



State of Louisiana
DEPARTMENT OF ENERGY AND NATURAL RESOURCES
OFFICE OF THE SECRETARY

February 23, 2024

The Honorable Jeffery M. Landry
Governor of State of Louisiana
C/O Kyle Ruckert
317 N. Third Street, 4th Floor
Baton Rouge, Louisiana 70802

RE: REQUEST FOR ACTION – EXECUTIVE ORDER JML 24-13
Department Review for Innovative and Visionary Enhancement (DRIVE)

Governor Landry:

Pursuant to Executive Order JML 24-13, I am writing to bring your attention to our preliminary review of the governance challenges associated with the regulation carried out by the Secretary of Louisiana's Department of Energy and Natural Resources (DENR), the related mission of the Coastal Protection and Restoration Authority (CPRA), and other select state entities involved in Louisiana's natural resource governance. The ongoing initiative inspired by the executive order is named the Departmental Review for Innovative and Visionary Enhancement (DRIVE). DRIVE is designed to address the challenges currently faced by state government in managing its resources effectively.

The primary goal of this initial memorandum is to outline a roadmap for restructuring existing agencies and governmental bodies to enhance the management of Louisiana's natural resources, energy, waters, and coastal restoration activities. It envisions a more responsive and streamlined structure within the executive branch.

Challenge: The current bureaucratic hurdles and fragmented management across state government are hindering effective operations, exacerbated by impending fiscal challenges.

Rationale: A balanced approach to permitting, management, and enforcement as it relates to the State's natural resources, emphasizing a wholistic analysis and approach thereby reducing overlap of local programs, optimizing project implementation. A robust regulatory environment is crucial for good operators and contractors, shielding them from frivolous lawsuits, ensuring a fair and predictable playing field for operators and contractors of all sizes, improving the overall business climate.

Outcome: The proposed restructuring addresses concerns about the creep and growth of duties and responsibilities over time for agencies without proper alignment of goals and resources.

Next Step: Establish a *Natural Resources Steering Committee* – a forum to review proper management of Louisiana’s natural resources in meeting the mission while encompassing the associated boards.

GOALS

Organization and Alignment: The effort will align and streamline the functions of DENR. This will involve consolidating functions into regulatory and compliance, enforcement, support, and management categories, and creating new offices for specific functions.

Efficiency and Coordination: The reform will focus on improving efficiency and coordination within DENR and among different agencies as it progresses. This includes streamlining permitting, enforcement, regulatory and compliance, and support functions, optimizing staff across agencies, and establishing better coordination for legal and policy-making functions.

Emergency Response and Risk Management: Proposal will include establishment of an Emergency Response Section for DENR, along with creating comprehensive finance authorities, which will bring a focus on preparedness, risk management, and financial security related to natural resources.

Scope, Standardization, and Guidelines: There will be an emphasis on creating uniform guidance, specific guidelines, and regulatory processes. The aim is to ensure consistency and clarity in decision-making around natural resources regulation and management.

Clarifying Relationships: The reforms will address the need to clarify relationships with various government and quasi-governmental entities through MOUs, contractual agreements, and statutory changes. This includes entities like the Center for Energy Studies (CES), The Water Institute of the Gulf, Louisiana Universities Marine Consortium (LUMCON), and others.

Collaboration and Data Sharing: There is a push for a more collaborative approach across all agencies, emphasizing the open sharing of data within the government. This is aimed at fostering collaboration and sharing information for better decision-making.

Strategic Planning: The reforms will involve the revising and development of comprehensive strategic plans, such as the Strategic Energy Plan, and moving to a more unified management of water resources.

Outcome-Based Programs: The reforms should include the development of outcome-based programs, such as a revised program for plugging orphaned wells, reflecting a results-oriented approach to managing natural resources and associated challenges.

Future Reports and Continuous Improvement: There will be a commitment to ongoing evaluation and improvement, as seen in the plans for consolidating field offices, defining oversight, streamlining boards and commissions, and continuously improving upon initiatives.

Infrastructure Consideration: Leveraging the expertise developed by the State, manage natural resource infrastructure in a way to complement the state's overall infrastructure needs.

CHALLENGES

Louisiana is both the Sportsman's Paradise and the Energy State, home to some of the country's most sought after natural habitats, wildlife, fisheries, and cultural experiences while also providing a significant share of the country's energy production and related manufacturing.

Unsurprisingly, the government regulation, management, and reclamation related to these resources have frequently been the subject of significant attention, debate, and change over the State's history. Additionally, due to the value of Louisiana's waterways and natural resources to the nation, the federal government plays a key role in directing, and funding, the management and regulation of these resources. For the continued vibrancy of our state, it is imperative that Louisiana keep its government attuned to the dynamic challenges facing our resources and promote governance that responds to these factors.

Many challenges face the State in the areas of energy production, flood protection, coastal restoration, and water management. In recent years, Louisiana has experienced a variety of natural disasters that are often related to these issues. These challenges have a significant impact on the lives and livelihoods of the State's citizens, guiding where and how they live and work. These natural challenges are compounded by the State's need to increase the retention of its residents and secure the necessary revenue for the State to provide the services needed to ensure Louisiana is a vibrant place for all who call it home.

Louisiana's shrinking coast has been a growing problem for decades, and it continues to be a constant and increasing threat to Louisiana and her people. Truly, our coastal land loss crisis is an existential threat that requires urgent action to address. This crisis has claimed nearly 2,000 square miles of land over the past hundred years. Rigorous scientific analysis has confirmed that without action, we could lose up to another 3,000 square miles in the next 50 years under a higher-risk scenario included in the 2023 Coastal Master Plan. This challenge requires a multiple lines of defense strategy that incorporates all of the lessons learned by Louisiana's fight against coastal land loss. Vibrant natural habitats alongside major infrastructure investments are critical to our success. Barrier islands, marshes, and forested swamps throughout our coast reduce incoming storm surge, helping to reduce flooding impacts. Levees, locks, floodwalls, pumping stations, and building elevations are essential infrastructure to withstand coastal hazards. If we continue to lose these habitats, or fail to make major investments in strong infrastructure, then the vulnerability of communities and infrastructure will increase substantially to the detriment of this great State.

In addition, our flood protection systems will become more vulnerable as the land around them erodes. Without action, our estimated damage from flooding will increase from an average of \$15.2 billion annually up to an average of approximately \$24.3 billion annually. On the other hand, effective, aggressive action could reduce the risk we face after 50 years of change to less than that today. We must take action to provide risk reduction across every area of the Louisiana coast. As we know from being the site of four major landfalling hurricanes in the past five years (Laura, Delta, Zeta, Ida), the force of these storms can bring destruction to any community that is not equipped to withstand the strength of the winds, floods, and surge.

Unfortunately, coastal Louisiana is not the only area at risk. Environmental hazards such as flooding affect every community across Louisiana. Water is a common denominator in these challenges,

which warrants a unified, collaborative, and strategic approach to its effective governance and management. The State must modernize its approach to use the best available science and governance strategies to achieve the best outcomes for our citizens across our state.

Combatting these natural obstacles require people and money. Louisiana is already facing a potential \$558 million shortfall if action is not taken to both streamline governmental operations and optimize revenue. The State's ability to pursue coastal restoration may be strongly impacted by federal efforts to slow the Gulf Outer Continental Shelf (OCS) exploration and production that provide significant funding to restoration projects through the Gulf of Mexico Energy Security Act (GOMESA). The currently proposed Gulf OCS 5-year leasing plan calls for three lease sales over the next five years, a sharp drop from the historical average of at least two each year.

Additionally, regulatory bodies such as DENR's Office of Conservation (OOC), which ensures responsible development of mineral resources, could be heavily affected by the continued downturn in drilling, with three of the five lowest annual oil/gas permit counts on record in the past four years and continuing decline in crude oil production (with almost every year setting a new low). These activities drive funding for OOC and the Office of Coastal Management (OCM) to regulate the industry and a falloff in permitting and production fees does not change the responsibility to OOC's duty to oversee the nearly 60,000 wells that are already active in the state and OCM's duty to monitor activities in the coastal zone. At the same time, OOC is also taking on regulation of new growth industries in carbon sequestration and hydrogen storage.

These revenue concerns coincide with an economy in which the average dollar has ever less buying power. The national rate of inflation over the past three years has averaged more than 4.5 percent, compared to an average closer to 2 percent for the previous decade.

RATIONALE FOR CHANGE

To properly address these combined challenges, a fresh assessment of how State government is organized is warranted. Re-organization of state government has occurred regularly over the State's history as a way to modernize governance to meet the evolving needs of the State. When a re-organization is undertaken, there is the rare opportunity to take best practices and strengths and design an organizational structure that can leverage these assets and more seamlessly and efficiently accomplish the mission at hand.

In fact, reorganization of executive branch agencies has been relatively common in Louisiana's modern history. In 1988, the Louisiana Legislature re-organized the health and human services agency to create the Department of Social Services, and in 2010, re-organized it again as the Department of Children and Family Services (DCFS) and in 2016, re-organized DCFS once again to better tailor the agency to meet the state's needs.

The Louisiana Department of Natural Resources (DNR) was founded in 1976 to promote the sustainable and responsible use of the natural resources of Louisiana so they are available for the enjoyment and benefit for the present and into the future. Eight years after DNR was established, it was re-organized, creating the Louisiana Department of Environmental Quality (DEQ) as a standalone agency in order to address a suite of issues related to clean air and clean water. Fifteen years after DEQ was established, its leadership went to the Legislature for authority to re-organize in order to clear the way for an internal overhaul based on experiences and lessons learned on how to be more efficient and responsive.

After the devastation of Hurricanes Katrina and Rita in 2005, Louisiana formed the CPRA Board and tasked it to set priorities and oversee efforts to achieve comprehensive coastal protection and restoration in our state. Prior to that, efforts were handled by various local and state government entities with limited budgets and minimal coordination, which resulted in significant problems. CPRA as an agency was created in 2009 from a re-organization of state capabilities from various agencies, including a significant amount of personnel from DNR, which serves a closely related mission. CPRA implements the State's Coastal Master Plan, which was passed unanimously by the Legislature for the fourth time in 2023.

Louisiana's government cannot remain stationary in this time of rapid change. Our state does not have the luxury to count on best case scenarios regarding environmental conditions, funding availability, worker retention, and increased investment from the private sector. Rather, a focus on efficiency, streamlining, clarity, better use of technology and a more comprehensive approach to such government functions and initiatives is required.

For instance, the maintenance and repair of the levees along Louisiana's many rivers, including the Mississippi River and Red River, are vital to flood protection throughout the state, yet there is no unifying body to guide a comprehensive strategy for allocating funding and other resources. Instead, there are 24 separate levee authorities within the State. This creates disparity between funding levels and ability to respond to emerging situations and chronic issues. For comparison, Mississippi has only two levee districts.

In the case of state agencies, DENR and CPRA both have primary responsibilities that involve coastal protection and funding of coastal restoration projects, yet research information and regulatory experiences that could be of benefit to both agencies are often in information siloes. From a regulatory and project delivery perspective, both agencies should prioritize coordination to promote a streamlined process to identify priority projects that provide immediate benefit to state resources. Furthermore, the lack of technological modernization hinders the development of collaboration between DENR and CPRA.

Since 1976, there has been conflict within the statutory authority between the Office of the Secretary and OOC creating ambiguity. The resulting lack of clarity has presented challenges to effective regulation and management by the Office of the Secretary and the OOC. While this challenge is difficult to overcome, coordination remains a priority and is achievable through extensive communication between the two offices.

Oil spill response efforts within the Louisiana Oil Spill Coordinators Office (LOSCO) also contains significant challenges related to administrative functions and legislative needs. Current legal authority related to oil spill prevention mimics federal legislation that often results in impediments during spill response efforts. For example, participation in Natural Resources Damage Assessment under the Oil Pollution Act by CPRA and DENR only takes place when an incident occurs within the Louisiana Coastal Zone. Under that process, LOSCO's access to expertise from DENR and CPRA is limited, reducing the State's ability to respond in the aftermath of oil spills outside the coastal zone. Furthermore, LOSCO's efforts can sometimes be counterintuitive to the CPRA Coastal Master Plan. Streamlining this process would allow LOSCO to leverage the resources of DENR and CPRA to better provide oil spill response throughout the State.

PUBLIC COMMENT ASSESSMENT

Over two hundred comments were received during the public comment period with a majority focused on the positive impacts from agencies or authorities with a narrow focus, defined goals, and strong workplace culture. The remaining comments will be addressed under the goals and process set forth within.

PROCESS OVERVIEW

PHASE 1: FOUNDATION, ANALYSIS, AND ACTION

Focus: Building Transparency, Momentum, and Public Engagement

Strategies

Establish Committee: Create a steering committee that assembles experts from different boards, commissions, and other key stakeholders to constitute a steering committee to champion the restructuring process.

Initiate Action: Pursue immediately achievable legislative and procedural revisions in support of the overall vision by establishing appropriate information channels within the Executive Branch.

Outcomes

Clear articulation of the dynamics and necessity for change.

Establishment of a trustworthy guiding coalition – Natural Resources Steering Committee

Focus on authorizing language in near term, creating opportunities for immediate improvement.

PHASE 2: STRUCTURAL REDESIGN

Focus: Address workflows organically.

Strategies

Clear Job Descriptions: Collaborate with employees to outline responsibilities under the new structure. Highlight opportunities for professional development.

Reframing Mindset: Emphasize specialization and collaborative teams rather than just titles. Create opportunities for shadowing or lateral moves to ease fear of unknown.

Align with Fiscal Expectations: Coordinate this process with meeting the obligations under Executive Order JML 24-11; undertake actions to mitigate the pending fiscal cliff.

Outcomes

Organizational Analysis: Thoroughly classify all existing DENR functions as Regulatory, Enforcement, Support, or Management.

Focused Offices: Create targeted offices to better align with core goals and mission sets.

Clear Metrics and Descriptions: Develop unambiguous job descriptions tied to agency-wide outcomes, improving performance evaluation and accountability.

PHASE 3: OPTIMIZATION & RESPONSIVENESS

Focus: Minimize frustration with new systems and processes, foster proactive rather than reactive problem-solving.

Strategies

Peer-Led Training: Those embracing the streamlined systems help create training materials and lead their colleagues.

Incentivize Innovation: Reward those finding creative ways to leverage streamlined processes for even greater efficiencies. This cultivates a culture of positive change.

Track Responsiveness: Track how improved communication channels speed up public issue resolution and internal project collaboration.

Outcomes

Streamline Processes: Implement standardized permitting, rulemaking, and public feedback mechanisms designed for efficiency and transparency.

Enhance Coordination: Develop robust internal documentation, training resources, and collaborative protocols for a smoother reorganization.

Prioritize Emergency Response: Integrate a streamlined Emergency Response Section as a key part of the restructured DENR.

PHASE 4: INFORMATION TECHNOLOGY (IT) MODERNIZATION & STRATEGIC ALIGNMENT

Focus: Ease reliance on legacy systems, embrace data-driven analysis and collaborative work across agencies.

Strategies

Targeted Support: Don't assume one-size-fits-all IT training.

Showcase Strategic Value: Don't just teach a software tool, clearly demonstrate how modernized IT streamlines workload, and increases impact (e.g., easier permit tracking, data-driven resource allocation, etc.).

Partnership Transparency: Openly discuss Office of Technology Services process, invite regular feedback on any technical hurdles to address issues quickly and build trust.

Standardized IT: Modernize IT systems to enable shared data, collaborative analysis, and improved decision-making across the agency.

Outcomes

Resource Allocation: Strategic use of resources, potentially including new hires in specialized areas, for maximum effectiveness.

Stakeholder Partnerships: Forge formal agreements (MOUs, contracts) with research institutions, quasi-governmental groups, and key community stakeholders.

PHASE 5: FUTURE FOCUSED CONSOLIDATION & INNOVATION

Focus: Ensure staff engagement with policy improvements and new initiatives. Tap into expertise to shape strategic goals.

Strategies

Working Groups: Include staff in policy change analysis and field office consolidation evaluations. Their insight on how policies work "on the ground" is invaluable.

Data-Driven Storytelling: Show how improved efficiencies pave the way for ambitious projects (Natural Resources Finance Authority, orphaned well strategies). These are exciting goals that should feel achievable in a restructured agency.

Innovation Recognition: Publicly recognize teams excelling in strategic data use, stakeholder engagement, or piloting new initiatives. This fuels positive competition.

Outcomes

Data-Driven Assessment: Continuous evaluation to maximize efficiency and gather stakeholder feedback.

Policy Advancement: Implement improvements initiated in legislative actions during Phase 1.

Strategic Initiatives: Pursue the development of a Comprehensive Finance Authority, data-driven energy strategies, and proactive results-oriented orphaned well plugging and remediation.

PHASE 6: ONGOING TRANSFORMATION

Focus: Ensure change management becomes part of the reorganized culture.

Strategies

Regular Pulse Checks: Don't just measure process metrics, gauge staff sentiment on adaptability, responsiveness, and collaboration. Celebrate improvement.

Embed in Management: Integrate change readiness into performance reviews. Highlight problem-solving agility when hiring/promoting leaders.

Mentorship Programs: Connect staff experienced in the restructure with new hires. Passing on lessons of navigating change builds institutional resilience.

Outcomes

Continuous Improvement: Evaluate ongoing consolidation of field offices, prioritizing efficiency gains and resource optimization.

Adaptive Water Policy: Implement responsive water policy revisions informed by stakeholder input and legislative progress.

Sustainable Expansion (Optional): Assess need for a Natural Resources Commission, with careful attention to its potential scope and value add.

OTHER CONSIDERATIONS

Quick Wins: Early, attainable goals serve a powerful purpose. They solidify internal morale and provide proof-of-concept for larger structural changes.

Examples: Increased permitting speed within a clearly defined area, creation of public-facing data analysis dashboards, resolution of long-standing conflicts due to clarified policy, etc.

Change Management: Proactive strategies for addressing challenges and celebrating champions is crucial. Change of this scale naturally creates friction. Expect some resistance, but don't let it dominate the process.

Tactics: Town halls, transparent communication on impacts (both good and potentially difficult), and targeted training programs for new systems and processes.

Champions: Identify early adopters within the organization, empower them to be ambassadors and assist hesitant colleagues. Celebrate their success publicly.

Stakeholder Engagement: Consistent two-way dialogue creates trust and a sense of shared purpose with both external and internal stakeholders. Listen actively, build responsiveness into the framework, and be forthcoming with both achievements and setbacks.

Internal: All impacted personnel need regular updates, feedback loops, and avenues to address concerns throughout the process.

External: Build upon your list of stakeholders to ensure relevant industries, NGOs, researchers, legislators, and community representatives feel part of the transformation.

Leadership Alignment: Support from internal DENR leadership is crucial, but a successful initiative should ultimately make it easier to achieve goals set at higher levels. Underscore benefits such as streamlined processes, better fiscal utilization, or improved ability to handle issues.

Employee Development: This overhaul provides an opportunity to redefine career paths and skill development within DENR. Emphasize that transformation empowers people to specialize and advance, creating a more engaged, dynamic workforce.

Upskilling: Analyze new positions/structures, then offer robust training programs and professional development plans to bridge gaps.

Succession Planning: Use restructure as a natural moment to examine long-term talent needs and establish pathways for future leaders.

Cultural Considerations: Bureaucratic inertia is a formidable opponent. Be clear about desired cultural shifts within the agency (e.g., emphasis on agility, data-driven decision-making, cross-departmental collaboration), and reward people embodying these desired behaviors.

Ongoing Assessment: Restructuring isn't a finite process. Emphasize feedback loops, build data collection measures into phases, and establish clear communication channels allowing the plan to adapt as needed. Celebrate progress openly.

DATA COLLECTION

This initial phase of work done to meet the directive of Executive Order JML 24-13 has primarily consisted of information gathering from current and past leadership of the agencies identified and other key stakeholders, a focus on recommended changes to the current organization and structure within the DENR, which may provide opportunity for early success through additional support and collaboration.

As part of the information gathering of phase 1, a webpage was created on the Governor's website to provide information to and receive comments and recommendations from stakeholders and the public. Staff has begun review of comments for consideration and potential action in future phases of this effort. Initial review has revealed opportunities for educating the public on the respective and related roles of DENR and CPRA – both in terms of current operations and future consolidation. Commenters expressed support for the role and efforts of CPRA, and outreach should include helping the public understand that CPRA's work and mission will continue. Department staff will continue to accept and review public comments as the initiative moves forward.

Additionally, discussions and meetings were held with many current and former leaders of the agencies identified in the Executive Order, as well as with other Stakeholders identified as having unique insights into these agencies and programs. A summary of those with whom meetings and discussions were had are provided below.

Current and Former Public Officials and Stakeholders

Form. Exec. Assists. to Gov. on Coastal Activities	Chair, House Natural Resources and Environment
Chair, Senate Natural Resources	State Civil Service Director and Staff
La. Oil Spill Coordinator's Office and Staff	Chair, Coastal Protection and Restoration Authority
Commissioner of Administration and Staff	Coalition to Restore Coastal Louisiana
Legislative Auditor and Staff	La. Association of Business and Industry
Advanced Power Alliance	La. Chemical Association
Center for Energy Studies	National Audubon Society
Coast Builders Coalition	Pontchartrain Conservancy
La. Association of Levee Boards	The Water Institute of the Gulf
La. Mid-Continent Oil and Gas Association	Restore the Mississippi River Delta
Public Affairs Research Council (PAR)	

RATIONALE FOR CLARIFICATION REQUEST

This memorandum highlights a critical situation within the DENR. Unclear legal provisions and overlapping authority across internal subdivisions have created significant ambiguity. This confusion hampers DENR's ability to effectively manage natural resources, respond to emergencies, and collaborate with external entities. Action is needed to bring about the transformational change needed to meet these dynamic challenges.

KEY AREAS OF REVIEW

Overlapping Functions: Lack of clear delineation between regulatory, enforcement, support, and management roles within DENR leads to inefficiencies and potential conflicts.

Water Management: Unclear authority and fragmented responsibilities hinder the development of a cohesive water management plan.

Emergency and Spill Response Functions: Dispersed emergency response functions, including the potential placement of LOSCO, compromise rapid and longer-term response capabilities.

External Relationships: Uncertainties surrounding DENR's interactions with governmental and quasi-governmental organizations complicate collaboration and data sharing.

Finance Authority: The need for a comprehensive financial structure to address risk analysis and funding gaps related to natural resources exists.

Demand Oriented Energy Planning: The current strategic energy plan requires revision to better reflect energy demand and promote accountability.

Orphaned Wells: Outdated legal authorities and regulations misaligned with federal standards obstruct effective management of orphaned wells.

REQUEST FOR EXECUTIVE ACTION

To resolve these deeply rooted challenges, the following actions are urgently requested:

Structural Clarity: Construct a steering committee to identify solutions on each issue, creating a forum for clear directives outlining the division of regulatory, enforcement, support, and management functions within DENR. This should include the potential creation of distinct enforcement and implementation offices via a standardized processes for permitting, rulemaking, and information dissemination.

Legislative Alignment: Initiate legislative changes to address statutory conflicts focused on the preamble of DENR with the necessary authority including the need for any potential adjustments to governance structure.

The successful execution of potential recommendations necessitates clear, transparent, and decisive guidance, empowering DENR to effectively execute your vision under its vital mission as it relates to Louisiana's natural resources.

Signed,



Tyler Gray
Secretary
Louisiana Department of Energy and Natural Resources