

# New DENR chief seeks balance between environment, 'customers'

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PUBLISHED IN: STATE

**RALEIGH --** When John Skvarla becomes the new secretary of the state Department of Environment and Natural Resources next month, he will arrive at an agency that's feeling a little shell-shocked.

Over the past two years, the Republican-controlled state legislature has moved entire divisions into different parts of state government and consolidated other operations. Along with cuts in appropriations that have left the department's budget about half of what it was just two years ago, Republican lawmakers have been beating up on the agency for what they say is a culture of hostility to business.

A package of regulatory reforms has either streamlined or weakened environmental protections – depending on your point of view – and further rolling back regulations is high on the General Assembly's agenda next session.

Now, Skvarla comes with a mandate from Gov.-elect Pat McCrory to impose an attitude of "customer service" on state government. He arrives with a record of inspiring new and struggling businesses, solidly conservative politics, and the view that global warming is still an open question.

Skvarla said he's anxious to move the needle back from what he sees as over-regulation toward what he promises will be a middle ground that protects the environment without hindering economic growth. Change doesn't have to hurt, he said.

In an interview in the McCrory team's transition offices in Raleigh last week, Skvarla said he wants to meet with environmentalists as soon as possible.

"I want to find out where we have common ground, because we don't have to be enemies," Skvarla said, jabbing his finger on his desk for emphasis.

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John Skvarla, middle, who will be the secretary of the Department of Environment and Natural Resources, talks to other administration members for Pat McCrory, Susan Kluttz, left, and Lyons Gray, right.

“We’re all in this because we love North Carolina and we want clean air, we want clean water, we want nice coastlines. It’s not hard, it’s common sense. Everybody’s got their fists up all the time.”

Skvarla comes from a company that makes its money navigating environmental regulators in eight states. Restoration Systems restores damaged waterways and deals in “mitigation banking” – collecting credits for improving sites that can be used to offset development elsewhere.

The company is politically well-connected and has won about \$4 million in state projects since 2009. To avoid a conflict of interest, Skvarla said his interest in the company will be held in a blind trust.

Also, he will have no idea what the firm is doing and will not have any decision-making authority over projects in which the company is involved.

DENR – with a budget of \$109 million and about 4,000 permanent and temporary employees – has fallen victim to what he sees is a natural inclination to expand: Bureaucracies want to get bigger for the same reason businesses do.

“I will tell you unequivocally, North Carolina is the most difficult that we deal with,” he said. “Do I think DENR has probably gotten a little bit out of balance? Anecdotal and from an experiential standpoint with our company, it probably has.

“But that doesn’t mean it’s bad. It just means it’s human nature. Sometimes you just need a little bit of a refreshing look at it.”

## **A string of successes**

Skvarla, 64, of Pinehurst has had a string of careers and entrepreneurial pursuits that have paid off well.

When he started out as a young lawyer in Raleigh, who had moved here from New York to go to law school at Carolina, he didn’t plan that course. It turned out that he had the ability to recognize promising ventures and make them profitable. One success led to another: tax and business law, aviation, health care, and environmental restoration.

“Serendipitously, the phone just rings. They just call me,” Skvarla said. “Knock on wood, they’ve all been pretty successful runs, and it’s been an absolute joyful rocket ride.”

Politically, of course, Skvarla is firmly conservative. He has contributed financially to state and national Republican political candidates. In the early 1990s, he wrote a book critiquing the nation’s health care system. (He says as a young man growing a company that owned physical therapy centers, he once thought he could solve that problem, but it was like running into a brick wall.)

Former state GOP chairman Tom Fetzer got to know Skvarla when Fetzer was an assistant secretary at DENR in the late 1980s, early 1990s, and said he was immediately impressed by his intellect and personality. Fetzer describes him as extraordinarily bright, curious, funny, self-effacing and inclined to treat those who disagree with him respectfully.

“I think the activist environmental community is always nervous when a Republican gets a key environmental post,” Fetzer said. “I think they’re going to find John very receptive. He’s such an innovative thinker, I think they’re going to be pleasantly surprised. I think he could be the best secretary that department has ever had.”

## It's a tough job

One former DENR secretary cautioned that it won't be an easy task. What's good for someone upstream might be bad for someone else downstream, Bill Holman noted.

"It's impossible to make everybody happy," said Holman, who ran the department under Gov. Jim Hunt. "It requires some skillful leadership by DENR to get people to the table to figure out a good solution."

Despite the GOP's pro-business agenda, by law DENR's job is to protect public health and the environment, not the economy.

"Sometimes that means telling people 'no,'" Holman said. "You can do that in a customer-friendly way. That doesn't mean people are going to like the answer any better."

Holman, acknowledging he isn't an objective source, disagrees that DENR has become hostile to businesses.

"There are two constants in the environmental business, going back to the '70s: The public supports environmental protection; folks that pollute don't want to pay to clean up their mess.

"Every governor I've ever known, Democrat or Republican, has been a business-friendly governor. Every DENR administration has worked hard to be responsive to the governor's support for economic development," Holman said. "I would argue the places in the state with the strictest environmental regulations are generally the most prosperous regions of the state as well."

For Skvarla, it's a matter of cost-effective scale. His role, he said, is to determine whether a regulation is beneficial enough to warrant the cost it imposes. "To add an eyelash of value for an extreme cost is a very difficult call," he said.

"It depends on who your customer is," he added. "If your customer is the environment, then the answer is you should be an absolute cop. You should be a mean, big bad cop.

"But I'm afraid if it was the environment solely, we would all paddle canoes to work. At some point in time, you have to balance."

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