

# OSBM

Department of Natural and Cultural Resources and  
Department of Environmental Quality Reorganization

As Directed by Session Law 2015-241  
Section 14.30.(sss)

April 2016



*Prepared By:*

*Office of State Budget and Management*

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## **Introduction**

Section 14.30.(sss) of Session Law 2015-241 directs the Office of State Budget and Management (OSBM), in consultation with the Department of Environment and Natural Resources (DENR) and the Department of Cultural Resources (DCR), to issue a final report on or before April 1, 2016, on progress implementing the transfer of state attractions and natural resource functions from DENR to DCR to create the Department of Natural and Cultural Resources. The report shall include the proposed new organization structure, including proposed movement of positions or funds between fund codes, and may include any recommendations for changes to the statutes revised or recodified by Section 14.30 of Session Law 2015-241.

## **Background**

On February 4, 2015, Governor McCrory announced a proposal to consolidate State attractions under one Department. The consolidation was recommended by the North Carolina Government Efficiency and Reform (NC GEAR) initiative within the Office of State Budget and Management, and was included in the final NC GEAR report issued in March 2015. The proposal was further detailed in the Governor's Recommended Budget, also issued in March 2015. The General Assembly codified a similar strategy for consolidation in Section 14.30 of Session Law 2015-241. The law renamed DCR the Department of Natural and Cultural Resources (DNCR) and renamed DENR the Department of Environmental Quality (DEQ). The law specifies the programs, divisions, and entities to be transferred.

### **Mandated Requirements**

Session Law 2015-241 mandated that the following programs, divisions, and entities be transferred from DENR, to the renamed DNCR:

- (1) The Division of Parks and Recreation.
- (2) The State Parks System, including Mount Mitchell State Park.
- (3) The North Carolina Aquariums Division.
- (4) The North Carolina Zoological Park.
- (5) The Museum of Natural Sciences.
- (6) Clean Water Management Trust Fund.
- (7) The Natural Heritage Program, within the Office of Land and Water Stewardship.

Additionally, 24.94 vacant administrative positions were eliminated from DENR and 15.45 filled administrative positions were transferred. Funding associated with eliminated vacancies was appropriated to DNCR for the purposes of establishing new positions to support administrative functions. DENR was required to convert any receipt-supported positions to General Fund support prior to transfer.

## Progress and Accomplishments

To ensure a smooth transition the consolidation has been handled as a formal project. The following timeline outlines major planning steps and accomplishments to date. Please see Appendix A for a summary of changes related to budget, staffing, contracts, grants, and assets.

Date	Action
February 2015	Governor announced transfer at State of the State.
March 2015	Detailed proposal included in Governor's Recommended Budget and NC GEAR Final Report.
March-April 2015	Steering Committee of leadership from DENR, DCR, OSBM, OSHR, ITS, and Governor's Office began meeting regularly to identify key DCR and DENR staff, developed dashboards to track issues, risks, and project tasks.
9/18/15	Budget Bill Ratified by General Assembly – reorganization effective retroactively to July 1, 2015.
9/18/15	Transition plan initiated, beginning with communications to employees of five divisions transferring.
September	Secretary sent welcome messages to new and current employees; FAQs installed on DCR and DENR intranets for quick fact checks; Secretary hosted event at Executive Mansion for new division staff and administrative staff; Ongoing press release review and distribution began for new Nature partners; DNCR Social Media integrated Nature component into strategy; Banners incorporated new DNCR name and Nature pillar unveiled on department building; DNCR's Mission, Vision and Strategic Plan updated to include new divisions.
10/8/15	Transferred all affected positions and employees in the HR / Payroll System (BEACON).
10/15/15	Budget and Finance recoded the funding for each of the 2,461 positions.
10/30/15	Transferred more than \$651 million in assets associated with transferred divisions.
October	Best PR and Social Media Industry Practices, Press Release Template & DNCR Letterhead distributed to new partners.
November	DNCR Website content expanded to incorporate nature partners, Media clips began collection for new partners for a department-wide daily news clips lists distributed to stakeholders daily.
12/1/15	DNCR Budget and Finance became fully operational to perform all financial duties for the transferred divisions.
December	Nature banner installed in DNCR lobby; Capitol projects leadership fully engaged with new divisions and all projects.
1/12/16	DNCR and DEQ presented transfer details to the ANER Oversight Committee.
2/22/16	DNCR hosted ANER Oversight Committee at Tryon Palace and featured State Parks 100 <sup>th</sup> Anniversary and showed the documentary.

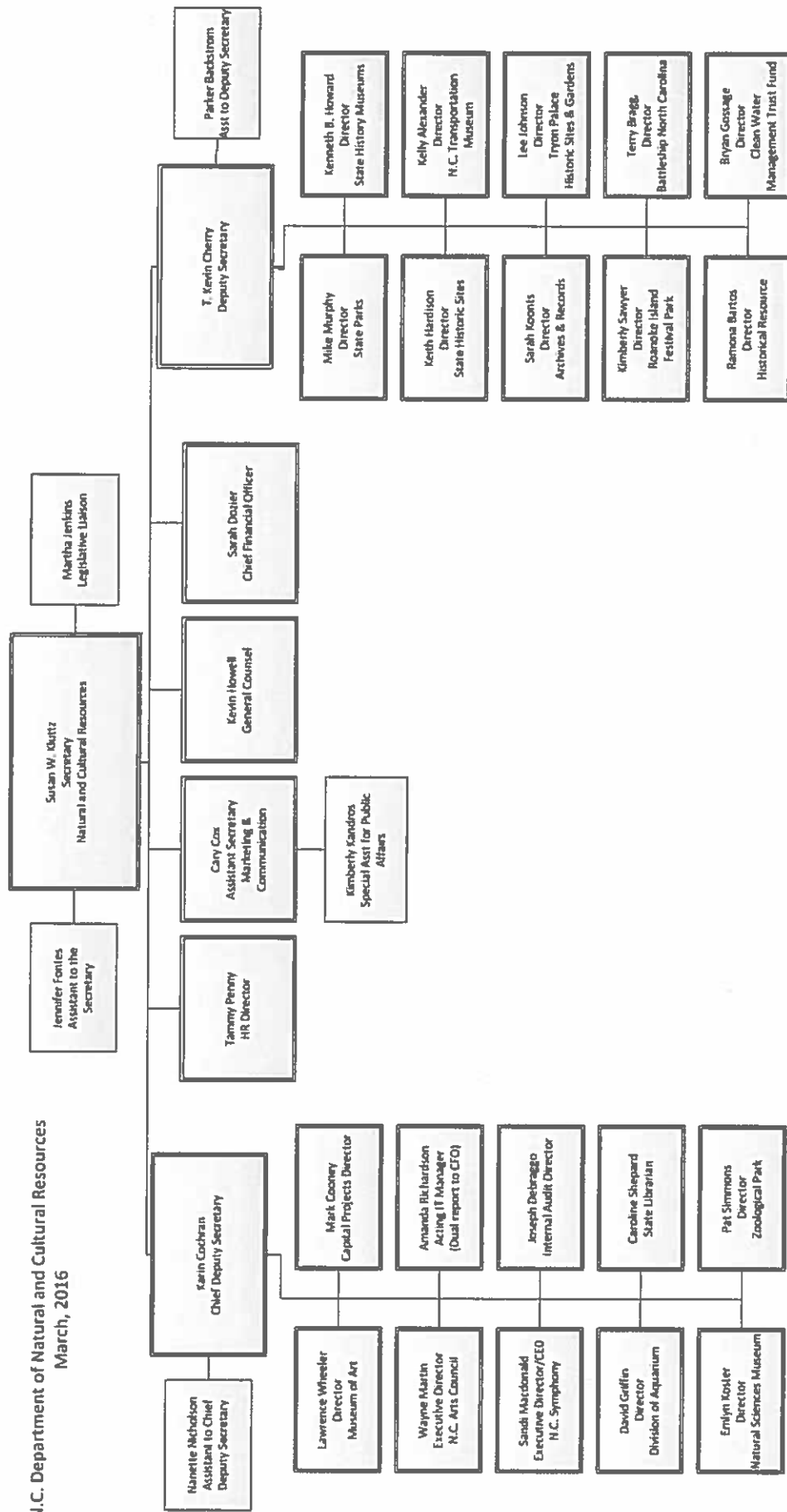
January, February, March 2016 and ongoing	Collaborations and integration: Leadership within HR, Marketing & Communications, Capital Projects, IT, Strategy, Legal, Finance & Budget each hold collective staff meetings to review policies and to discuss current processes for overall improvements.
3/1/16	DNCR submitted Dynamic Pricing and Grass Roots Competitive Grant Program reports to General Assembly.
3/18/16	Secretary announced first collaborative effort within expanded department – NC Symphony performed Vivaldi’s Four Seasons in collaboration with State Parks (images in background) and Museum of Natural Sciences (producer of video) at Meymandi Hall. There were two sold out performances and a third one added.
3/23/16	DNCR hosted the annual Support Group Summit (and included the five new divisions) with 39 different support groups in attendance and over 100 attendees in total; Topics included MOAs, PCI Compliance, Cross Marketing, Transfer Updates and several breakout sessions: Fund Raising, Gift Stores, Social Media and PCI Compliance.
3/24/16	Secretary and other Deputy Secretaries completed the 7th regional meeting to meet all staff within NC across the state. The first one started in October.
4/1/16	DNCR to submit reports to General Assembly regarding Admission fees at two museums and the study of 6 other divisions from DEQ for potential transfers.
By end of April	All new divisions will be under DNCR’s online calendar that also supports communications to the Department of Public Instruction (DPI) and Visit NC.

With the exception of items asterisked in Appendix B, OSBM has received and approved all budget revisions from DNCR to establish administrative positions received by DNCR in the transfer, and to establish special funds received by DNCR in the transfer.

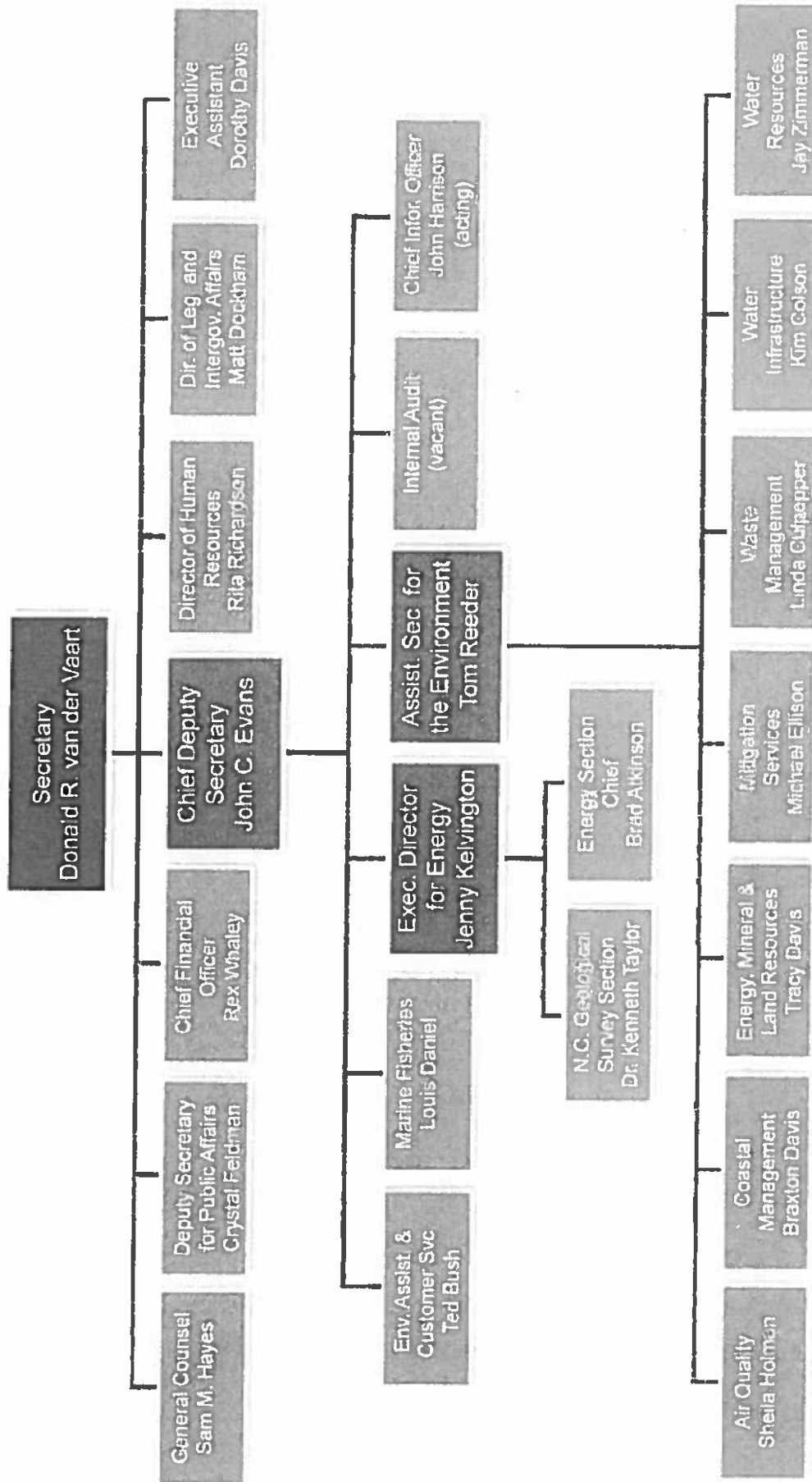
**Organizational Structure**

DNCR reports that it integrated the transferred programs and divisions into the Department’s organizational structure. The updated operational organizational charts submitted by DNCR and DEQ are on the following pages.

N.C. Department of Natural and Cultural Resources  
March, 2016



# NC Department of Environmental Quality



## Statutory and Other Changes

DNCR has identified several changes to statutes to establish consistency among the divisions within the expanded agency and to encourage revenue generation (see table below). The Department will also continue to work with OSBM to identify any changes required in budget and financial practices to ensure consistency with other agencies overseen by the Natural and Economic Resources section.

<b>Division</b>	<b>Short Title</b>	<b>Summary</b>	<b>Suggested changes to Statutes</b>
NC State Parks	Special Revenue Fund	Allow the State Parks Division to retain revenue internally generated from fees, sales, donations, etc. DNCR has special revenue funds in other divisions.	Special revenue fund for State Parks: add to GS 113-44, a new section (GS 113-44.16)*
NC State Parks	Apply Vending Exemption to State Parks	Allow State Parks to generate revenue through vending sales at State Parks by adding parks to the current statutory exemption that covers historic sites and museums.	Historic sites and museums already have exemption for vending machines; just add "state parks" to those already listed in GS 111-47.2
NC Zoo	Rulemaking Authority	DENR was given broad regulatory authority in Chapter 113 and the Zoo relied on GS 113-264 to promulgate its rules. Now that the Zoo is in DNCR, GS 113-264 no longer applies to the Zoo and the rulemaking authority needs to be granted to DNCR.	Add GS 143B-135.214 to authorize the Secretary of DNCR to promulgate rules for the NC Zoo.
NC Zoo and NC Aquariums	Remove Cap on Fund Transfer to Zoo Fund and Aquarium Fund	The budget bill requires all entrance fee receipts be deposited in the General Fund and authorizes the Secretary to transfer up to \$1,000,000 to the Zoo Fund and Aquarium Fund. The cap creates a disincentive to increase revenue generation and ensure efficient use of annual operating funds if unexpended balances exceeding \$1,000,000 will revert at the end of the year.	Change GS 143B-135.209 and GS 153B-135.188 to remove or increase the \$1,000,000 cap on the transfers so that unexpended fee receipts remain with the Zoo and Aquarium.
NC Zoo, NC Aquariums, and NC State Parks	Umstead Act Exemption	DENR had a blanket exemption from the Umstead Act. The old DCR had an exemption only for historic sites and museums. So DNCR needs to have the blanket exemption that DENR had to cover the Zoo, Aquariums, and State Parks.	GS 66-58(b)(9) granted a broad exemption to DENR. Expand DNCR's exemption in GS 66-58(b)(9b) and (c)(2).



Division	Short Title	Summary	Suggested changes to Statutes
All	Technical Correction	The statutes on pages 239-241 of the budget that are transferred from the DENR divisions and recodified skips numbers. This appears to be an error.	Change numbers to be consecutive numbers in each instance.

**Special revenue fund for State Parks: add to GS 113-44, a new section (GS 113-44.16):**

(a) Fund. - The State Parks Fund is created as a special fund. The State Parks Fund shall be used for the following types of projects for the Divisions of Parks and Recreation and to match private funds raised for:

- (1) Operations.
- (2) Repair, renovation, expansion, maintenance, and construction.
- (3) The acquisition, maintenance, or replacement of equipment as required to maintain adequate service to the public.

(b) Disposition of Fees. – All fee receipts shall be credited to the Division of Parks and Recreation's General Fund operating budget. At the end of each fiscal year, the Secretary may transfer the remaining balance of funds from the Division of Parks and Recreation's General Fund operating budget to the State Parks Fund.

(c) Approval. - The Secretary may approve the use of the State Parks Fund for repair and renovation projects at the Parks and Recreation that comply with the following:

- (1) The total project cost is less than three hundred thousand dollars (\$300,000).
- (2) The project meets the requirements of G.S. 143C-4-3(b).

(d) Report. - The Department shall submit to the House and Senate appropriations committees with jurisdiction over natural and economic resources and the Fiscal Research Division by September 30 of each year a report on the State Parks Fund that shall include the source and amounts of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year.

## **Conclusion**

Reorganizations of this scale are often difficult given the amount of personnel, logistics, and business processes involved. The employees within both Departments have had to continue with their departmental duties while implementing this reorganization. The creation of implementation teams and formal tracking of project plan tasks and risks has helped ensure an efficient implementation with buy-in from stakeholders and staff. The new organization structure is operational and DNCR will continue efforts to fill key administrative positions, establish consistent business processes, and identify opportunities for further efficiencies. Special thanks and recognition should be given to Secretary van der Vaart, Secretary Kluttz, and their senior leadership teams for their commitment to ensuring this transition continues to move forward smoothly.

## Appendix A

### Summary of Changes – Provided by DNCR

	Former DCR Divisions 2015-16	Divisions Transferred to DCR 2015-16	DNCR FY 2015-16	% Increase to Dept.
General Fund Operating Budget	\$64,964,320	\$98,957,331	\$163,921,651	152%
General Fund Receipts <sup>4</sup>	\$8,912,871	\$19,297,198	\$28,210,069	217%
Special Revenue Funds (Receipts)	\$3,388,597	\$42,852,866	\$46,241,464	1265%
Enterprise Funds (Receipts)	\$3,926,360		\$ 3,926,369	0%
# of Capital Improvement Projects	45	100	145	222%
Capital Projects - Cash Balances	\$18,042,666	\$25,818,832	\$40,405,621	143%
Capital Assets	\$326,473,170	\$662,618,526	\$989,091,696	200%
Number of Permanent Appropriated <sup>1</sup> Employees	672.35	960.33	1,632.68	170%
Number of Permanent Receipt <sup>2</sup> Supported Employees	128.95	96.17	225.12	75%
Number of Temporary Appropriated <sup>1</sup> Employees	-	301.08	301.08	
Number of Temporary Receipt <sup>2</sup> Supported Employees	80.50	265.75	346.25	330%
# of Grants Awarded by the Department	504	145	649	29%
\$ Amount of Grants Awarded by the Department	\$25,328,297	\$30,429,336	\$55,757,633	120%
E-Procurement and Direct Pays <sup>3</sup> Amounts <sup>4</sup>	\$2,982,843	\$21,957,405	\$24,940,248	736%
E-Procurement and Direct Pays <sup>3</sup> - # of Purchases <sup>4</sup>	5,000	28,843	33,843	577%
# of Contracts <sup>4</sup>	272	136	408	50%
Number of P-Cards <sup>5</sup>	111	448	559	404%
Credit Card Processing Accounts	21	12	33	57%
Number of Bank Accounts	104	44	148	42%
<b>Total Fixed Assets</b>				
Vehicles	58	891	949	1536%
Acres of Land	4,859	229,403	234,261	4722%
Buildings and Structures	366	1,461	1,827	399%
Number of Support Groups	43	33	76	77%

**Footnotes:**

1. Appropriated positions include all filled and vacant permanent positions.
2. Receipt supported positions include those positions that are currently filled and does not include vacant positions.
3. The amount and # of direct pays includes grant payments.
4. Amounts based on prior year figures (FY 2014-15).
5. DNCR analyzed the P-Card needs for the Divisions transferring from DENR. DNCR reduced the number of P-Cards for the Divisions that transferred from DENR from 448 to 365 because they were not needed by the individuals they were assigned to.

## Appendix B

### Positions Filled and Fund Code Changes Submitted by DNCR

All of the filled positions have been moved from DEQ to DNCR and the agency continues to work toward filling the vacant positions. Below is a detailed chart reflecting the old and new positions along with the old and new fund codes. The newly created positions were all initially established in Fund Code 1120 and DNCR has allocated to other fund codes as indicated below. DNCR reports that it is currently operating under the structure described below:

Section	Old Title	New Title	Old Fund Code	New Fund Code
Office of Secretary	Deputy Secretary/ Commissioner III	Same	1140 - DENR Administration	1110.100 Office of the Secretary – Adm
Office of Secretary	Administrative Assistant III - Filled position transferred	Administrative Assistant III - Filled position transferred	1140 - DENR Administration	1110.100 Office of the Secretary – Adm
Office of Secretary	Policy Development Analyst	Strategic Planning	1140 - DENR Administration	1110.100 Office of the Secretary - Adm
Budget and Finance	Purchasing Agent I	Business Systems Analyst – Project Management	1140 - DENR Administration	1120.100 Administrative Services - Adm
Archives and History - Education	Environmental Program Supervisor II	Education Director	1140 - DENR Administration	1210.100 Archives and History Adm - Adm
Archives and History - Education	Accounting Technician	Historic Sites Oper Supervisor - Education Program Specialist	1140 - DENR Administration	1210.100 Archives and History Adm - Adm
Budget and Finance	Accountant	Business Systems Analyst- A – PCI Compliance	1140 - DENR Administration	1120.100 Administrative Services - Adm
Budget and Finance	Business And Technology Application Specialist (Application Manager)	Business Systems Analyst- J – PCI Compliance	1140 - DENR Administration	1120.100 Administrative Services - Adm
Budget and Finance	Budget Manager-J	Budget Manager- J Operating	1140 - DENR Administration	1120.100 Administrative Services - Adm
Budget and Finance	Business And Technology Applic Specl (team lead)	Budget Manager-J Capital	1140 - DENR Administration	1120.100 Administrative Services - Adm
Budget and Finance	Budget Analyst-J	Budget Analyst-A (Operating Budget/Policy)	1140 - DENR Administration	1120.100 Administrative Services - Adm
Budget and Finance	Budget Analyst-A	Budget Analyst-A (Capital Budget/Policy)	1140 - DENR Administration	1120.100 Administrative Services - Adm
Budget and Finance	Purchaser	Purchasing Agent III	1140 - DENR Administration	1120.146 Administrative Services - Purchasing
Budget and Finance	Accounting Technician-CB	Accounting Technician-A Accounts Payable	1140 - DENR Administration	1120.100 Administrative Services - Adm
Budget and Finance	Accountant-A	Accountant-A Cash Management	1140 - DENR Administration	1120.100 Administrative Services - Adm
Budget and Finance	Accounting Technician A - Filled position transferred	Accounting Technician A - Filled position transferred – Fixed Assets	1140 - DENR Administration	1120.100 Administrative Services - Adm
Budget and Finance	Purchasing Agent I - Filled position transferred	Purchasing Agent I - Filled position transferred	1140 - DENR Administration	1120.146 Administrative Services - Purchasing
Budget and Finance	Accounting Technician-J	Purchasing Officer IV	1140 - DENR Administration	1120.146 Administrative Services - Purchasing

Section	Old Title	New Title	Old Fund Code	New Fund Code
Office of the Secretary - HR	Personnel Analyst III	Pers Anal III- Class/Comp/Recruit Mgr	1140 - DENR Administration	1110.101 Office of the Secretary - Human Resources
Office of the Secretary - HR	Personnel Assistant IV	Pers Asst V	1140 - DENR Administration	1110.101 Office of the Secretary - Human Resources
Office of the Secretary - HR	Staff Development Coordinator	Pers Tech III-Recruitment	1140 - DENR Administration	1110.101 Office of the Secretary - Human Resources
Office of the Secretary - HR	Personnel Technician II – Filled position transferred	Personnel Technician II– Filled position transferred	1140 - DENR Administration	1110.101 Office of the Secretary - Human Resources
Office of the Secretary - HR	Personnel Analyst I	Pers Anal III-Benefits/Staff Dev't Mgr	1140 - DENR Administration	1110.101 Office of the Secretary - Human Resources
Office of the Secretary - HR	Staff Development Specialist I	Staff Development Specialist II	1140 - DENR Administration	1110.101 Office of the Secretary - Human Resources
Office of the Secretary - HR	Technology Support Analyst (help desk)	Agency Safety Program Director	1140 - DENR Administration	1110.101 Office of the Secretary - Human Resources
Office of the Secretary - Marketing and Communication	DENR Administrative Operations Director	Videographer/ photographer	1140 - DENR Administration	1110.102 Office of the Secretary - Marketing & Communications
Office of the Secretary - Marketing and Communication	Artist Illustrator II - Filled position transferred	Artist Illustrator II - Filled position transferred	1140 - DENR Administration	1110.102 Office of the Secretary - Marketing & Communications
Office of the Secretary - Marketing and Communication	Special Assistant to the Director	Information & Communication Specialist I	1140 - DENR Administration	1110.102 Office of the Secretary -Marketing & Communications
Office of the Secretary - Marketing and Communication	GS 5th Floor Receptionist	Information & Communication Specialist III - PIO	1140 - DENR Administration	1110.102 Office of the Secretary - Marketing & Communications
Office of the Secretary - Marketing and Communication	Information & Communication Spec I- Filled position transferred	Information & Communication Spec I- Filled position transferred	1140 - DENR Administration	1110.102 Office of the Secretary - Marketing & Communications
Office of the Secretary - Marketing and Communication	Technology Support Analyst (PCI compliance) - prefer regional (2)	Information & Communication Specialist II (Marketing/Web)	1140 - DENR Administration	1110.102 Office of the Secretary - Marketing & Communications
Office of the Secretary - Internal Audit	Auditor-CB	Auditor-A	1140 - DENR Administration	1110.126 Office of the Secretary - Internal Audit

Section	Old Title	New Title	Old Fund Code	New Fund Code
Office of the Secretary - General Counsel's Office	Attorney II	Attorney II	1140 - DENR Administration	1110.125 Office of the Secretary - Legal
Office of the Secretary - General Counsel's Office	Agency Legal Specialist II	Ag Legal Spec I	1140 - DENR Administration	1110.125 Office of the Secretary - Legal
Office of the Secretary - General Counsel's Office	Personnel Analyst II- Filled position transferred	Attorney I	1140 - DENR Administration	1110.125 Office of the Secretary - Legal
Office of the Secretary - Capital Projects	Engineer-J	Engineer-A	1140 - DENR Administration	1110.103 Office of the Secretary - Capital Projects
Office of the Secretary - Capital Projects	IT Security Specialist	Architect-C	1140 - DENR Administration	1110.103 Office of the Secretary - Capital Projects
Salary Reserve*	Policy Development Analyst	Salary Reserve for leadership	1140 - DENR Administration	1120.100 Administrative Services – Adm
Salary Reserve*	Accounting Technician-J	Salary Reserve for Finance/Audit	1140 - DENR Administration	Abolished
Salary Reserve*	Accounting Technician J	Salary Reserve for Marketing/Legal	1140 - DENR Administration	Abolished
Salary Reserve*	Office Assistant III	Salary Reserve for HR/Capital Projects	1140 - DENR Administration	1120.100 Administrative Services – Adm
Salary Reserve*	Ombudsman/Director of Customer Service	Salary Reserve	1140 - DENR Administration	1120.100 Administrative Services – Adm