streamlined process would also ensure cohesive management across regions, with clear accountability for both planning and execution.

#### *Planning*

As the state’s central body for water and natural resource management, Planning and Policy (PP) will become the key driver of strategic oversight and project development. PP will assume full responsibility for policy creation, long-term planning, and the evaluation of statewide needs for flood protection, restoration, and resilience. By consolidating these functions within PP, the state will ensure a consistent, coordinated approach to both coastal and non-coastal water management.

PP will serve as the primary body for assessing statewide water management needs and developing comprehensive strategies. Additionally, PP will work directly with both CPRA and URMA to assess the feasibility and financial implications of proposed projects, including detailed cost breakdowns. Once these evaluations are complete, PP will present a detailed plan to CPRA and URMA for implementation. This restructuring will ensure that all projects—regardless of



location—are rooted in solid planning, with transparent budgeting, and accountability built into the process from the start.

By centralizing these functions, PP will streamline the state’s approach, creating consistency and ensuring that all projects are fully vetted and funded before implementation begins. This unified planning process will reduce duplication and ensure that CPRA and URMA are working from a shared, clearly defined blueprint with transparent financial boundaries.

### *CPRA*

CPRA will continue as the primary entity responsible for the implementation of coastal projects. However, under this new structure, CPRA’s involvement in planning and policy formulation will be centralized under PP. CPRA’s sole focus will be the technical execution of projects approved and funded by PP, ensuring that coastal infrastructure is developed and restored according to well-vetted plans.

The restructuring will allow CPRA to concentrate on the technical and operational aspects of coastal protection, further streamlining the implementation process. However, future funding for CPRA remains a critical concern. As the "coastal fiscal cliff" approaches, there is an urgent need to investigate long-term financial stability for CPRA. Opportunities may exist to utilize funds from the state's natural resources and energy developments, as well as from the Natural Resources Trust Authority (Trust), to address these financial challenges. The NRSC recommends a thorough exploration of funding mechanisms to ensure CPRA’s continued success.

### *URMA*

To address the needs of regions outside the coastal zone, the state proposes creating the Upland Resource Management Authority (URMA), modeled on CPRA. Currently, the necessary functions to create URMA—such as statewide management of levees, canals, and flood protection—are housed within DOTD, isolated from the rest of the state’s natural resources management structure. The formation of URMA would centralize these responsibilities and create a direct counterpart to CPRA, focused on non-coastal flood protection.

This restructuring would ensure better coordination between CPRA and URMA, recognizing that water management issues often span coastal and non-coastal regions. The NRSC recommends a comprehensive review of the functions housed in DOTD’s Public Works Division to facilitate URMA’s creation, as well as an evaluation of existing governmental entities to establish an effective structure for URMA, ideally with an existing funding source.

Like CPRA, URMA will focus solely on project execution, relying on PP for planning and policy guidance. This alignment will ensure that URMA’s projects are rooted in solid, well-coordinated

strategies, addressing long-standing concerns raised by residents and leaders about flood protection needs north of the coastal zone.

### *Funding Considerations*

Funding will be a major challenge for both CPRA and URMA. While PP will handle the planning and cost assessments, stable financial support will be necessary for both agencies to execute their projects. The Trust could provide a valuable funding mechanism, ensuring the long-term sustainability of both coastal and non-coastal infrastructure efforts.

The NRSC recommends further research into funding opportunities, including leveraging natural resources and energy developments to secure future financial stability. With proper funding in place, CPRA and URMA will be able to address the infrastructure needs of the state in a coordinated and efficient manner.

### *Conclusion*

This new structure, which separates planning and policy from project execution, promises a more efficient approach to managing public infrastructure for flood protection and natural resource management. By centralizing policy development and long-term planning under Planning and Policy (PP), and leaving project execution to CPRA and URMA, the state can ensure that all projects are thoroughly vetted, funded, and strategically sound before implementation. This system will improve coordination, streamline processes, and make more effective use of state resources to meet infrastructure needs both inside and outside the coastal zone.

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## NRSC-2A-2024: OFFICE OF THE SECRETARY

The Office of the Secretary working group was tasked with reviewing the DENR Secretary's Office and its included divisions. The working group identified two key areas requiring attention: restructuring of the legal division and the absence of strategic planning within DENR. The State Energy Office, Oilfield Site Restoration program, and Technology Assessment Office were previously housed in the Office of the Secretary, but all functions related to these programs are being proposed under a different structure. As such, no report will be included in this review on those matters.

### *Legal Consolidation*

Currently, DENR's legal team is dispersed across various offices, resulting in inefficiencies and potential inconsistencies in providing legal support for the department's natural resources management. During the June 18th meeting, the Office of the Secretary working group recommended adopting a governance structure similar to the Solicitor's Office within the Department of the Interior (DOI). The NRSC agrees with this approach and recommends consolidating DENR's legal positions into a single centralized Legal Office to streamline operations and improve legal oversight.

Under this DOI-like structure, the Legal Office would provide specialized legal services, including litigation, administrative law, and general counsel functions through clear Standard Operating Procedures (SOPs). One of the key functions of the office will be drafting advisory opinions, which will serve as the formal legal basis upon which the agency acts. These advisory opinions will provide a structured framework to guide DENR's decision-making processes, ensuring that the agency's actions are supported by clear and legally sound reasoning. Advisory opinions will act as a foundation for agency policies and decisions, helping the department navigate complex regulatory matters.

Additionally, the NRSC recommends DENR explore establishing an appellate procedure providing impacted parties with a way to challenge an advisory opinion. As a preliminary step, DENR should consider protocols where the agency's process aligns with practices of the Attorney General's Office. This alignment would allow any DENR work product to be factored into the drafting of an Advisory Opinion, which could affirm, modify, or overturn the legal basis established by the DENR Legal Office. An oversight mechanism would be necessary to ensure accountability and that all legal interpretations and actions are in line with broader state legal framework.

By centralizing the legal advice process and establishing formal advisory opinions, DENR can ensure that all divisions operate on consistent legal footing, minimizing confusion and reducing the risk of legal challenges. This structure enhances the clarity and transparency of the legal guidance provided to all stakeholders within the department.

Additionally, the NRSC recommends the inclusion of a cross-agency collaboration framework and the development of alternative dispute resolution (ADR) mechanisms. ADR would provide a specialized venue for resolving disputes related to regulated activities, offering a more efficient and cost-effective alternative to traditional litigation. Although this is not a typical function within legal offices, the inclusion of ADR would strengthen DENR's ability to manage disputes efficiently.

Lastly, the NRSC recommends further evaluation with reporting under EO-13 on whether some or all of the proposed legal functions, including ADR, should be performed in consultation and collaboration with the Attorney General, focusing on efficient administration of oversight, coordination, and technical expertise. Further investigation is required to assess the feasibility of such a move, ensuring input from all affected agencies.

### *Strategic Planning*

The absence of strategic planning within DENR has significantly held the agency back from innovation and growth. Without a structured approach akin to CPRA's continuous planning process—comprising a Master Plan, 5-Year Plan, and Annual Plan—DENR lacks the forward-thinking framework necessary to navigate the complex landscape of natural resource management effectively. This gap inhibits the agency's ability to adapt to emerging challenges, collaborate across divisions, and pursue long-term goals.

Currently, the strategic planning policies administered by the Division of Administration offer limited involvement by the Legislature, leaving DENR without a robust process to drive innovation. In contrast, CPRA and GOCA have shown how a well-integrated planning process at the intersection of the Executive and Legislative branches can provide strategic oversight and growth opportunities. By not adopting a similar approach, DENR is missing a critical opportunity to align its regulatory actions with both legislative priorities and executive direction, which is crucial for fostering innovation and adaptability in its policies and programs.

The lack of a formal planning structure has also led to blurred lines between policy development and implementation. This ambiguity restricts DENR from clearly defining its initiatives, resulting in inefficiencies and confusion that prevent the agency from reaching its full potential. A well-defined strategic planning process would create a more intuitive regulatory framework, allowing the Legislature to appropriate funding based on actual, forward-looking needs, while enabling DENR to act decisively and with clear authority, even when immediate funding is unavailable.

By not establishing a continuous planning process similar to CPRA's, DENR has missed opportunities to innovate and grow within the constraints of its complex legal and regulatory environment. The NRSC recommends that DENR adopt a strategic planning process modeled on

CPRA's successful integration of Executive and Legislative oversight, to create actionable, long-term strategies that provide a path for innovation and sustainable growth.

To further ensure stability, the NRSC suggests that DENR's strategic planning functions could be housed in a more permanent structure, such as an administrative office. This would help shield strategic initiatives from disruptions caused by changes in leadership and provide a consistent foundation for long-term innovation and growth.

### *Conclusion*

The lack of strategic planning has held DENR back from achieving the innovation and growth needed to meet the challenges of today's energy operating environment. By implementing a strategic planning framework similar to that used by CPRA and GOCA, DENR could unlock its potential for greater innovation, improved collaboration, and more decisive action at the intersection of the Executive and Legislative branches.

Simultaneously, centralizing legal operations within a Legal Office and integrating advisory opinions as the basis for regulatory actions will reduce legal ambiguities and provide the clarity needed to support the agency's growth. Together, these efforts will position DENR to meet future challenges with confidence and improved capacity for innovation.

### **NRSC-2B-2024: BOARDS AND COMMISSIONS**

The Boards and Commissions working group was tasked with a review of statewide boards and commissions related to natural resources. In the 2024 regular session, a statewide review of all natural resources boards and commissions was set for 2026, to be led by DENR. The working group recommended creation of a zero-basis review structure for all boards and commissions related to natural resources, to eliminate CLEER, and to reduce the CPRA Advisory Board by half of its members. The working group recommended a reduction of the CPRA Advisory Board to optimize its efficiency. Public comments voiced concern for the reduction of the CPRA Advisory Board and support for its current structure. The NRSC requests the Governor to evaluate whether a reduction in membership of the CPRA advisory board is advisable. The NRSC otherwise recommends that staff of DENR prepare a zero-basis review plan for natural resources boards and commissions and that CLEER be eliminated based on lack of action over the past few years.

## NRSC-3-2024: OFFICE OF MANAGEMENT AND FINANCE

The Office of Management and Finance working group was created to review the management and finance functions across natural resources management, in collaboration with CPRA management personnel. The working group recommended collaboration between DENR and CPRA to enhance DENR's capabilities to administer the influx of federal grant funds. Further, the working group recommended further investigation to create a workflow which allows CPRA and DENR to collaborate on grant support through the Indefinite Delivery Indefinite Quantity (IDIQ) process while not diluting CPRA. The working group otherwise recommended no change to the administrative structure of DENR.

Currently, all administration functions for natural resources management are housed within the Undersecretary's office of DENR. During the 2024 regular session, the Natural Resources Trust Authority (Trust) was created, which is to be housed within the Undersecretary's office. The Trust will be discussed further in the following paragraphs. The creation of the Trust provides additional opportunity and additional workload to the Undersecretary's office. Given the expanded role of the Undersecretary's Office, the NRSC recommends that the position of Undersecretary be changed to Chief Administrative Officer to better reflect the nature of the office.

Further, as referenced in the previous section, the need for strategic planning across natural resources management has become obvious through the DRIVE Initiative. Such planning will also require working across governmental boundaries to encompass the breadth of all natural resources management. The above section regarding the Office of the Secretary considers the utility of housing strategic planning functions within the administrative offices of DENR. If the planning functions are housed within the administrative office, the office will need additional flexibility going forward to perform these necessary functions in addition to its current role.

The functions of planning across agency lines and intergovernmental boundaries creates challenges which are difficult to overcome in a traditional agency structure. The NRSC recommends that further due diligence be executed and reported under EO-13 for the Governor to consider. Given the complexities under the Division of Administration, along with the budgeting process, any proposed administrative and planning functions will require multi-year implementation plan.

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## NRSC-3A-2024: NATURAL RESOURCES TRUST AUTHORITY

The Natural Resources Trust Authority (“Trust”) was created in Act 727 of the 2024 regular session, to be housed in the Undersecretary’s Office of DENR and overseen by the Undersecretary. The NRSC recommends the Trust enhance its appeal to legislators and stakeholders by focusing on transparency, oversight, and sound fund administration. A key strategy involves engaging the Legislative Auditor’s Office (the “Auditor”) to ensure accountability in financial management. Regular audits conducted by the Auditor will review fund use, investments, and project financing, providing ongoing transparency and demonstrating fiscal responsibility. The Trust should consider clearly establishing the State Mineral and Energy Board as having vested authority with clear oversight, thus bolstering financial oversight by regularly monitoring fund allocation and decision-making processes in a public setting. To promote public trust, developing real-time public facing information on fund disbursement, revenue generation, and investment performance, ensuring legislators and the public have easy access to the financial activities will help. Additionally, performance audits will assess whether the Trust is meeting its long-term strategic goals, such as supporting energy projects, including their decommissioning. Regular reporting mechanisms will provide the Auditor with updates on fund administration, ensuring transparency in the management of infrastructure projects, coastal restoration, energy development, and natural resource management.

Effective fund administration is critical to the Trust’s success. A dedicated financial management team will oversee fund allocation, investment strategies, and compliance with state regulations. Funds will be segregated for different projects, such as energy development and coastal restoration, allowing the Auditor to track the use of public money clearly and efficiently. The Trust will also establish investment guidelines, developed in collaboration with the Bond Commission, State Treasury, and the Legislative Auditor, to balance investment returns with environmental considerations. A comprehensive financial risk management program will be implemented to identify and mitigate potential risks, safeguarding funds from unnecessary financial and political exposure.

By enhancing transparency and financial oversight, the Trust will gain legislative support, as lawmakers will be reassured that public funds are being managed responsibly and in alignment with the state’s strategic goals. This commitment to regular audits and transparent management will also increase public confidence in the Trust’s fiscal discipline. Accountability to all stakeholders, including local governments, industry partners, and the public, will be ensured through ongoing audits and performance reviews.

To implement these improvements, the Trust should formalize the Legislative Auditor’s involvement in conducting annual audits and overseeing financial activities. A Trust Oversight Committee should be formed to review financial decisions regularly, and a financial transparency dashboard should be developed to provide real-time tracking of fund disbursement and



investments. Performance audits should be conducted to ensure that the Trust is achieving its strategic goals in energy and resource sustainability, infrastructure resilience, and economic development. Finally, robust fund management practices, including risk management and the segregation of funds, will be adopted to ensure the proper use of public funds.

By prioritizing transparency and engaging the Legislative Auditor, the Trust will demonstrate accountability and fiscal responsibility, solidifying its credibility with legislators, stakeholders, and the public.

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## NRSC-4-2024: OFFICE OF CONSERVATION

The Office of Conservation working group was tasked to review all functions located within the current Office of Conservation (OC). The working group recommended moving certain programs within OC to Enforcement, and any permitting functions elsewhere within the Department to OC. This proposed change makes sense given the streamlining of all functions within DENR and creates an office focused solely on permitting. The NRSC recommends that OC be renamed the Office of Permitting to better reflect its new mission.

Currently, OC holds permitting, compliance, and enforcement functions within divisions of jurisdiction. This structure has become outdated over time and not kept up with the additional duties that have been added over the past 40 years, meaning that it is not as efficient or as effective as it optimally could be. Under the current system, a member of the public may need to obtain permits from multiple offices and divisions to be able to do business in the state. There also can be overlap and duplication in permitting, or unnecessary delays due to lack of clarity on the permitting process. The NRSC finds that there is a need for modernizing OC to focus on the conservation of the state's natural resources through properly siting and organizing permitting and compliance activities.

The proposed permitting office can streamline the permitting process and oversee those permitting functions currently overseen by: (1) the pipelines division of OC, (2) Office of Coastal Management sections, (3) engineering division of OC, (4) injection and mining division of OC, and (5) 404 permitting if received. Creating one office to manage all permitting functions will not only streamline the functions of DENR but will also provide a more intuitive interface with government for industry while still providing the protection of a robust permitting system. The NRSC therefore recommends that the restructuring of all permitting functions into the proposed Office of Permitting be pursued.

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## NRSC-5-2024: OFFICE OF LAND AND WATER

The Office of Land and Water working group reviewed how best to structure the newly created office of Land and Water. The working group recommended moving all energy-related state lands functions to DENR as well as considering how to cooperate with other agencies to manage all state-owned minerals. The working group also testified that DENR's audit capability is lacking with respect to minerals management, causing lost revenue. During the NRSC meeting and in written reports, the Land & Water working group repeatedly stated that the Office of Land & Water, created in the 2024 regular session, likely has expanded its mission beyond simple management of land and water.

Therefore, there is likely a need to take those functions envisioned to be in the office of Land & Water and create an office of Resource Management. The NRSC recommends that the Office of Land and Water be renamed to better reflect its purpose. The Office of Resource Management would oversee state lands, energy and commercial related management, minerals & energy leasing/agreements, and statewide water management. Statewide water management will be phased in over time, as rulemaking authority will be necessary. Statewide water management includes both surface and ground water and will likely require a strategic planning process.

The NRSC recommends that DENR staff consider if an existing body, such as the Water Resources Commission, could be utilized to assist in creating a statewide water management regime. The royalty management for the State, currently housed in Mineral Resources, likely also should be included in the proposed Office of Resource Management. Further, a proposed commercial resources division could house those functions at the office of state lands, which have already been transferred to the office of Land & Water and should continue into Resource Management. The NRSC therefore, recommends that a broader office be established to manage the quantity of Louisiana's natural resources. As a preliminary recommendation, an Office of Resource Management be housed within DENR incorporating state lands, energy and commercial related lands management, minerals & energy leasing/agreements, and statewide management of surface and groundwater.

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## NRSC-6-2024: OFFICE OF ENERGY

The Office of Energy working group was tasked with review of the new Office of Energy, which was created from the State Energy Office (SEO). The SEO was previously housed within the Office of the Secretary at DENR but was made a separate office in the 2024 regular session. Currently, the energy office houses technology assessment and federal grants as their main functions. The SEO has recently received an influx of federal funding but does not have the administrative capacity to administer these grants on its own and also pursue the energy policy envisioned in its current state. The office's current functions are necessary, but more functions are needed within the office for effective natural resources management. For example, there is no statewide energy plan.

Statewide energy planning is necessary to provide the state's natural resources with guidance and attainable goals for energy policy and planning. The drafting and management of a statewide strategic energy plan could be housed within the new energy office. Further, both the working groups and NRSC commissioners have seen the need for coordination with the Public Service Commission (PSC) on matters of power and energy. Coordination with the PSC could help address regulatory gaps related to competitiveness, similar to how the Federal Energy Regulatory Commission (FERC) operates at the federal level. Additionally, stronger alignment with the PSC could establish a clear state position on energy matters and allow Louisiana to pursue its interests, particularly in decisions affecting competition in a manner akin to FERC's approach. Further, there is also a dire need to revive strategic partnerships and develop new ones, such as the Water Institute, Center for Energy Studies, and the Louisiana Geological Survey, creating significant opportunity for management of geologic and engineering data with a goal of developing a national lab. Lastly, a workforce and economic development function could also utilize strategic partnerships within the energy office. Further, there is a need for a focus on resiliency, as the influx of Federal grants focused on resiliency has shown.

Creating a standalone energy office within DENR prioritizes energy within the natural resources management structure. However, the energy office is not limited by regulatory programs thus may be afforded more priority and flexibility if it were to be moved to the Executive Department or combined with other functions. For example, considering how to integrate the Chief Resiliency Officer position, or function, could be used to great effect in a reorganized energy office, whether located within DENR or at the Executive Department. The NRSC recommends that the DENR continue exploring how to efficiently incorporate these functions as part of EO-13 and the Governor seriously consider moving some or all of the functions contained within the proposed Office of Energy to the Executive Department or remain at the agency.

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## NRSC-7-2024: OFFICE OF ENFORCEMENT

The Office of Enforcement working group was tasked with reviewing the newly created Office of Enforcement within DENR. The working group recommended moving all enforcement functions to the new office and to investigate any unintended consequences, such as financial issues or loss of statutory authority. Currently, there is no one location for enforcement within DENR. Enforcement functions, much like permitting functions, are spread across the agency. This structure can result in inefficiency from overlap and duplication, as well as a lack of a clear path forward for non-compliant operators.

The proposed Office of Enforcement, created during the 2024 regular session, can remedy this situation. Modernizing and streamlining all enforcement functions into one office will help prevent inefficiency from duplication of efforts and will provide a well-defined pathway for operators who have gone out of compliance. As part of this process, Office of Enforcement should explore ways to notify other agencies, such as Louisiana Economic Development, Department of Environmental Quality, to name a few. By notifying other agencies, the magnitude of enforcement increases without a need for statutory changes. Further, the DENR should prioritize technology solutions and ways to incorporate into other agencies' existing processes to efficiently administer their programs, especially on matters that other state agencies are sophisticated. For example, DENR should explore ways for debt collection, bankruptcy, audits, and other matters related to the financial operations of its regulated community.

Overall, the NRSC agrees the Office of Enforcement should oversee enforcement of federal programs, state programs, management of district offices, and explore audit and debt recovery functions for the state's natural resources management based on existing agency systems. The first step should be whether the audit function provides an opportunity to recover revenue which might otherwise never be realized by the state. A more efficient administration of the audit function immediately provides increased auditing capability, a matter raised by the Land & Water working group at the NRSC's meeting. In conclusion, the NRSC recommends the Office of Enforcement be given authority over enforcement of DENR's existing state and federal programs, management of all district offices, and over the auditing functions located within DENR. However, the NRSC formally requests the DENR continue investigation of ways for collaboration and notification within existing state government protocols, focusing on communication and efficient administration using technology.

## **CONCLUSION**

In conclusion, the Steering Commission and a streamlined DENR, along with the accompanying support functions described above, is the NRSC's recommended path forward. The state's natural resources management structure contains five major components: (1) energy, resiliency, and coastal activities, (2) public infrastructure, (3) administration, (4) legal, and (5) the permitting, management, and enforcement functions within DENR. The NRSC's recommendations address each issue while considering all public comments on the matter. The Commission and accompanying offices proposed herein fulfills the DRIVE goals of enhanced cooperation and collaboration while consolidating the State's natural resources management regime into one place where all actions can be coordinated by a five-member panel representing the breadth of natural resources management functions. Further, the proposed modernization of DENR's functions into distinct dedicated offices will streamline internal workflow and provide simpler interaction for external users. The structure proposed herein also addresses public comments in ensuring CPRA remains independent and improves the function of all offices within the state's natural resources management structure.

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## APPENDICES

### Appendix A: Summary of All Recommendation by Working Groups

Appendix B: Public Comments to June 18, 2024, NRSC Meeting

## Appendix C: Working Group Responses to NRSC Questions