

DEPARTMENT OF NATURAL RESOURCES
FY 2020-21 JOINT BUDGET COMMITTEE HEARING AGENDA

Wednesday, December 18, 2019
10:00 AM-12:00 PM

10:00-10:15 INTRODUCTIONS AND OPENING COMMENTS

Presenter: Dan Gibbs, Executive Director

10:15-11:00 OIL AND GAS CONSERVATION COMMISSION, RECLAMATION, MINING AND SAFETY, AND STATE LAND BOARD

Main Presenters:

- Dan Gibbs, Executive Director
- Carly Jacobs, Chief Planning and Budget Officer

Supporting Presenters:

- Jeff Robbins, Director, Oil and Gas Conservation Commission
- Julie Murphy, Chief of Staff, Oil and Gas Conservation Commission
- Bill Ryan, Director, State Land Board

Topics:

- Orphaned Wells, pages 1-2, questions 1-2
- Severance Tax Operational Fund Update, pages 2-3, questions 3-4
- Coal Production, pages 3-4, question 5
- R1 Electronic Oil and Gas Filing System, page 4, question 6
- R5 True Up Orphaned Well and Emergency Spending Authority, pages 4-8, questions 7-10
- State Land Board, pages 8-9, questions 11-12

11:00-12:00 COLORADO PARKS AND WILDLIFE, COLORADO WATER CONSERVATION BOARD, AND COLORADO AVALANCHE INFORMATION CENTER

Main Presenters:

- Dan Gibbs, Executive Director
- Carly Jacobs, Chief Planning and Budget Officer

Supporting Presenters:

- Dan Prenzlów, Director, Colorado Parks and Wildlife
- Justin Rutter, Chief Financial Officer, Colorado Parks and Wildlife
- Doug Vilsack, Assistant Director, Department of Natural Resources
- Rebecca Mitchell, Director, Colorado Water Conservation Board
- Ethan Greene, Director, Colorado Avalanche Information Center

Topics:

- Expanding Access to State Parks, pages 9-15, questions 13-15
- State Water Plan, pages 16-18, questions 16-18
- Proposition DD and the Water Implementation Cash Fund, pages 18-19, questions 19-20
- Aquatic Nuisance Species, pages 19-20, question 21
- Colorado Avalanche Information Center, pages 20-23, questions 22-26

DEPARTMENT OF NATURAL RESOURCES
 FY 2020-21 JOINT BUDGET COMMITTEE HEARING QUESTIONS

**Wednesday, December 18, 2019
 10:00 am – 12:00 pm**

**OIL & GAS, MINING, AND STATE LAND BOARD
 OIL AND GAS CONSERVATION COMMISSION (OGCC)**

1) Related to the chart at the bottom of page 8 in the staff briefing document, which includes OGCC Workload Measures, please provide the data for Drilling Permits Approved.

Response: Drilling permits approved have been added to the table, below.

OGCC WORKLOAD MEASURES						
	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Forecast ^a	FY 2020-21 Forecast ^a
Active Wells	53,651	54,605	53,738	53,045	52,200	51,800
Drilling Permits Requested	3,317	4,624	8,127	7,576	3,000	3,000
Drilling Permits Approved	2,876	3,433	3,804	4,602	1,680	1,680
Well Starts (Spud)	1,083	1,525	1,908	1,736	1,300	1,300
Active Drilling Rigs	25	25	34	33	26	26
Site Investigations & Remediation Workplans	514	456	613	1,106	1,400	2,000
Avg. Inspection Frequency (years between inspections)	1.3	1.4	1.8	1.5	1.6	1.6
Hearing Applications	680	635	950	961	700	700
Known Orphaned Sites at Start of Year	62	82	267	365	422	470
Orphaned Sites Where Work Was Performed			61	45	200	200
OGCC Expenditures^b	\$11,403,628	\$10,890,389	\$12,996,675	\$13,268,316	\$20,613,071	\$20,180,211
Total FTE	104.0	101.5	102.2	110.0	140.3	147.3

a Data included for FY 2019-20 and FY 2020-21 are estimates provided by the Oil and Gas Conservation Commission.

b Expenditures are shown for the division only. They include all fund sources (including bond claims) but do not include centrally appropriated items funded in the Executive Director's Office. Figures for FY 2019-20 reflect the appropriated amount (Long Bill and special bills). Figures for FY 2020-21 reflect the department's request.

2) Please provide context for how the data included in the chart related to orphaned sites relate to higher numbers that are often referenced (e.g., 1,000 orphan wells).

Response: Orphaned well figures in the Question 1 table (above) are actuals and are calculated annually by Orphaned Well Program (Program) staff. Without more information, OGCC cannot speak to a specific estimate of 1,000 orphaned wells in any detail. OGCC believes that the potential does exist for the number of orphaned sites to increase in the case of a significant market downturn or other unpredictable events. A severe degradation of market conditions could result in the failure of a large number of producers in a short time frame, leading to large bond claims involving dozens or possibly hundreds of wells. To date, an event of this scale has not occurred. For context, the most recent market downturn, from approximately the middle of FY 2014-15 through FY 2016-17, resulted in higher orphaned well counts, but the numbers did not approach 1,000 orphaned wells. The increase in Known Orphaned Sites at Start of Year from 82 in FY 2016-17 to 267 in FY 2017-18 (see the table for Question 1) is certainly partially attributable to the downturn. During this same period, however, OGCC conducted a program-wide audit to standardize and centralize the tracking of orphaned sites;

this effort resulted in more accurate and comprehensive data, and is probably also a factor in the year-over-year increase in orphaned wells from FY 2016-17 to FY 2017-18.

The FY 2016-17 downturn period may be the source of conjecture about the possibility of 1,000 orphaned wells. At the time, there was concern about a number of operators and their ability to withstand changing market conditions. An across-the-board failure of these operators could have resulted in a spike in orphaned wells, but this did not come to pass. In general, OGCC has not experienced a large number of multi-well bond claims. OGCC processed one 20-well bond claim in FY 2018-19, and has seen one 6-well bond claim in FY 2019-20.

SEVERANCE TAX OPERATIONAL FUND UPDATE – S.B. 19-016

3) Which of the grant programs and grant-related distributions could cause significant damage if funding declines? Please provide input on prioritization of grant programs.

Response: The Department of Natural Resources administers a subset of the grant programs supported by the Severance Tax Operational Fund, including the Water Supply Reserve Fund, the Water Efficiency Grant Program, the Species Conservation Trust Fund, the Aquatic Nuisance Species Program, and reclamation at forfeited mine sites. DNR is also a partner of the Colorado State Forest Service, which administers the Forest Restoration and Wildlife Mitigation Grant Program. DNR cannot comment on the Operational Fund grant programs administered by other departments.

Grant Programs have traditionally been viewed as more flexible than the Core Programs supported by the Operational Fund (formerly known as “Tier 1”) because they can theoretically adjust grants or services to correspond to available funds without affecting permanent staff or ongoing operations. The Department has often identified the Aquatic Nuisance Species (ANS) Program as a specific exception to this general principle. The program has 4.0 FTE and, in order to be effective, the ANS Program needs to remain fully funded and continuously operational. ANS inspections cannot simply be stopped or scaled back due to lack of funding and resumed when revenue increases again. Once aquatic nuisance species are introduced into a waterway, there is effectively no way to get rid of them, with potential impacts in the millions or even billions of dollars. The Mussel-free Colorado Act (H.B. 18-1008) partially addressed this issue by establishing an ANS stamp on boat registrations as a more stable source of revenue for the program. The stamp was in effect for 10 months of FY 2018-19, bringing in about \$1.7 million in revenue for the program. CPW anticipates a full year of stamp revenue would be about \$2.0 million. See Question 21 for additional information.

The other DNR-administered grant programs also perform high-priority work that suffers when proportional reductions are implemented. The Species Conservation Trust Fund supports critical projects to protect and recover threatened and endangered species, and species in danger of such listing. Forest Restoration and Wildfire Risk Mitigation Grants support actions to reduce the risk of wildfire to people, property, infrastructure, and promote forest health. The Water Supply Reserve Fund and Water Efficiency Grant Fund are central to Water Plan implementation at both the basin level and statewide. Operational Fund transfers are the only source of funds that can be used to complete reclamation at under-bonded forfeited mine sites. When severance tax revenues decline, all of these activities are slowed or suspended, which has detrimental effects on program outcomes.

In recognition of this, DNR has been fortunate to work with the General Assembly during the most recent severance tax downturn to secure alternative sources of funding for a number of DNR grant programs. This includes General Fund transfers to the Species Conservation Trust Fund, ANS Program, and the Forest Restoration and Wildfire Mitigation Grant Program in both FY 2017-18 and FY 2018-19 (S.B. 17-259 and H.B. 18-1338) with an additional transfer for reclamation at forfeited mine sites in FY 2018-19 (H.B. 18-1338). Recent CWCB Projects Bills have also included transfers from the Construction Fund and the Perpetual Base Fund to the Water Supply Reserve Fund to help offset severance tax shortfalls (see Question 16 for additional information). Finally, the FY 2020-21 budget request includes a solution for forfeited mine site reclamation through the consolidation of Inactive Mines funding.

4) Describe the impact of the decline in funding available for the Low Income Energy Assistance (LEAP) program. What actions should the Committee consider taking in response to the decline? Should LEAP be funded from this source? What other funding streams might be considered or used for LEAP funding?

Response: Distributions for low-income energy assistance collectively represent the largest grant program supported by the Severance Tax Operational Fund, with a maximum authorized distribution of \$13.0 million per year (Section 39-29-109.3 (f), C.R.S.). As a Natural Resources and Energy Grant Program (formerly known as “Tier 2”), LEAP is subject to the same proportional reductions applied to all Grant Programs if there is insufficient severance tax revenue to support full distributions.

LEAP received 100% of authorized distributions for the current year, FY 2019-20. Pursuant to S.B. 19-016, this disbursement was from actual revenue that accumulated in the Operational Fund throughout FY 2018-19 and was transferred to Grant Program cash funds in August 2019. Based on the Legislative Council Staff September 2019 revenue forecast, Grant Programs (including LEAP) are projected to receive approximately 50% of authorized funds in FY 2020-21, accumulated over the course of the current year and distributed in August 2020; 20% of authorized funds in FY 2021-22; and 45% of authorized funds in FY 2022-23.

However, LEAP is not administered by the Department of Natural Resources. Operational Fund distributions for LEAP are divided between three separate cash funds administered by the Department of Human Services (25%), Energy Outreach Colorado (25%), and the Colorado Energy Office (50%). As such, DNR defers to these agencies for a discussion of the specific impacts of the projected decline in distributions on LEAP and other funding considerations for the program.

COAL PRODUCTION

5) Describe the tax incentives or write-offs that are available to coal producers and how these affect severance tax revenues.

Response: There are three severance tax incentives available to coal producers in Colorado:

- Section 39-29-106 (2)(b), C.R.S., exempts the first 300,000 tons of coal produced in each quarter of the taxable year from severance tax liability;

- Section 39-29-106 (3), C.R.S., allows a credit of 50% of the severance tax amount for coal produced at underground mines; and
- Section 39-29-106 (4), C.R.S., allows a 50% tax credit on the production of lignitic coal, but there are no mines producing this type of coal in Colorado.

As with any tax exemption or credit, these provisions reduce the amount of severance tax from coal collected by the state. The most recent [Colorado Tax Profile and Expenditure Report](#), issued by the Department of Revenue in 2018, includes data on the revenue impact of various severance tax credits, deductions, and exemptions for income tax years 2015 and 2016. According to the report, the combined value of the applicable severance tax credit and exemption for coal was \$8.8 million in 2015 and \$5.4 million in 2016.

DEPARTMENT REQUEST – R1 ELECTRONIC OIL AND GAS FILING SYSTEM

6) Why does the funding for the R1 Electronic Oil and Gas Filing System come from the Oil and Gas Conservation and Environmental Response Fund? Is this an appropriate fund for this purpose? Shouldn't fees related to the filing process fund this item?

Response: The Oil and Gas Conservation and Environmental Response Fund (Fund) is the OGCC's primary operating fund. It is used to support the full range of OGCC activities either in part or in full, including permitting, hearings, inspections, enforcement, the Orphaned Well Program, and operating functions including information technology. Primary sources of revenue to the Fund are the Conservation Levy, penalties, bond claims, and federal funds. Application fees required by S.B. 19-181 will be deposited into the Fund, along with the other funding sources listed, and used to pay for the ongoing cost of the electronic filing system.

DEPARTMENT REQUEST – R5 TRUE-UP ORPHANED WELL AND EMERGENCY SPENDING AUTHORITY

7) Please discuss the workflow for addressing orphaned wells. Please describe the Department's plans and strategies for reclaiming orphan well sites. How are liability issues addressed? How does the Department's strategy differ for various categories of wells (e.g., sites that have an owner and those that do not)?

Response: The Orphaned Well Program (Program) workflow follows a sequential path that includes project identification, site prioritization, and then any of several possible courses of action depending on the specifics of a given project.

Identification: Potential sites are identified a number of different ways, including referrals through routine field inspections, complaints from the public, well file reviews, other external sources such as State Land Board, and enforcement matters resulting in bond claims.

Determination of Eligibility: Once a potential orphaned well project is identified, Program staff's first step is an evaluation of eligibility. If OGCC determines that there is an active operator or identifiable responsible party liable for any required work, then the project is not eligible for the Program. As

such, OGCC's strategy does not vary based on "categories" of wells defined by ownership. Projects with an identified owner do not qualify for the Program..

Wells that become orphaned as the result of a bond claim are eligible for the Program. In most cases, bonds or other financial sureties are claimed by the Commission through enforcement orders when operators fail to comply with Commission Rules or following a bankruptcy. Wells that no longer have a legally functioning operator as a result of this process can be added to Program inventory. In emergency situations, OGCC may perform work prior to a bond claim and seek reimbursement after the work is completed if an operator is unwilling to comply with corrective action requirements and there is an immediate threat to public health, the environment, or wildlife.

If Program staff identify a site as eligible, the project is added to the overall program inventory. A "project" may consist of a single orphaned site with no wells to plug, a single well on a single site, or many wells and other facilities on multiple sites. Bond claims often involve multiple sites.

Project Scoping: Staff then logs a project registration date and documents the overall scope of the project, including number of sites, number of wells, and general work categories. Program staff determine the specific tasks to be performed at the orphaned site. Tasks vary from project to project and can include multiple items in a few broad categories:

- Field Operations: Installation of signage and labels; securing sites with locks, tags, and/or fencing; fluid removal from production equipment; equipment decommissioning (removal and disposal or salvage)
- Engineering: Plugging wells and abandoning flowlines
- Environmental: Sampling, analysis, and remediation
- Reclamation: Contouring, grading, seeding, and weed control

Staff develop a preliminary cost estimate for each task and identify relevant field inspection reports, photographs, surface ownership, and mineral ownership.

Prioritization: The Program's interdisciplinary team then assigns the site a priority based on a large number of factors, including:

- Population density and urbanization near the site
- Environmental factors
- Years in service
- Presence of historic or active spills
- Storm water issues
- Presence of noxious weeds
- Wildlife, livestock, or vegetation impacts
- Presence of surface equipment
- Bradenhead pressure
- Mechanical integrity test data
- Any documented history of venting or leaking

An aging factor is also considered based on the length of time that the project is in the program's inventory. Staff uses this information to group orphaned sites into Low, Medium, and High priority

categories. Executive Order D 2018-012 directs OGCC to prioritize High and Medium priority sites before Low priority sites.

Contracting and Project Execution: In general, orphaned well work is performed by independent contractors. Whenever possible, OGCC tries to realize economies of scale and group together multiple projects from one or more sites in close proximity, to reduce mobilization and demobilization expenses.

Once Program staff have performed all of the aforementioned due diligence and are ready to proceed with contracting, a project is assigned a Project Manager. The Project Manager is the day-to-day owner of the project and is responsible for every aspect of project completion. Bidding, award, and contract development are coordinated through the DNR Financial Services section. The Project Manager schedules any required tasks, monitors contractor performance, and verifies that the work is complete and the conditions of the contract have been met.

8) What is the backlog of orphaned wells, by category? Could the reclamation of these wells be accelerated by any means? What is the Department's sense of the scope of the work required to address orphaned wells?

Response: OGCC does not track orphaned wells based on ownership. If an active oil and gas operator can be identified as responsible for a site or well, then the site or well is not categorized as orphaned and is not added to the Orphan Well Program (Program) inventory.

As of December 2019, the Orphaned Well Program (Program) has an inventory of 441 sites that must be addressed. These sites include 247 wells that still need to be plugged. (Some sites do not have a well or do not require any additional work on a well, but require extensive other work by the program, including removal of equipment, environmental remediation, grading, seeding, weed control, etc.) Of the 441 orphaned sites, 79 (18 percent) are categorized as Low priority, 264 (60 percent) are Medium priority, and 98 (22 percent) are High priority. Please see the response to Question 7 for details about the factors that are used to prioritize projects.

The Orphaned Well Program is now fully staffed at 6.0 FTE and will soon be up to full capacity in terms of project management and contracting workload. Orphaned well projects require a significant amount of staff time to plan, procure, and execute. The Program prioritizes projects based on a large number of variables (detailed in question #7) and within existing staff resources. Quite often, Program staff do not know exactly what they will find when they perform site evaluations, and conditions can change as work proceeds and more is discovered about the site. Managing the projects themselves is quite challenging, and developing and executing legally sound contracts that can encompass a large number of variables and unknowns is equally difficult. DNR and OGCC contracting staff are already challenged by the workload as the Program gears up toward a projected \$4.75 million in annual expenditures.

9) Why has spending not reached the level of the appropriation? Do Department projections take into account the risk of a downturn in production, which could increase the number of orphaned wells? Please explain the proposed reduction and how it may impact the Department's ability to address the problem.

Response: Funding for the Orphaned Well Program (Program) increased from \$445,000 to \$5,011,000 in FY 2018-19. At this same time, Program funding was changed from annual spending authority to two-year rollforward spending authority. Since this time, 5.0 FTE have been added to program staff, bringing the number of staff dedicated to orphaned wells from 1.0 FTE to 6.0 FTE.

This large increase in funding and staff required a significant expansion of program processes, training, and management efforts. Hiring staff, developing new processes, and preparing bids for multi-well projects resulted in relatively modest spending in first half of FY 2018-19. Consequently, only slightly more than \$1.3 million of the \$5.0 million appropriation was spent by the end of FY 2018-19, leaving \$3.7 million to roll into FY 2019-20.

The rolled-over \$3.7 million from FY 2018-19 plus a new \$5.0 million appropriation for FY 2019-20 provides the program with \$8.7 million of spending authority in the current fiscal year. Even if the program significantly increases its spending in FY 2019-20 to \$4 million, as currently projected, it would still have \$4.7 million in spending authority remaining at year-end. That remaining spending authority would roll into FY 2020-21, leaving the program with approximately \$9.7 million to spend that fiscal year.

As shown in the table below, the OGCC expects annual expenditures to average about \$4 million for the foreseeable future, slightly more than the requested base appropriation level of \$3.85 million. Including an estimated \$750,000 in reimbursements to companies that participate in a voluntary plugging program, OGCC’s total estimated annual expenditures are projected to reach nearly \$5 million in FY 2020-21. This is a major escalation for a program that had \$445,000 in spending authority only two years ago.

	Actual FY 2018-19	Estimate FY 2019-20	Requested FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23
Base Appropriation	\$5,011,000	\$5,011,000	\$3,850,000	\$3,850,000	\$3,850,000
Rolled Forward from Prior Year	\$0	\$3,650,352	\$4,661,352	\$3,761,352	\$2,861,352
Adjusted Appropriation	\$5,011,000	\$8,661,352	\$8,511,352	\$7,611,352	\$6,711,352
OGCC Expenditures	(\$1,360,648)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)
Industry Expenditures	\$0	\$0	(\$750,000)	(\$750,000)	(\$750,000)
Remaining at Fiscal Year-End	\$3,650,352	\$4,661,352	\$3,761,352	\$2,861,352	\$1,961,352

Largely because of the two-year spending authority that the Program now has, OGCC believes the Program can sustain projected estimated expenditures for the next several years.

OGCC believes that a significant increase in the number of orphaned wells, driven by a downturn in production consistent with recent downturn, or other factor, could be handled even with the new base appropriation of \$3.85 million. Projects are prioritized into High, Medium, and Low priority categories. Within the current inventory of orphaned well projects managed by the Program, 78 percent of projects are categorized as Low or Medium priority, with only 22 percent categorized as High priority. A large influx of new projects would likely break down into similar categories. To manage new workload, Program staff would adjust resources to address High priority projects first, when practicable. Any major increase in the inventory, however, would push out completion dates for the program as a whole.

10) Were these reductions generated as a result of the OSPB budget instructions to identify reductions?

Response: When the appropriation for the Orphaned Well program increased to \$5.0 million with two-year rollforward spending authority, OGCC was aware that these two changes combined may result in excess spending authority but could not specify an amount until the program reached full capacity. Now that the program is in its second year, OGCC has been able to identify spending authority for the Orphaned Well Program that could be reduced while still supporting a robust program. This analysis coincided with OSPB budget instructions, but OGCC would likely have considered requesting an adjustment regardless.

STATE LAND BOARD

11) Please describe the State Land Board's preference and approach related to establishing an active or passive investment strategy for the Public School Fund Investment Board.

Response: The Public School Fund Investment Board (Board) is established by Section 22-41-102.5, C.R.S., to oversee the investment of the Public School Permanent Fund, with the goal of growing the corpus and increasing the income from the Fund. The Board is comprised of five members and is chaired by the State Treasurer. One member seat is reserved for a Commissioner from the State Land Board, and the remaining three seats are held by investment management professionals with significant relevant experience.

Section 22-41-104, C.R.S., establishes investment parameters to guide the Board and empower the Treasurer to execute the transactions resulting from Board guidance. Based on this statutory guidance, the Board has established an investment policy statement that informs Board decisions on portfolio investments. Within this statutory and policy environment, the Board has managed the portfolio so that it currently emphasizes passive investment. Similar to the practices of a vast majority of endowments, investments are made to accomplish specific income and growth targets. The portfolio is currently comprised of 80 percent bonds to ensure \$21.0 million in revenue for distributions required by Section 22-41-102 (g)(I), C.R.S., and 20 percent equities, consisting of iShares exchange traded funds tracking the S&P and MSCI indices.

12) How do risks and returns impact the State Land Board's leasing decisions related to agricultural lands (e.g., innovative agriculture models; determining the highest and best use as the sector is changing)?

Response: The State Land Board seeks opportunities to create leases that advance the agency's strategic goals of generating revenue and stewarding trust lands. The Land Board must carefully consider risks and returns in the context of its mission and statutory requirements. Guided by Section 36-1-118, C.R.S., the agency's strategic plan, and the significant land management experience of staff, leasing decisions are made after evaluation of a number of factors. Broadly put, SLB policy is that agricultural leases should: ensure the long-term health of trust land natural values; increase the resilience of state trust land in the face of extreme weather events and climate change; support partnership with lessees on preferred and innovative land stewardship practices; reinforce a positive

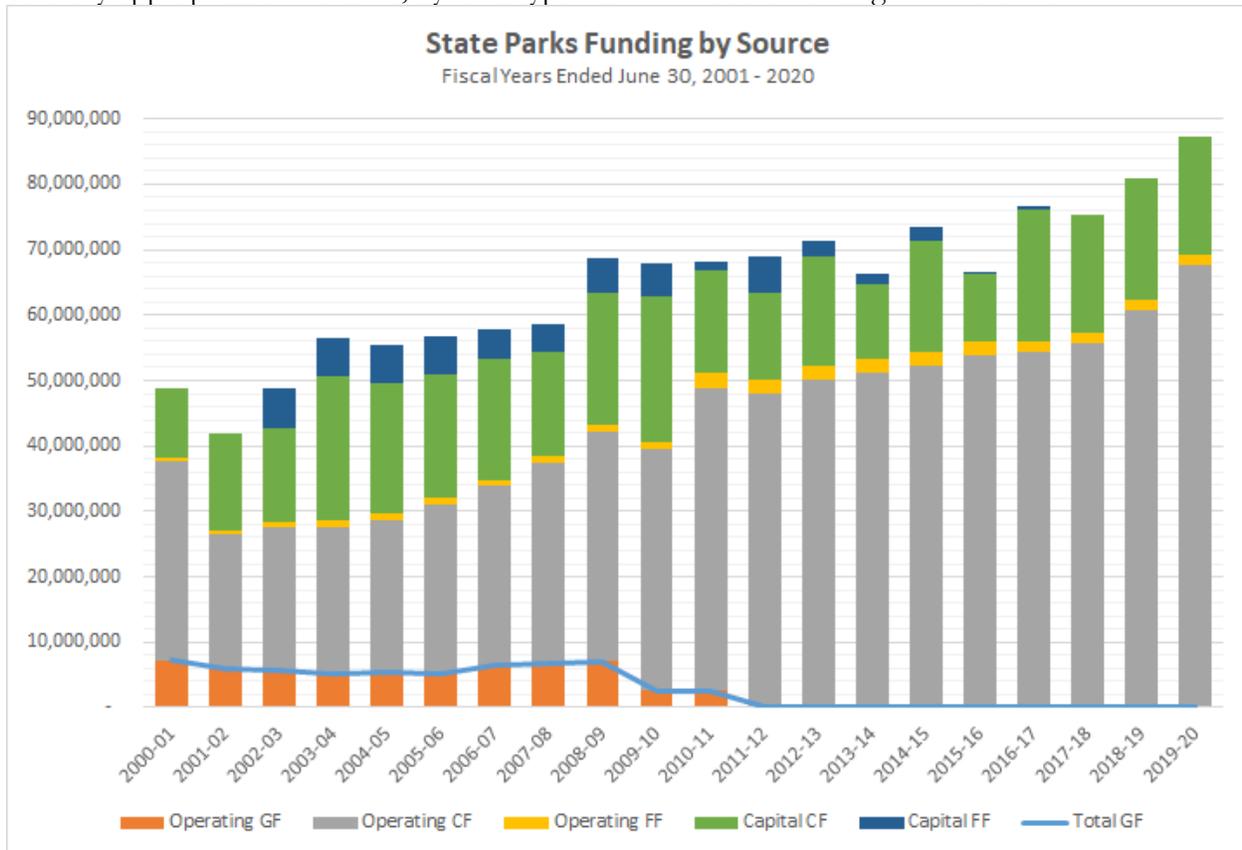
contribution to the local agriculture community; and support future generations of agriculture lessees. The Land Board also seeks to layer compatible uses on trust lands whenever possible. For example, agriculture leases may fit with wind energy tower leases, seasonal hunting and rights-of-way on the same parcel.

STATE PARKS

EXPANDING ACCESS TO STATE PARKS

13) Please provide a history of funding for State Parks, by fund source, for the last 20 fiscal years (if possible). Please point out if there is precedent for appropriating General Fund to State Parks.

Response: The following figure shows the breakdown of State Parks appropriations, including centrally appropriated line items, by fund type from FY 2000-01 through FY 2019-20:



There is precedent for appropriating General Fund for state parks. The General Assembly appropriated General Fund for state park operations from at least FY 1988-89 through FY 2010-11. Although these funds were appropriated for operations, not capital, CPW's capital and operating budgets are related in that CPW has to balance between the two in order to match operations to total funds available

During the last 20 fiscal years, state parks received as much as \$7.2 million General Fund (FY 2000-01), tapering to \$2.6 million in FY 2010-11, before General Fund appropriations were eliminated entirely during the economic downturn. In FY 2000-01, General Fund appropriations accounted for more than 24 percent of the State Parks operating budget, and over 17 percent of State Parks' overall budget. Most recently, CPW received \$150,000 General Fund starting in FY 2015-16 to supplement free park admissions for veterans in August of each year, pursuant to H.B. 15-1045. This amount is annualized in the Division's FY 2020-21 budget request to \$125,000 in accordance with the fiscal note.

14) Please describe the Governor's \$10 million capital request for the Increase State Parks Access project.

Response: Colorado Parks and Wildlife submitted a capital supplemental request on December 10 for \$10.0 million CCF (CC-S-1 Expanding Colorado's State Park System). The request includes \$4.0 million to help develop Colorado's newest state park (Fishers Peak) for public use, and \$6.0 million to provide significant facility and public access improvements at 11 additional parks statewide. A detailed list of capital projects CPW plans to undertake with this request is below.

Planning and Development at Fishers Peak Ranch, \$4,000,000: This property, located in Las Animas County, southeast of Trinidad, includes Fishers Peak, which is visible for miles and is the highest mountain peak in the United States east of I-25 at 9,633-feet. This distinct peak is the backdrop for the City of Trinidad, but has never previously been open to the public. To help meet the Governor's directive of opening the land to the public by January 2021, specified in Executive Order B 2019 010, this funding will support the first phase of projects designed to expedite public access to the property. Highlights of this phase include:

- Basic infrastructure including signage, vault toilets, and a gravel parking lot with Americans with Disabilities Act (ADA) compliant parking pads;
- 23 miles of multi-use non-motorized trails open to hiking and biking, plus a one-mile hiker only "path to the peak";
- Construction of a closed course beginner mountain bike loop designed to introduce youth and others who are new to the sport to mountain biking in state parks;
- A number of picnic areas along the trails at scenic areas complete with interpretive signage;
- Marion Flats scenic viewing site, including a boardwalk, viewing scopes, and ADA access;
- Public potable water access; and
- Restoration of four utility buildings and existing housing unit.

Arkansas Headwaters Recreation Area - Salida East Campground Upgrades Phase II, \$645,000: The Salida East site has historically been an unimproved camping location with no amenities or infrastructure. CPW worked with the Bureau of Land Management to obtain a new lease for the location that permits CPW to create a more structured campground area with designated campsites and other amenities. Approximately eight to ten campsites will be developed; each site will have a new parking pad with curb stops, new picnic table, new fire pit, and a new tent pad. Additional improvements to the area will also include upgrades to the road access system, the entrance station, and the day-use parking area for both trail and river access.

Cheyenne Mountain State Park – New Full Service Campground, \$1,500,000: A seven-acre parcel will be improved by adding ten to fifteen new full-service campsites, each with concrete pads and curb stops, picnic table, fire pit, and tent pad. The park’s existing campgrounds, which consist of fifty-one full hook up sites and ten basic tent sites, are full at 96.9 percent occupancy seven days a week during the high use season (May to October). This project also adds additional parking for trail system access at a higher elevation than existing parking areas.

Cherry Creek State Park – Road Paving, \$900,000: Cherry Creek State Park is celebrating over 60 years of being open to the public and is the second most visited park in the State. The road network, which is approximately 30 years old, serves a vital role in allowing the visitors access the various recreational opportunities. This project, which will include the rehabilitation of parking areas, roads, and associated bike lanes within the park, will improve the ability of the public to move within the park. It will also increase the park's useful life and improve the rideability of the existing shared bike lanes along those roads.

Sweitzer Lake State Park - South Shore Redevelopment, \$405,000: The South Shore of Sweitzer Lake is currently underutilized and for day use only. The area’s facilities date to the 1960s and are showing their age. The vault toilet, picnic sites, jetties, and shelters are in poor condition and are not ADA accessible. Additionally, the current swim beach area is at capacity and parking issues are a concern. Redeveloping the South Shore area with updated facilities and a new swim beach will take pressure off the existing swim beach and boat ramp area and afford more recreational opportunities at the park. The addition of five boat-in-capable sites will enhance visitor experiences, generating additional revenue with only minor increases in staff workload. The sites will also provide camping for duck hunters who travel from all parts of the state to hunt at Sweitzer.

John Martin Reservoir State Park - Phase I Day Use Upgrades, \$300,000: The North Shore day use areas were not fully completed when the park was built in 2002. The lack of day-use facilities has resulted in low visitor usage at the North Shore site. Visitors tend to stay in areas of the park that are more accessible. Visitors who do use the North Shore site must erect their own wind and sun protection on hot summer days. CPW will install ten additional clamshell shelters with picnic tables and grills at the Catch and Fry and West Boat Ramp areas, a single vault toilet to serve the Catch and Fry area; and a concrete parking pad, concrete access to the vault toilet, and one ADA clam shelter site. This project is the first of three phases planned. Offering these new facilities will promote additional park visitation along the north shore area of the reservoir, will improve visitor’s park experiences, and will increase ADA access to the area.

Lathrop State Park - Group Campground B Upgrade, Phase 1, \$250,000: Currently, Lathrop State Park’s group campground is a gravel cul-de-sac in Yucca Campground. This project includes constructing a large pavilion in the loop with picnic tables where campers can gather under one shelter, and adding ADA-compliant concrete walkways and parking areas. CPW will also add electric pedestals to enhance camping opportunities. These changes will benefit park visitors by allowing large groups, which have the potential to be noisy, to be located away from other campsites. CPW will allow up to 50 people to camp in the site. These changes are anticipated to increase park visitation and generate income from increased campground rental.

Castlewood Canyon State Park - Vault Toilet Replacements, \$250,000: The Westside and Juniper Rock restrooms and surrounding infrastructure are degrading at a rapid rate. The facilities are difficult to maintain and it is difficult to find replacement parts due to their age. This project will include the

replacement of the existing restrooms with new concrete double vault restrooms to better serve the visiting public.

Cherry Creek State Park – Dog Off Leash Area Improvements, \$300,000: The existing Dog Off Leash Area, which was constructed in 2010, has seen its use increase from 161,740 vehicles per year in 2010 to around 1.0 million vehicle visits per year in 2018. Currently, the use of this facility and fishing are tied as the most popular recreation activity at Cherry Creek State Park. This project will improve the public's enjoyment and accessibility of the area by adding three new bullpens, additional parking areas, and crushed granite walking trails. It will also add both permanent and temporary fencing to protect drainage ways and allow for temporary closures of various areas for re-vegetation and use management.

North Sterling State Park – Visitor Center Design, \$350,000: The existing Visitor Center/Headquarters is located in a 1967 doublewide mobile home and is not in a location to best serve the visiting public. The facility is settling causing cracking in the foundation and within the structure. The resulting cracks allow moisture to enter the building and there is evidence of mold throughout. This project will be to design new Visitor Center/Headquarters in accordance with masterplan and planning documents that are already completed. The new facility will be located closer to the main use area on North Sterling Reservoir State Park.

Eldorado Canyon State Park - Vault Toilet Improvements, \$250,000: Eldorado Canyon State Park is a prime hiking and climbing destination for the Front Range. The park continues to see increased visitation year-after-year and the existing facilities on the site are not able to meet demand. This project includes the replacement of the existing vault toilet located at the South Picnic area with a new double vault toilet and the installation of a new vault toilet at the Fowler/Rattlesnake Trailhead. These improvements will address the current lack of facilities and improve the visitation experience at the park.

Harvey Gap State Park - Vault Toilet Replacements, \$500,000: This project will allow Harvey Gap State Park to replace four existing brick vault toilets with modern concrete vault toilet facilities. The existing vault toilets are beginning to crack resulting in facilities that are not watertight or rodent and insect proof. The new vault toilets will improve the visitor experience and enjoyment of the park as well as addressing public health and safety concerns associated with the existing vault toilets.

Ridgway State Park - Group Campground Development, \$350,000: Ridgway State Park is one of Colorado's most popular parks, with diverse and extensive outdoor recreation amenities. One of the services that has been in demand since the park was constructed is group camping. Currently, if a group wants to hold several sites, they are required to reserve each site on its own. Often this results in a group being separated. In addition to being inconvenient, this creates impacts to other campers with members of the group cutting through other campsites, and noise related to large groups. This results in social trails and gathering spots on vegetation, which creates damage to resources in existing campsites. A group campground will address these issues, generate additional revenue, and attract groups that do not currently use the park.

14a) What portion of this request addresses Fisher's Peak? Please outline the cost history and timeline of Department activities and expenditures for the Fisher's Peak area.

Response: Capital projects at Fishers Peak comprise 40 percent of the \$10 million request. At this time CPW has not expended any funding on the Fishers Peak property, but the Division has committed \$7 million in Habitat Stamp funds (fee revenue) and another \$9.75 million in distributions from the Great Outdoors Colorado (GOCO) to acquire fee-title to the property. The funds allocated to the acquisition of the property do not address the development of the property for public access. The requested capital development funds will support the projects required to open the property for public use as a state park, not the acquisition itself.

A detailed timeline of the purchase of the property is as follows:

- June 14, 2018: The GOCO board of directors awarded \$7.5 million in funding from the open space quadrant to the Trust for Public Land (TPL) and The Nature Conservancy (TNC) to support their acquisition of the Fishers Peak property.
- February 2019: TPL and TNC completed fee-title acquisition of Fisher's Peak property for \$25.45 million funded by private donations, debt financing, and \$4.5 million of the committed \$7.5 million in GOCO open space quadrant funding.
- Summer 2019: During ongoing meetings between partners, all parties involved determined that transferring property from TNC and TPL to CPW via fee-title acquisition will better support development as a state park.
- September 12, 2019: Governor Polis signed Executive Order B 2019 010 directing DNR and CPW to work with project partners to establish Fishers Peak as Colorado's next state park.
- November 15, 2019: The CPW Commission (Commission) voted to set aside \$7.0 million in Habitat Stamp funds for fee title acquisition of the Fishers Peak property and to request the remaining \$9.75 million in necessary funds from GOCO state parks quadrant funding.
- December 10, 2019: The GOCO board of directors awarded \$9.75 million of state parks quadrant funding to CPW to support fee title acquisition of the Fishers Peak property.
- Spring 2020: Anticipated closing for CPW fee title acquisition transaction, including \$16.75 million from CPW comprised of \$9.75 million in GOCO state parks quadrant distributions and \$7 million in Habitat Stamp funds. An additional \$3.0 million also remains to be paid directly to TNC and TPL by GOCO; this is the remainder of the \$7.5 million of GOCO open space quadrant funding originally committed on June 14, 2018.

14b) Please specify what portion of expenditures was provided by funds from lottery proceeds, including direct distributions from lottery proceeds and other distributions from GOCO.

Response: CPW's portion of the fee-title acquisition is \$16.75 million, of which \$9.75 million, or 58 percent, is to be funded via GOCO distributions. No funding from lottery direct distributions has been used in the acquisition of the property.

14c) Please specify what portion of expenditures was provided by Parks and Wildlife cash funds earned from fee revenue.

Response: The remaining \$7 million, or 42 percent, of CPW's \$16.75 million portion of the fee-title acquisition, is to be funded from Habitat Stamp fee revenue.

14d) Provide a projection of operational expenses for the new Fisher’s Peak State Park. What does the Department anticipate in terms of operating costs going forward, and what sources of funds

Response: CPW expects to incur the following operating impacts associated with these projects from enterprise cash funds beginning in FY 2021-22:

- \$237,000 in FY 2021-22 and \$216,000 in FY 2022-23 for 3.0 FTE supporting public access to Fishers Peak, consisting of 2.0 FTE at the Park Manager II classification and 1.0 FTE Park Resource Technician at the Technician IV classification. The estimated cost for these positions includes benefits, operational expenses, and one-time capital outlays.
- \$46,000 annually for temporary staffing.
- \$40,000 annually for utilities, supplies, and fleet vehicles.

The Division expects to fund all operating costs from the State Park Operations line item, which includes fee revenues from the Parks and Outdoor Recreation Cash Fund, GOCO funding, and direct Lottery proceeds. CPW will continue to evaluate future needs as park amenities are added in accordance with a master plan for the property, which is currently in development.

14e) Please explain whether the requested capital project could be funded by lottery proceeds funding. If there are constitutional or other legal restrictions on spending from these funds for this purpose, please cite constitutional provision or other law and explain the restriction.

Response: There are no constitutional or legal restrictions on using direct lottery or GOCO distributions for these capital projects. Capital planning is a multi-year process, and capital projects are internally adjudicated and slated for funding in various years based on many variables. CPW could fund these projects using lottery or GOCO funding, but that will either delay the projects for several years or will displace currently allocated capital projects.

15) Are all lottery proceeds-related fund sources fully appropriated in the capital construction budget or are there portions which are spent off-budget?

Response: Section 3 of Article XXVII of the Colorado Constitution designates direct lottery distributions to CPW to be used for “acquisition, development, and improvement of new and existing state parks, recreation areas, and recreational trails.” The General Assembly further clarified in Section 44-40-111 (5)(c), C.R.S. that in addition to expenditure on capital construction, lottery money may be expended on operations and maintenance attributable to properties that have been acquired or developed with lottery money. Therefore, CPW uses direct lottery proceeds and GOCO distributions for operating budgets in addition to capital projects. Although all lottery funding is continuously appropriated, a portion of the funding does appear in the Long Bill for informational purposes only. All expenditures of lottery-related fund sources are recorded in CORE and are therefore reflected in the Division’s records.

15a) If there are portions spent off budget, please provide a 10-year history of lottery proceeds funding - both direct distributions and GOCO funding - showing the split between appropriated and off-budget expenditures by year.

Response: A five-year history of lottery direct distributions and expenditures follows. Fiscal Year 2014-15 marks the implementation of CORE and technical changes to how lottery expenditures were recorded. Comparing to the previous five years in an equivalent manner would be challenging. It is important to note that although the Division spent more lottery funding than it received in this five-year period, this is only representative as a snapshot in time. Because CPW funds multi-year capital projects with lottery proceeds, expenditures only appear to outpace revenues due to timing.

Lottery Direct Funding					
Fiscal Years Ended June 30, 2015 - 2019					
<i>(in millions)</i>					
	2014-15	2015-16	2016-17	2017-18	2018-19
Capital Expenditures	10.27	10.05	8.38	14.60	12.83
State Park Operations/Maintenance	1.86	1.85	1.88	2.36	6.96
Total Expenditures	\$ 13.14	\$ 13.02	\$ 11.11	\$ 16.96	\$ 19.79
Lottery Direct Distribution	\$ 12.80	\$ 14.36	\$ 13.52	\$ 14.07	\$ 16.65

Unlike direct distributions, CPW receives funding from GOCO on a reimbursement basis; therefore, revenue will equal expenditures for a given period. GOCO allocates funding to CPW annually for a number of projects identified in CPW's annual GOCO investment plan and reimburses CPW for expenditures on a monthly basis as they are incurred.

GOCO Parks Purpose Funding					
Fiscal Years Ended June 30, 2015 - 2019					
<i>(in millions)</i>					
	2014-15	2015-16	2016-17	2017-18	2018-19
Capital Expenditures	6.97	9.46	8.31	5.45	12.77
State Park Operations/Maintenance	4.84	5.11	4.81	5.14	5.64
Total Expenditures	\$ 11.81	\$ 14.57	\$ 13.11	\$ 10.59	\$ 18.41
Annual GOCO Parks Allocation	\$ 19.81	\$ 19.01	\$ 15.25	\$ 16.61	\$ 18.35

**WATER ISSUES
STATE WATER PLAN**

16) SB 19-212 appropriated \$8.3 million General Fund to the CWCB in FY 2019-20 to fund the Water Plan Implementation Grant Program. Please explain how this funding will be spent, including the following:

- An explanation of the process that is used to identify and prioritize water projects.

Response: The Water Plan Grant Program has two application cycles in each fiscal year. Upon receipt of the applications, CWCB staff reviews all submissions and scores projects based on the criteria and guidelines for the program. Projects are ranked based on how well the project meets the goals and measurable outcomes of the Colorado Water Plan and its respective Basin Implementation Plan. Preference is given to projects that have multiple benefits, purposes, and stakeholders. Within each funding category (Agriculture, Innovation & Outreach, Environmental and Recreation, Conservation and Land Use Planning, and Storage & Supply), projects are further evaluated on the specific goals of the category.

- A list of projects that are currently being funded with General Fund.

Response: The table below includes a list of projects by applicant, project name, and the grant amount. The projects are listed in groups according to grant categories. The program’s current General Fund appropriation was made available July 1, 2020 so these projects represent the first round of projects eligible for General Fund support.

Applicant	Project Name	Water Plan Grant Amount
Agriculture		
Bookcliff, South Side, Mt. Sopris Conservation Districts	Integrated Watershed Management Planning in the Middle Colorado River	\$95,000
Colorado Cattlemen’s Association	Agriculture Watershed and Stream Management Planning Outreach & Technical Assistance	\$79,400
Colorado Master Irrigator	Colorado Master Irrigator Program – Republican River Basin	\$149,800
Colorado State University	Food Asset Mapping to Understand Opportunities for Agricultural	\$163,885
Crawford Water Conservancy District	Lower Aspen Canal Piping Efficiency Project	\$274,000
Trout Unlimited, Inc.	Irrigation Efficiency and its Effects in Northwest Colorado	\$149,999
Webber Ditch Company	Webber Ditch Diversion and Piping Project	\$250,000
Engagement and Innovation		
Coalition for the Poudre River Watershed	Engaging Stakeholders & Communities in the Poudre	\$46,950
Colorado Ag Water Alliance	Outreach and Capacity Building for Ag Water Projects	\$12,734
Colorado Mesa University	CMU Water Education Needs and Capacity Assessment	\$14,539
Colorado Open Lands	Sandhill Crane Water Education and Engagement	\$7,730
Dr. Terri Hogue, Colorado School of Mines	Water Engineering Education for the Next Generation	\$38,880
For the Love of Colorado Coalition - Keystone Policy Center	For the Love of Colorado Public Education Initiative	\$85,000
Lincoln Hills Cares	Youth-Driven Engine to Help Make the South Platte River Swimmable and Fishable	\$21,964
National Young Farmers Coalition	Young Farmers and Ranchers Water Leadership Program	\$10,000
Poudre Heritage Alliance (with CSU Water Resources Archive)	Water Legacy: Documenting Knowledge for Future Generations	\$30,000
Rio Grande Watershed Conservation & Education Initiative	Water in the Real World: Youth Education in the Rio Grande Watershed	\$30,000
Water Education Colorado	Statewide Water Education Action Plan Launch - Implementation and Essential Groundwork	\$55,709
Environmental & Recreation		
Adams County	Clear Creek Whitewater Park	\$100,000
White River and Douglas Creek Conservation Districts	White River Algae Study	\$90,000
Water Conservation and Land Use		
Colorado Springs Utilities	Direct Potable Reuse (DPR) Demonstration	\$350,000
One Water Solutions Institute-Colorado State University	System and Process for Assessing Water Use of Land Use Decisions	\$149,249
Uponor-Phyn-Greyter	Sustainable Water Solution	\$130,000
Western Resource Advocates/WaterNow Alliance	Integrated Water & Land Use Planning in CO Communities: Direct Community Assistance	\$79,690
Storage and Supply		
Town of Erie	Horizontal Well Pilot Project	\$200,000
Total Water Plan Grants awarded Round 1 of 2 in FY20		\$2,614,529

- **In the past we have diverted some of this money to the Roundtable process. Provide an explanation of how this process is funded when severance tax revenues are inadequate (formerly Tier 2). How can we ensure that this process is supported in a sustainable manner?**

Response: The Water Supply Reserve Fund (WSRF) is an Operational Fund Grant Program that supports grants from Basin Roundtables for projects that implement their respective Basin Implementation Plans. Water Plan Grant funds have never been diverted to the WSRF. However, the Legislature has approved alternate funding for the WSRF from the CWCB Construction Fund and the Severance Tax Perpetual Base Fund when severance tax revenue projections are low and proportional reduction were required for WSRF and other Operational Fund grant program distributions. The table below provides funding information for the WSRF for FY 2017-18 through FY 2019-20:

Water Supply Reserve Fund

Funding Source	Fiscal Year	Appropriated Amount
Severance Tax Perpetual Base Fund (H.B. 17-1248)	2017-18	\$10 million
CWCB Construction Fund (S.B. 18-218)	2018-19	\$2 million
CWCB Construction Fund (S.B. 19-221)	2019-20	\$2.5 million
Operational Fund Grant Program Distributions	2019-20	\$10 million

Severance tax revenue is volatile and current forecasts indicate that distributions to grant programs, including the WSRF, will be reduced to approximately 50% of authorized funding in FY 2020-21 and 20% in FY 2021-22. The CWCB has proposed to transfer \$5 million of the \$10 million General Fund requested for Water Plan Implementation to the WSRF. This recommendation will allow local stakeholders to make immediate progress in implementing the goals of the Water Plan, as identified by the state’s nine Basin Roundtables.

17) SB 19-212 also appropriated 1.7 million General Fund to the CWCB in FY 2019-20 to reach out to stakeholders and perform technical analysis to develop a water resources demand management program. Please provide an update on how these funds are being used. Also provide an outlook for demand management, including possible funding requirements.

Response: CWCB initiated a process to investigate the feasibility of a potential demand management program within the state that parallels efforts at the interstate level. CWCB is currently in the evaluation process supported by the \$1.7 million appropriation in S.B 19-212 and it represents the first step in assessing the possibility and feasibility of a Demand Management Program. CWCB has convened eight workgroups and is in the process of issuing a request for proposals to select a contractor to assist CWCB staff to help: 1) identify the primary issues associated with any potential Colorado River Demand Management program to be considered in Colorado; and 2) frame these issues for future consideration by the public and the Board.

CWCB anticipates each workgroup will meet at least four times in FY 2019-20, to: 1) identify key issues or concerns to consider related to the topic of the workgroup; 2) outline possible alternatives

for analyzing the issues or concerns; and 3) note the opportunities, challenges, risks, etc. associated with each alternative. The workgroups' findings will be summarized and evaluated by CWCB's project management team and presented to the Board in Summer 2020. CWCB will continue to work to identify next steps in the potential development of a Demand Management Program, including any possible future funding requirements.

18) What is the difference between the total resources needed to implement the State Water Plan and the amount of General Fund and Proposition DD revenues anticipated to be available?

Response: Colorado's Water Plan, published in 2015, estimated a \$100 million annual funding gap to meet the state's water supply needs by 2050. This estimate is expected to be refined through updates to the Basin Implementation Plans and Colorado's Water Plan, which are scheduled to start in 2020. CWCB anticipates publishing the update to the Water Plan, which will include the new funding gap, in 2022.

The \$10 million General Fund appropriation in FY 2019-20, as well as the \$10 million General Fund in the Governor's FY 2020-21 budget request, are one-time appropriations. The proposed allocation of the requested \$10 million will add to an approximately \$12 million funding package for Water Plan implementation from the CWCB Construction Fund currently being proposed for inclusion in the 2020 Water Projects Bill. In addition, the Proposition DD sports betting tax is a new revenue stream for the state and it is difficult to predict the amount of funding that will be received and/or whether there will be fluctuations in collections from year-to-year. The revenue projections for distributions to the Water Plan Implementation Cash Fund (WPICF) vary widely and range from approximately \$4.1 million to as high as \$27.2 million per year. With the help of the Department of Revenue, DNR and CWCB will monitor projected revenue distributions to the WPICF carefully for planning purposes.

PROPOSITION DD AND THE WATER PLAN IMPLEMENTATION CASH FUND

19) Sports betting becomes legal on May 1, 2020. When will the fund begin receiving money?

Response: With the approval of Proposition DD, H.B. 19-1327 directs revenue from sports betting and associated licensing fees into the Sports Betting Fund, administered by the Department of Revenue (DOR). The bill established the following progressive series of revenue distributions and transfers in statute to be made contingent upon available revenue:

- (1) repay the General Fund for start-up costs for the Division of Gaming;
- (2) payment of ongoing administrative expenses for sports betting and an associated reserve;
- (3) transfer to the Hold Harmless Fund;
- (4) transfer to the Office of Behavioral Health in Dept of Human Services to support a crisis hotline and treatment and education efforts for gambling disorders;
- (5) transfer of remaining funds to the Water Plan Implementation Cash Fund (WPICF).

As the last transfer to occur, the WPICF will receive any remaining revenue in the Sports Betting Fund after the requirements of the other transfers are met. The Department of Revenue has communicated to DNR that it plans to assess revenue in the Sports Betting Fund at the end of every fiscal year, starting in July 2020, and making any transfers each fall. The WPICF would receive revenue as part of this process, but only if enough revenue is collected to flow through the distribution formula. Depending on available revenue (see Question 20), it is possible the WPICF will not receive any revenue until distributions are made after the close of FY 2020-21.

20) The final fiscal note for H.B. 19-1327 expects transfers to the Fund totaling \$4.1 million in FY 2019-20 and \$6.4 million in FY 2020-21. Please explain projected revenues related to Proposition DD. Specifically, why is the transfer for FY 2020-21 only slightly larger than the transfer for FY 2019-20, even though FY 2020-21 will experience a full year of tax revenues, as opposed to two months of revenues for FY 2019-20?

Response: It is the Department's understanding that the FY 2019-20 revenue was expected to be driven primarily by licensing fees (see Page 6 of the final fiscal note for H.B. 19-1327). The fiscal note estimated that 40 license applications would be submitted during FY 2019-20 with a licensing fee of \$125,000 per license, generating about \$5.0 million in revenue. Fiscal Year 2019-20 tax revenue collected in May and June was projected to be \$1.3 million based on current sports betting revenue trends in states with similar sports betting structures, adjusted on a per capita basis. For FY 2020-21, the fiscal note anticipated 6 license applications, resulting in revenue of about \$750,000, with projected tax revenue of up to \$10.4 million. The application of the statutory formula to these revenue projections results in the transfer amounts to the Water Plan Implementation Cash Fund cited above.

It is important to note that the assumptions and projections for Proposition DD revenue and the associated transfers to the Water Plan Implementation Cash Fund were generated by Legislative Council staff. DNR would defer to Legislative Council staff expertise regarding the details of the analysis. Additionally, the Department of Revenue communicated to DNR that the Colorado Limited Gaming Control Commission set master sports betting licensing fees at \$2,000 at their meeting on November 21, 2019, which departs from the assumptions in the fiscal note and will affect revenue expectations accordingly.

AQUATIC NUISANCE SPECIES

21) Regarding H.B. 18-1008 Mussel-free Colorado Act, please provide an update on the Aquatic Nuisance Species Program.

Response: CPW's Aquatic Nuisance Species (ANS) Program continues to meet the challenge of protecting the state's water resources and infrastructure from the establishment of harmful ANS. Colorado remains free of reproducing populations of adult zebra and quagga mussels, while fellow western states without mandatory inspection programs (e.g., Arizona, Kansas, South Dakota, and Texas) continue to detect infestations. Colorado has prevented the introduction of this invasive species due to the diligent efforts of watercraft inspection and decontamination, early detection monitoring, education, and enforcement efforts.

In 2019, CPW intercepted 86 watercraft infested with zebra or quagga mussels coming in from out of state. In 2018, the state intercepted 51 infested watercraft and in 2017 the state intercepted 26 infested watercraft. Prior to that, CPW averaged 16 interceptions each year. This exponential growth in the interception of infested boats is directly related to the growing threat invasive mussels pose to Colorado's water infrastructure, natural resources, and outdoor recreation. CPW's Invasive Species Program, along with the efforts of partners, is critical to maintaining opportunities for recreation, preserving natural heritage and protecting water supply and delivery infrastructure for municipal, industrial, and agricultural use.

Zebra mussels, and their close relative quagga mussels, are highly invasive aquatic species that negatively impact plankton communities, fisheries, and water based recreation; in addition to threatening our water storage and distribution systems for municipal, industrial, and agricultural use. The ANS Program has been successful in stopping the continued spread of zebra and quagga mussels, and other ANS, into Colorado's waters by watercraft. There has never been an adult zebra or quagga mussel found in a Colorado water body. However, the larval stage of the mussels, known as veligers, have been detected in several waters in the past. Colorado follows the western regional standards for listing and de-listing water bodies for zebra and quagga mussels, as documented in the Western Regional Panel's Building Consensus in the West Workgroup. Per this standard, Green Mountain Reservoir is currently listed as a suspect reservoir for quagga mussels. A suspect reservoir requires three years of negative testing to be delisted to negative. There were no new detections in 2018 or 2019. CPW intends to delist Green Mountain in January 2021, pending no positive results in 2020.

COLORADO AVALANCHE INFORMATION CENTER

22) How does the CAIC collect avalanche data, and why does it collect it this way?

Response: The CAIC collects data for avalanche forecasting operations in the following ways:

- Automated remote sites – The CAIC operates a network of automated observation stations in critical high-elevation areas of Colorado. The Center also collects data from automated stations owned by federal, state, and local government groups and private sector groups. This data feeds into a central repository and is used in visualization tools that allow the forecasters to look for patterns in the combined dataset.
- Manual study plots – The CAIC maintains a set of manual observation sites along the State Transportation System and critical mountain passes. Forecasters take measurements at these sites at specific intervals. These data feed into a central repository and are used in visualization tools that allow the forecasters to look for patterns in the combined dataset.
- Targeted field observations – CAIC staff travel into mountainous areas of Colorado to collect data from critical areas during different portions of each avalanche cycle. The location of this work and the data the staff collect change depending on the characteristics of current avalanche conditions and the available data. The group works together each morning to identify critical data gaps and a strategy to fill them before they issue the next set of public safety products.
- Data sharing with avalanche safety groups – CAIC staff provides data to and collects data from federal, state, and local government groups and private sector groups. Many of the private sector groups are working on other avalanche safety applications, such as ski areas,

mechanized ski operations, and motorized and non-motorized backcountry guiding. These data feed into a central repository and are used in visualization tools that allow the forecasters to look for patterns in the combined dataset.

- Public observations – The CAIC collects observations from the general public. These observations range from pictures or videos of snow, weather, and avalanche elements and reports from people about their day of recreation on social media, to detailed measurements and field tests collected by interested and skilled people. These observations are submitted to the Center through its website, a mobile phone application, emailed, texted, or phoned in to one of the staff members. These data feed into a central repository and are used in visualization tools that allow the forecasters to look for patterns in the combined dataset.
- Remote sensing – The CAIC uses satellite and radar data during daily operations. The Center has a strong partnership with the National Weather Service and access to data feeds and visualization systems operated and maintained by NOAA. Avalanche forecasters working with CDOT use thermal imaging to evaluate the results of active avalanche hazard mitigation operations. CDOT and the CAIC are involved in several research projects to develop LiDar systems and infrasonic systems to detect avalanches along the State Transportation System.

Assessing and predicting avalanche hazard requires information on the structural and mechanical properties of the snowpack, weather conditions throughout the mountains, and characteristics of recent avalanches. Collecting this information over the entire state is a huge task. To have the biggest impact on public safety, the CAIC implements a data collection strategy with two main parts.

- Collecting data from outside sources – This includes information collected by other government and private-sector groups, both for avalanche safety applications and for other reasons. It also includes information from recreationalists.
- Targeted sampling – As part of their daily process, CAIC staff identify critical issues and areas where focused data collection will have a significant impact on the next round of weather and avalanche forecasts.

23) Who are the first responders for avalanche incidents?

Response: Search and rescue is the responsibility of the county sheriff (Section 24-33.5-707, C.R.S.). The sheriff's office typically works with emergency services and a local group of search and rescue volunteers on backcountry rescues. They may ask government groups, including the CAIC, or private sector groups for support during an avalanche rescue or recovery. Most people killed in avalanches die from injuries sustained in the avalanche or by asphyxiation in the debris. Because of how people die in avalanches, most successful rescues are initiated by people in the same recreational group or bystanders. The critical time frame for a person buried in an avalanche is less than 30 minutes. As a result, part of the CAIC's public outreach is to encourage people to carry rescue equipment, including an avalanche rescue transceiver, a probe pole, and a shovel. The CAIC's main talking points to the public are: 1) get the forecast, 2) get some training, 3) and carry avalanche rescue equipment.

There are some cases where organized rescue groups have recovered people buried in avalanche debris, but most of their work in avalanche accidents involves medical care and evacuation from the field. Organized search and rescue efforts are extremely important in the difficult process of recovering people killed in avalanches, especially if the person is not wearing an avalanche rescue transceiver.

24) Is there any data on the average cost of responding to an avalanche incident? If yes, what are those costs? If not, please explain why.

Response: There is no good data source for the cost of avalanche rescue in Colorado. The Colorado Search and Rescue Board is actively working to improve the collection of data on search and rescue efforts, but the number of groups involved and the resources of these groups (professional to volunteer) makes collecting the data a challenging task. The CAIC consulted with the Summit County Sheriff's Office and constructed an estimate of \$8,000 for an avalanche rescue effort that lasted approximately 6 hours, which is a typical length for a response that does not involve a buried victim. The estimate includes personnel and helicopter costs. It does not include purchasing and maintaining equipment or training and maintaining a qualified group of rescue workers. It's important to note that this estimate is reflective of a relatively simple rescue and is likely not representative of all or even typical rescue efforts.

25) Can recreationalists be held liable for triggering an avalanche? If yes, please describe these liabilities (financial, legal, etc.). If not, please explain why.

Response: This is a complicated legal question. As such, the Department consulted with the Assistant Attorney General assigned to the CAIC, but this answer is composed by the CAIC and not an attorney. A more complete and detailed answer discussing potential criminal and civil liability could be obtained through the Attorney General's Office or Legislative Legal Services and CAIC staff could be part of that discussion.

A recreationalist that triggers or causes an avalanche could be subject to either criminal or civil liability for damages to persons or property; however, such a determination will be an incident-specific determination, based on a variety of circumstances. In either a criminal or civil matter, causation of the avalanche will be a primary and fundamental issue, and this carries a high burden of proof. The CAIC has been involved in discussions with both local law enforcement and private parties regarding criminal and civil issues that resulted from avalanches being triggered by one party and impacting another party. To our knowledge, there are no Colorado statutes that explicitly address either criminal or civil liability incurred by a party that knowingly or unknowingly triggers an avalanche in the backcountry.

Although there are very few Colorado cases on this point, there are many examples of when avalanches have been triggered by recreationalists in the backcountry.

- There have been instances where people have triggered an avalanche into an open highway (https://avalanche.state.co.us/caic/acc/acc_report.php?acc_id=599&accfm=inv), but so far none that damaged public or private property.
- In February 2019, a snowboarder triggered an avalanche that killed a backcountry skier (https://avalanche.state.co.us/caic/acc/acc_report.php?acc_id=705&accfm=inv). To our knowledge, no criminal charges have been filed in this case. A similar incident occurred in 2010 (https://avalanche.state.co.us/caic/acc/acc_report.php?acc_id=524&accfm=inv). A person involved in that accident was charged with a violation of the Ski Safety Act (C.R.S. 33-44-101 et. seq.), but nothing pertaining to the avalanche.
- A backcountry skier was awarded a judgment in San Miguel County Court regarding an avalanche accident in 2016

https://avalanche.state.co.us/caic/acc/acc_report.php?acc_id=611&accfm=inv). In this case, the two parties agreed to take steps to avoid exposing each other to avalanche hazard while traveling in very steep terrain. One group did not follow through on this agreement and triggered an avalanche on to the other, producing bodily harm. The agreement between the two parties was the essential part of the judgement and not the fact that it involved an avalanche.

All of the previous examples involve people traveling in backcountry areas. Specific to avalanches within the boundary of a Ski Area, in 2016 the Colorado Supreme Court ruled in *Fleury v. IntraWest Winter Park Operations Corp.*, 14SC224, that avalanches, while not specifically mentioned in the Ski Safety Act, were an inherent risk of skiing. The Ski Safety Act shields resorts from lawsuits stemming from the death or injury of skiers.

26) Is there a permit required for backcountry access or use? Would it be possible to expand fees to more types of recreationalists to cover associated costs related to Colorado Avalanche Information Center or search and rescue activities?

Response: Colorado Parks and Wildlife collects a variety of fees related to specific activities conducted in the backcountry, though a permit is not required from CPW specifically for backcountry access and use. Examples of fees collected by CPW for specific activities include hunting and fishing licenses and off-highway vehicle and snowmobile registrations/permits. A \$0.25 search and rescue surcharge is also added to the purchase of each of these products, which is allocated to the Department of Local Affairs' Search and Rescue Fund and distributed each year to local governments to support search and rescue efforts. While CAIC benefited from an allocation of \$2,000 in FY 2018-19 from snowmobile permit/registration fees, there is no specific user fee associated with winter recreation that supports the activities of CAIC.

While the state does not currently charge fees for winter-based recreation (aside from snowmobile permits/registrations), precedent exists for land managers charging such fees. For example, some federal lands that are highly utilized for winter recreation currently require a fee, either in the form of a permit/pass or in the form of payment for parking. The U.S. Forest Service charges a fee of \$10.00 per person, per day for winter recreation by snowmobilers, snowshoers, backcountry skiers, etc. at Vail Pass. More information about that program can be found here: <https://www.fs.usda.gov/recarea/whiteriver/recarea/?recid=40891>. In addition, surrounding private landowners charge \$5.00 for parking to access St. Mary's Glacier. More information can be found about that program here: <http://stmarysglacier.com/visitors/>.

Related to this question, DNR, along with the Department of Public Safety and the Department of Local Affairs, is currently drafting a bill to address structural and funding challenges with the state's search and rescue program. The Governor's FY 2020-21 budget request includes a \$180,000 General Fund placeholder for the appropriation to support the provisions in the proposed legislation. The conversation around that bill will provide an opportunity to consider the search and rescue component of this question more fully.

**Colorado Department of Natural Resources
JBC Common Questions FY 2020-21 Budget
December 18, 2019**

1. Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

Response: Four Department of Natural Resources (DNR) divisions are in the process of implementing legislation.

Division of Reclamation, Mining, and Safety

The DRMS Minerals Program has partially implemented H.B. 19-1113, concerning the protection of water quality from adverse impacts caused by mineral mining. In addition to protecting water quality, this bill eliminated self-bonding as an option for financial warranties in hard rock mining operations. The single self-bonded hard rock operator in Colorado was given notice of financial assurance replacement requirements by the bill's August 2020 deadline. The bill requires rulemaking, scheduled for Fall 2020.

Oil and Gas Conservation Commission

S.B. 19-181 was signed in April 2019. The legislation requires that OGCC regulates oil and gas development and operations in a manner that protects public health, safety, welfare, the environment and wildlife resources. S.B. 19-181's amendments to the Oil and Gas Conservation Act are far-reaching and will require multiple rulemakings over several years to fully implement. For FY 2019-20, rulemaking hearings have already occurred or are expected to occur for the following:

- Flowlines – rulemaking occurred November 20-21, 2019
- Mission Change – rulemaking scheduled for February 26-27, 2020
- Cumulative Impacts – rulemaking scheduled for March 25-26, 2020
- Alternative Location Analysis – rulemaking scheduled for April 22-23, 2020

Rulemaking topics in FY 2020-21 include permit fees, financial assurance, and oil and gas worker certification.

Colorado Parks and Wildlife

Colorado Parks and Wildlife is in the process of fully implementing two pieces of legislation: S.B. 18-143 (Future Generations Act) and S.B. 19-181 (Concerning additional public welfare protections regarding the conduct of oil and gas operations).

The Colorado Parks and Wildlife Commission (Commission) and CPW staff have made significant progress toward full implementation of the Future Generations Act. The majority of the bill's provisions have been addressed in agency regulations and approved by the Commission, with the most substantial changes taking effect on January 1, 2019. The Act expands the Commission's authority to include developing new license combinations, low-income licenses, and young adult hunting licenses, although these provisions are discretionary. The Commission has not acted on these as of December 2019 but will consider them in the near future. The first required annual report on implementation of the Act was submitted on November 1, 2019, and can be found at:

<https://cpw.state.co.us/Documents/About/Reports/FutureGenerationsAct-Report-2019.pdf>.

Senate Bill 19-181 included an appropriation of 1.0 FTE for CPW to provide wildlife resource protection expertise for counties and municipalities as they address oil and gas regulation. CPW has delayed filling this position in order to fully assess changes to county and municipality regulations in light of the significant implications of S.B. 19-181, the large number of rulemakings that it will require, and the overall impact it will have on Colorado's regulatory environment. As the Oil and Gas Conservation Commission proceeds with rulemakings and counties and municipalities make their own modifications, CPW will move quickly to fill this position and provide additional assistance to local governments.

Colorado Water Conservation Board

Approved by voters during the November 2019 election, Proposition DD decriminalizes sports betting and levies a tax on net sports betting revenue authorized by H.B. 19-1327. The bill directs a portion of the revenues generated through collection of the sports betting tax, effective in May 2020, to specified public purposes, including the state water plan through creation of the Water Plan Implementation Cash Fund (WPICF). Grants may be made from the WPICF pursuant to Section 37-60-106.3 (6), C.R.S. Projections for distributions to the WPICF vary widely from \$6.3 million to as high as \$27.2 million a year.

The Department is evaluating the impact of the increased revenue and how it will fit in to the larger water plan implementation funding package, but generally anticipates appropriating money from the Water Plan Implementation Cash Fund each year through the CWCB Projects Bill process.

2. Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report: Status of Outstanding Audit Recommendations" that was published by the State Auditor's Office and dated June 30, 2019 (link below)? What is the Department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

<http://leg.colorado.gov/audits/annual-report-status-outstanding-audit-recommendations-june-30-2019>

Response: DNR does not have any high priority outstanding recommendations.

3. If the Department receives federal funds of any type, please respond to the following:

a. Are you expecting any changes in federal funding with the passage of the FFY 2020-21 federal budget? If yes, in which programs, and what is the match requirement for each program?

Response: A number of DNR divisions receive some level of federal funding, including: DRMS, OGCC, CPW, CWCB, and DWR. Of these, the only potential change anticipated for FFY 2020-21 is a slight increase in FEMA funding for the DWR Dam Safety Program for high hazard dam rehabilitation projects. The DRMS Coal Program has seen a decline in federal funding of about 8% since FFY 2014-15 but projects federal funding to remain relatively stable in FFY 2020-21. No other changes in funding are currently anticipated for FFY 2020-21.

b. Does the Department have a contingency plan if federal funds are eliminated?

Response: Although DNR does not anticipate any reductions in federal funds, most divisions would generally seek to continue program operations by absorbing any shortfall within existing resources and/or prioritize the completion of projects to fully exhaust any remaining funds. However:

Division of Reclamation, Mining, and Safety

The DRMS Coal Land Reclamation Program is funded with a mix of federal funding and severance tax revenue used as a required state match (Operational Fund). Federal funding is generated by a fee assessed on the overall tonnage of coal produced in Colorado; the distribution of these fees back to the states is mandated in federal statute and very unlikely to be discontinued. However, if federal funding was eliminated, the Coal Program would be unable to meet its statutory charge and DRMS would lose primacy for the regulation of coal mining in the state of Colorado. Loss of primacy would result in the reversion of oversight and enforcement of the Coal Program to the federal Office of Surface Mining. Without state primacy, Colorado would then also lose eligibility for federal funding that supports the Inactive Mine Reclamation Program and the Mine Safety Training Program. These programs are partially cash-funded, but the resulting reduced level of overall funding would severely limit operations.

Colorado Parks and Wildlife

Colorado Parks and Wildlife receives federal funds from a variety of sources, but the two most important are the Pittman-Robertson Act (an excise tax on the sale of firearms and ammunition) and the Dingell-Johnson Act (sales tax on the sale of sport fishing equipment and other aquatic recreation equipment). These funding sources support a variety of CPW programs and activities. If these funds were eliminated or significantly reduced, CPW would have to make strategic reductions to wildlife-related activities throughout the Division. However, these funds are allocated to the states based on a statutory formula and are not discretionary, which makes any reductions unlikely. Additionally, elimination would involve federal legislation repealing the acts and current federal activity is seeking to bolster them instead.

c. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2019-20 or 2020-21.

Response: No DNR division is subject to any current or pending federal sanctions.

d. Compared to other states, Colorado ranks low in receipt of federal dollars. How can the Department increase the amount of federal money received?

Response: In many cases the federal funding DNR divisions receive is determined by external factors that are beyond their purview. For example, federal funding received by DRMS is driven by specific formulas that are either based on variables that are outside of DRMS' control or are simply not feasible to alter. CPW funding from both the Pittman-Robertson and Dingell-Johnson Acts described previously are allocated to the states based on a statutory formula and are not discretionary; any significant increases in federal receipts is unlikely. CPW and other divisions actively pursue potential federal funding opportunities that align with their mission and activities. The DRMS Mine Safety Training Program (MSTP) has successfully competed for additional federal training funds from the Mine Safety and Health Administration for the Brookwood-Sago grant program. Based on this success, MSTP is enhancing its application strategy for future grant cycles.

e. What state funds are currently utilized to draw down (or match) federal dollars? What state funding would be required to increase the amount of federal funding received?

Response: In most cases, increased appropriations to DNR divisions would not necessarily result in increased federal funding.

Division of Reclamation, Mining, and Safety

The Severance Tax Operational Fund serves as the source for the funds to match federal funds in the Coal and Mine Safety Training Programs. It is highly unlikely that any additional grant funds would be awarded even if additional matching funds were available. The Office of Surface Mining, Reclamation, and Enforcement (OSMRE) receives a discrete amount of grant-eligible funds each year, and the state grant amounts are predetermined by OSMRE prior to the submission of grant applications. If any grant funds are returned to OSMRE, states can submit a supplemental grant application for special projects, subject to available matching funds.

Oil and Gas Conservation Commission

The OGCC receives a small federal grant for the Underground Injection Control Program. (OGCC has no reason to believe that this grant will change as a result of the FFY 2020-21 budget.) The Oil and Gas Conservation and Environmental Response Fund is used to match these federal funds. It is not clear whether increased cash funding would allow OGCC to receive more federal revenue. Broadly speaking, the OGCC is unaware of grant opportunities requiring a significant match.

Colorado Parks and Wildlife

CPW uses diverse funding sources including fee revenues and distributions from GOCO and Lottery for federal match. Most federal funds that CPW receives are formula-driven based on state population and other factors. The Division's matching funds are not a limiting factor.

Colorado Water Conservation Board

The CWCB utilizes cash funds to match federal dollars received. The Community Assistance Program cannot receive additional federal funding per the federal government. There is a possibility that the Map Modernization Program could receive additional federal funding, but each year, it is dependent on the availability of funds in the federal budget and approval by the federal government. Additional state funds would not change this situation.

Division of Water Resources

DWR currently provides a small amount of matching General Fund and cash funds from CWCB funded programs for federal grants. Additional appropriations of these funding sources would not necessarily lead to a corresponding increase to federal funds for two primary reasons: 1) DWR does not have the staff capacity to handle the increased workload associated with more federal grants and 2) DWR makes an assessment of the available grants and eligibility requirements and applies for the grants that align with DWR programs and priorities.

4. Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?

Response: The Department conducts public awareness work to advance certain priorities. This work is described in more detail by division below.

Division of Reclamation, Mining, and Safety

DRMS's website provides valuable information to the mining industry, mine employees, and the general public regarding mine safety and training. Another DRMS website, "Reclamation Colorado" demonstrates successes in mine site reclamation and includes historic and current information on mining in the state. The effectiveness of both websites is measured by the number of hits received annually. The cost to maintain DRMS's primary website is included in OIT Common Policy charges. The "Reclamation Colorado" website expense is \$1,540 per year.

The Inactive Mines Reclamation Program (IMRP) supports the “Stay Out, Stay Alive” campaign to warn the public to avoid abandoned mines through hand-outs for career fairs and school events. The relatively low rate of accidents that occur in abandoned mines are an indicator of campaign effectiveness. The program spends less than \$3,000 per year to update and produce hand-outs. Outreach conducted by the Division related to mine safety and rescue trainings is provided through participation in trade association committees, booth exhibits at conferences, and by referrals to new participants from previously trained miners. There are no specific expenses associated with these points of contact.

State Land Board

The State Land Board has worked with Rocky Mountain PBS (RMPBS) to air 15 and 30 second branding commercials during children/family programs and science programs and advertisements in PBS publications, as well as RMPBS digital platforms. The goal of this campaign is to increase awareness among lessees and potential lessees, trust beneficiaries, and the public at large about the impact the State Land Board’s work has on Colorado’s schoolchildren. The State Land Board will spend \$11,450 in FY 2019-20 with RMPBS for paid media. The State Land Board does not receive tax funds and pays for media from operating revenue. The Land Board maintains a media relations plan for earned media. Staff facilitates earned media in-house at no expense. The State Land Board measures the effectiveness of the campaign using RMPBS viewership analytics and other digital communication analytics.

The State Land Board is not working with federal or other state departments on coordinated campaigning but does work with other sister agencies within the Department of Natural Resources, such as Colorado Parks and Wildlife and the Executive Director’s Office, for marketing campaign opportunities.

Colorado Parks and Wildlife

Colorado Parks and Wildlife’s Creative Services and Marketing Section conducts the agency’s general public awareness campaigns. CPW’s marketing strategies are currently focused on the use of the agency’s tagline, “Live Life Outside” to create an opportunity to talk about why recreation and conservation should be forever connected. Live Life Outside is an opportunity for the agency, and its partners, to remind the public and core audiences of the appreciation of the Colorado’s natural resources and outdoor opportunities, and the importance of conservation and responsible recreation. The campaign message is broad, intending to encourage all Coloradans to enjoy the outdoors in a way that is comfortable and enjoyable to them. CPW does not want to define a specific version of outdoor enjoyment, rather encourage the continued experiences and appreciation of all that Colorado has to offer.

For FY 2019-20, the operating budget for the campaign is \$200,000. CPW hired an advertising agency to help create some of the creative product and placing the ads in the marketplace. CPW utilizes print ads, radio sponsorship, digital ads, email, and social media to reach outdoor recreationists.

CPW also participates in a public awareness campaign via the Colorado Wildlife Council (Council). The Council was designed by a coalition of hunters, anglers and conservationists and created in state law in 1998. The Council’s enabling statute (Section 33-4-120, C.R.S.) requires a “comprehensive media-based public information program to educate the general public about the benefits of wildlife, wildlife management, and wildlife-related recreational opportunities in Colorado, specifically hunting and fishing.” The Council hires an advertising agency to help accomplish this work.

From 2012-2018, the Council focused its efforts on the Hug a Hunter campaign. This campaign focused on the benefits of hunting and fishing for Colorado, with a target audience of the general population of Colorado. The campaign raised awareness around the role hunters and anglers play in Colorado’s conservation efforts, including the scientific management of wildlife and wildlife habitats.

In 2019, the Council launched a new campaign, *This Is the Wild Life*, focused on a target audience of the moveable middle – those who have not yet formed their opinion about hunting and fishing. Given the target audience is not actively seeking information, the campaign must meet them where they are already interacting with other content and consuming media: Facebook, Instagram, Spotify, Pandora, Out of Home billboards, newsfeeds, and some targeted broadcast television.

The program is funded by a surcharge on each hunting and fishing license sold. In Fall 2018 the Parks and Wildlife Commission approved an increase to the surcharge from \$0.75 to \$1.50, and the General Assembly approved a corresponding increase in spending authority for the additional revenue starting in FY 2019-20. This increase will allow the Council campaign to reach a larger audience, complete more in-depth research into the campaign's target audience, and ensure the messages resonate with them.

Colorado Water Conservation Board

The CWCB continues to be actively involved in education and outreach projects to educate people about Colorado's Water Plan and water in Colorado. Funds are being utilized for Public Education, Participation, and Outreach (PEPO) workgroups, grants for projects to further the goals in Colorado's Water Plan, and for additional education and outreach projects that help to implement the goals of the State's Roundtable Basin Implementation Plans (BIPs). These efforts will be incorporated with updates to each of the BIPs that are now underway and planned for completion in 2021.

Public Education, Participation, and Outreach Workgroups: Created through the Colorado Water for the 21st Century Act, the Interbasin Compact Committee PEPO workgroup has created a process to inform, involve, and educate the public on IBCC activities and important water issues. Each basin roundtable has an education and outreach committee, which set up Education Action Plans. The action plans detail the educational goals and tasks in which each basin roundtable engages the public. Each of the nine PEPO workgroups receives \$6,500 annually for education and outreach activities within their basin. They work with their Basin Roundtable to set the priorities and budgets, and then submit those to the CWCB. Basin roundtables may apply for funds from the CWCB for implementation of their Education Action Plans.

Colorado's Water Plan Grants: For FY 2019-20, the General Assembly approved \$17.5 million Cash Fund through the CWCB Projects Bill S.B. 19-221 to finance grants, studies, programs, or projects that assist in implementing Colorado's Water Plan. In addition, S.B. 19-212 included an additional one-time appropriation of \$8.3 million General Fund for the grant program. The purpose of the funding is to make progress on the critical actions identified in the CWP and its Measurable Objectives. The CWCB will fund projects, programs, and activities that have the best opportunity to make progress on the CWP's objectives. All applications are assessed based on funds available for a particular Water Plan Implementation category. Currently, there are five categories based on the types of projects and funds have been distributed to each category. One of the categories is Engagement & Innovation (E&I). For FY 2019-20, the E&I category was allocated \$500,000 to fund education, outreach, public engagement, and innovation projects statewide. The purpose is to engage the public on water issues and help achieve the goals set forth in Colorado's Water Plan. The overall goal of the E&I Grant Fund is to enhance Colorado's water communication, outreach, education, and public engagement efforts; advance Colorado's water supply planning process; and support a statewide water innovation ecosystem.

Additional Education and Outreach: CWCB will request additional funds via the 2020 Projects Bill for education, outreach, and continued survey work for Colorado's Water Plan. The CWCB Board has approved this proposed funding for inclusion in the 2020 Projects Bill. Previous funding for this outreach effort resulted in a draft survey after coordinating with other state agencies and statewide education organizations. The draft survey will be finalized and distributed to gather key data to help achieve the goals and actions in Colorado's Water Plan.

5. Based on the Department's most recent available record, what is the FTE vacancy and turnover rate: (1) by department; (2) by division; (3) by program for programs with at least 20 FTE; and (4) by occupational class for classes that are located within a larger occupational group containing at least 20 FTE. To what does the Department attribute this turnover/vacancy experience? Do the statewide compensation policies or practices administered by the Department of Personnel help or hinder the department in addressing vacancy or turnover issues?

Response: According to the [FY 2018-19 State Workforce Report](#) published by the Department of Personnel and Administration (DPA), DNR had an 8.0 percent turnover rate, which is the third lowest across all state departments for that fiscal year and 7.5 percentage points lower than the statewide average turnover rate of 15.5 percent.

For most divisions, vacancies can generally be attributed to the cumulative effect of normal staff turnover and personnel processes, e.g. short periods of time (1-3 months on average) when positions are unoccupied while the hiring process is taking place. Based on the annual burned FTE report provided by DPA, DNR's FY 2018-19 overall vacancy rate and vacancy rate by division are as follows:

Division	FY 2018-19 Appropriation (Long Bill plus Special Bills)	Burned FTE (DPA Data)	Vacancies	Vacancy Rate	Separations	Turnover Rate
Executive Director's Office	52.2	46.9	5.3	10.2%	16.0	30.7%
Reclamation Mining and Safety	65.8	54.6	11.2	17.0%	4.0	6.1%
Oil and Gas Conservation Commission	116.3	111.0	5.3	4.6%	10.0	8.6%
State Land Board	42.0	40.1	1.9	4.5%	6.0	14.3%
Colorado Parks and Wildlife	887.5	903.0	(15.5)	(1.7%)	57.0	6.4%
Colorado Water Conservation Board	46.7	43.8	2.9	6.2%	5.0	10.7%
Division of Water Resources	254.0	246.6	7.4	2.9%	21.0	8.3%
Department Total:	1,464.5	1,446.0	18.5	1.3%	119.0	8.0%

Please note that vacancy figures for the Division of Reclamation, Mining, and Safety (DRMS) include 8.0 positions that were filled in FY 2018-19 and supported by non-appropriated federal funds.

Turnover in the Executive Director's Office (EDO) appears higher than normal due to a number of separations in the Accounting job classification. There is currently a high level of competition in Denver and other regional markets for accounting positions with these skill sets, and DNR has had issues retaining staff in these and related job classes. EDO also experienced turnover among policy staff that is typical of a change in administration.

The vacancy rate for DRMS is higher than that of other DNR divisions. This is for two primary reasons. First, the long-term turnover rate for DRMS is low on average. Employees tend to stay at DRMS, which means agency staff often have higher levels of experience and salaries that correspond to their expertise and time with the Division. While this is a testament to DRMS as an employer, it also means that more of

its personal services budget ends up being used for fewer FTE than if less-experienced employees were being cycled in to fill vacant positions at lower salaries.

Second, approximately 75 percent of DRMS staff are in job classes that require professional scientific work (i.e. Physical Science Researchers/Scientists and Environmental Protection Specialists). Like other agencies that compete with the energy sector, DRMS sometimes hires new employees for these positions with salaries above range minimum to attract and keep qualified candidates with the required expertise. As evidenced by the Division's low turnover rate and excellent program performance, this hiring strategy has been successful but can result in the Division not being able to fully fill the appropriated number of FTE.

6. Please identify how many rules you have promulgated in the past two years (FYs 2017-18 and 2018-19). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

Response: Four DNR divisions have promulgated rules in the last two years.

Division of Reclamation, Mining, and Safety

DRMS did not promulgate any rules in FY 2017-18. In FY 2018-19, the DRMS Minerals Program promulgated rules for the following:

- Section 34-32-101, C.R.S., Hard Rock
- Section 34-32.5 101, C.R.S., Construction Materials

The Hard Rock rules addressed common edits between the Hard Rock and Construction Materials rules and removed the exemption for Custom Milling. For the Construction Materials rules, the same common edits addressed in the Hard Rock rules were made for consistency and included the creation of the new permit type - a one-time, short term extraction operation permit, known as a 111 (1)(b) permit - per SB18-184. No cost-benefit analyses (CBA) were required or performed for these rulemakings,

Oil and Gas Conservation Commission

FY 2017-18: 2 rulemakings, no CBA or regulatory analysis was required

- February 12, 2018 – Concerning an Increase to the Mill Levy (1 major rule amendment)
- February 13, 2018 – Concerning Flowlines (12 major rule amendments and 3 conforming changes)

FY 2018-19: 2 rulemakings, no CBA or regulatory analysis was required

- October 3, 2018 – Pooling and Hearing Process Clean-Up Rulemaking (14 major rule amendments and 16 conforming changes)
- December 17-18, 2018 – School Setback Rulemaking (5 major rule amendments and 3 conforming changes)

No CBA has been conducted on the OGCC's rules as a whole.

Colorado Parks and Wildlife

Colorado Parks and Wildlife makes a large number of quota changes, season date changes, and other hunting-specific changes to the agency regulations each year. In total, CPW has over 4,000 individual hunt codes used for issuing licenses by specific species, sex, geographic area, season, and method of take. CPW does not track statistics related to these changes. In FY 2018-19, CPW changed many of its wildlife license and parks pass prices after the passage of S.B. 18-143. The changes to prices were counted as one regulatory change for this purpose. However, many other more substantial regulatory changes were required to

implement S.B. 18-143 in FY 2018-19. In terms of more substantial regulatory changes, CPW has identified the following totals:

- FY 2017-18: 113 regulatory changes, no CBA or regulatory analysis was required.
- FY 2018-19: 245 regulatory changes, no CBA or regulatory analysis was required.

Division of Water Resources

DWR has not performed a cost-benefit analysis of all agency rules. Over the last two fiscal years DWR has promulgated the following rules (if a CBA is not specified then it was not requested or performed):

- Dam Safety and Construction Rules, 2 CCR 402-1
- Statewide Non-Tributary Rules 2 CCR 402-7 No CBA was requested.
- Rules for the Permitting and Use of Waters Artificially Recharged into the Denver Basin (Denver Basin Artificial Recharge Extraction Rules) 2 CCR 402-11
- Agricultural Water Protection Water Right Rules. New Rules concerning HB 16-1228.
- Rules and Regulations for Administration of Licensing, Financial Responsibility, Continuing Education 2CCR 402-14
- Rules and Regulations for the Management and Control of Designated Ground Water 2 CCR 410-1
- Water Court Rules Governing the Withdrawal of Groundwater in Water Division No. 3. New Rules.
- Water Court Republican River Compact Rules. New Rules.
- Designated Basin Rules (2-CCR 410-1) were amended in April 2017 and May 2018. No cost-benefit analysis was requested from the Division.
- Water Well Construction rules were amended with an effective date of 7/10/18. Per Section 24-4-103 (4.5), C.R.S., CBA was requested and completed, with a focus on proposed Well Construction Rules (2 CCR 402-2) specifically addressing the following rules:
 - Rule 10.4.4, Annular Space Requirements for All Grouted Intervals
 - Rule 10.4.5.1, Type I Well Penetrating Only One (1) Confining Layer (Excluding Those Penetrating the Laramie-Fox Hills Aquifer, see Rule 10.4.8)
 - Rule 10.4.5.2, Type I Well Penetrating More than One (1) Confining Layer
- Rules for Permitting the Development and Appropriation of Geothermal Resources through the use of Wells (Geothermal Rules) 2 CCR 402-10
- Updated and revised rules for Adjudicatory Hearings before the Colorado Ground Water Commission. 2 CCR 402-3. Per Section 24-4-103 (4.5), C.R.S., a CBA was requested and completed by the Division.
 - The focus of the CBA was on direct and/or indirect costs to either the government, business or other entities. Under the proposed amendments, use of alternative dispute resolutions (ADR) is voluntary and no parties will be required to comply. Therefore, the parties would be deciding to spend their money on ADR as opposed to formal adjudicatory procedures.

7. What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations.

Response: Major cost drivers for the Department of Natural Resources as a whole include: growth in personal services expenses for 1,464 FTE and hundreds of temporary employees; inflation in the cost of utilities and goods required to operate DNR facilities; increasing information technology costs; and general growth in workload for each division. As an example, the number of active oil and gas wells in the state is a key workload indicator/driver for the Oil and Gas Conservation Commission. The number of active wells has increased steadily over the last ten years and reached more than 53,000 wells by the end of FY 2018-19. New wells require permits and all active wells require inspections for their lifetime, as well as plugging

and final reclamation as they are retired, all of which increases workload requirements and ultimately costs for the OGCC. For additional information on workload and performance measures, please see the Department's FY 2019-20 Performance Plan, online at <https://operations.colorado.gov/natural-resources>.

Colorado Parks and Wildlife

Colorado Parks and Wildlife continues to experience costs exceeding the CPI in two key program areas:

1) The CPW Capital Development Program manages construction, renovation, rehabilitation, and other projects around the state, ranging in size from small landscaping projects to the development of new state parks. The program manages construction that supports operations at facilities division-wide, including over 350 state wildlife areas, 41 state parks, and more than 1,400 total facilities, including 19 hatcheries.

For the last several years, CPW has experienced significantly higher costs for multiple aspects of capital construction, including overall contractor costs, materials costs, and fuel costs. The net impact is an increase of 4.5 to 5.7 percent a year in general construction costs. This appears to be a national trend and is not unique to Colorado. CPW's annual large capital development plans vary from year to year but have averaged around \$23.7 million a year over the last four years. Aforementioned annual cost increases result in a higher cost for work and thus fewer projects accomplished per capital dollar.

2) CPW employs a large number of temporary staff during the busy summer months, and a slightly lower number in the late spring and early fall "shoulder" seasons. (CPW also employs a much smaller number of temporary staff throughout the rest of the year.) Total temporary staffing varies annually depending on need and available budget, but it is common for total temporary staff hours in a typical year to equate to 400-450 FTE. Staff are hired at different hourly rates depending on a number of factors, including experience and the specific labor market (i.e., location) of the hire.

With the passage of Amendment 70, effective January 1, 2017, Colorado's minimum wage increased to \$9.30 per hour and increases annually by \$0.90 each January 1, until reaching \$12 per hour effective January 2020. Thereafter, the minimum wage will be adjusted annually for cost of living increases, as measured by the Consumer Price Index used for Colorado.

Based on a 2017 analysis, maintaining the same sized temporary workforce and raising all temporary staff salaries to \$12 an hour by 2020 will require additional expenditures of approximately \$740,000 for state parks and \$640,000 for wildlife-related activities. Temporary staff are vital to agency operations in the summer and shoulder months, and a reduction of temp staff hours directly impacts the experience of CPW's visitors. To date, CPW has not reduced staff hours, and has adjusted temporary staff wages as mandated by Amendment 70. This has required reallocation of budgets from other priorities.

Other Divisions

Other divisions have experienced similar increases in construction-related costs. The Colorado Water Conservation Board has experienced and received construction bids that have been higher in cost than expected over the last 18 months, which may be a result of a strong construction economy. This cost increase for construction bids has had an impact on approved loans and grants. The Division of Reclamation, Mining, and Safety has not directly experienced disproportionate increases in the cost of construction but has noted increased costs for professional engineering services over the last year.

8. How is the Department's caseload changing and how does it impact the Department's budget? Are there specific population changes, demographic changes, or service needs (e.g. aging population) that are different from general population growth?

Response: The Department of Natural Resources does not have "caseload" in the way many other departments do, but population growth and related variables affect a number of divisions and their budgets.

Oil and Gas Conservation Commission

Population increases in specific areas where oil and gas activity is occurring, such as the northern Front Range, drive additional workload and costs for the OGCC. Applications for new oil and gas locations near residential areas are far more complex and more time consuming than those in less populated areas, as they require more interaction between OGCC staff, operators, local governments, and the Department of Public Health and Environment. Applications near residential areas also receive more public comments that need to be addressed and require more conditions of approval. Oil and gas facilities in populated areas require more on-the-ground attention by inspectors during all phases of the well – construction, drilling, completion, production, plugging and reclamation – as proximity to homes and other occupied structures elevates the status of a well to high priority. These applications also generate more public complaints, primarily for nuisance issues such as dust, noise, and odors.

Colorado Parks and Wildlife

For CPW, park visitation is a close analog to caseload: A population-based variable that has a direct correlation to operating costs. Since FY 2009-10, visitation at Colorado's state parks has increased by approximately 18.7 percent, from about 12.3 million visitor days to more than 14.6 million visitor days. During this period CPW opened one new park – Staunton State Park, in Park and Jefferson Counties.

In this same period, non-personal services operating costs for the state park system increased by almost 44 percent. Certainly inflation has contributed to these cost increases, but park visitation is a good "common sense" indicator of how park operating expenditures will trend: as more people visit a given park, park operations will need to accommodate the costs associated with increased visitation. To address these cost increases, the General Assembly approved a CPW request to increase spending authority for state park operations during the FY 2019-20 budget cycle.

In addition, Colorado has experienced continued significant development in many sectors including real estate, transportation, and energy. As the pace of development continues to increase, CPW must work with the various industries to attempt to minimize the impacts development on Colorado's wildlife populations. For example, expanded local regulation of oil and gas is expected to increase the workload for CPW, specifically for staff located in counties or municipalities that choose to regulate oil and gas more stringently than OGCC. CPW staff will need to work with these counties and municipalities to develop their rules and regulations with respect to wildlife protection during oil and gas development, and once local rules and regulations are implemented, CPW staff will need to consult with county and city staff on individual oil and gas facility proposals. The Division will continue to monitor the impacts of increasing development activities on its operating budget.

Colorado Water Conservation Board

Colorado's population, currently about 5.7 million, is projected to reach between about 7.7 million and 9.3 million by 2050 according to the Analysis and Technical Update to Colorado's Water Plan (Tech Update). Supporting this growth will require water. Through the work of the Tech Update, Interbasin Compact Committee, and Basin Roundtables (BRT), the CWCB is helping to assess the statewide water trajectory that may not be sustainable for the anticipated population growth. In May 2013, Governor Hickenlooper issued an executive order directing the creation of Colorado's Water Plan to ensure there is enough water now and in the future. Since the release of the water plan in 2015, and in the face of continued projections for population growth, the CWCB continues to see a high funding demand for various types of water projects including infrastructure, environment and recreation, and agriculture.

In FY 2019-20, the CWCB received \$10 million in General Fund (GF) for Water Implementation. For FY 2020-21, Governor Polis has proposed legislation to provide an additional \$10 million GF to the Colorado Water Conservation Board to further the goals of Colorado's Water Plan.

The Analysis and Technical Update to Colorado's Water Plan along with forthcoming updates to the Basin Implementation Plan and Colorado's Water Plan will help provide a consistent and increasingly accurate framework to examine future water supply and demand. This includes creating several new tools to help develop solutions to identify gaps. Ongoing funding and planning efforts to meet future water needs for the growing population will be a concerted effort. It requires implementation, leadership, and funding. Throughout the process, the CWCB is committed to continue working with the Colorado Legislature, stakeholders, and water users to complete projects that are beneficial.

Division of Water Resources

Increasing population drives a demand for more uses of a limited water supply. To address this demand, water right owners frequently request to change their rights for alternate or multiple uses. This requires more court cases and stricter accounting and administration of water. DWR's caseload refers to change cases, augmentation plans, and general water rights management. These are changing as water in Colorado becomes more complex requiring more engineering, administration, and accounting.

9. Please provide an overview of the Department's current and future strategies for the use of outward facing technology (e.g. websites, apps), the role of these technologies in the Department's interactions with the public and other state agencies, the Department's total spending on these efforts in FY 2018-19, and expected spending in FYs 2019-20 and 2020-21.

Response: The Department and its divisions utilize a wide array of technologies for interacting with customers and with the public.

Division of Reclamation, Mining and Safety

DRMS currently uses the following outward facing technology:

- Web site – functionality includes conveying general information about the Division, its mission, and contact information; forms downloads, board hearing minutes, summaries and schedules; public meeting announcements, press releases; and, rulemaking information. The DRMS website also includes a tool to query the DRMS database for permit statistics.
- Laserfiche WebLink – the public can use this application to access imaged document data for regulated sites and includes permit documents and supporting information, inspection reports, enforcement action documentation, board hearing minutes, and historic mine data.
- Map Viewer – the public can use the DRMS Map Viewer to view and download GIS data related to active and reclaimed mine sites and historic mines.
- Laserfiche Forms – DRMS has made a complaint form available for the public to use to alert us to any non-compliance issues that may arise at mine sites. Laserfiche Forms are also used by the regulated community to upload annual reports and fees required by the Minerals program.
- Google Forms – the regulated community uses Google Forms to enroll in the ePermitting program.

Future strategies for the use of outward facing technology include expansion of Laserfiche Forms to allow for public and other agency comments on applications currently under review, and to increase the number of permitting actions and required submittals that can be conducted electronically. DRMS is also working on making its Mine Permit System public-facing. Estimated expenditures for FY 2018-19 and projected expenditures for FY 2019-20 and FY 2020-21 are \$35,000, \$110,000 and \$35,000, respectively.

Oil and Gas Conservation Commission

The Oil and Gas Conservation Commission uses outward facing technology to better interact with the public, the oil and gas industry, local governments, and other interested parties. By providing users with information and other capabilities, the OGCC is able to maximize the transparency of all agency actions. The OGCC's website allows users to access: (1) all reported well and facility data, including inspections and violations; (2) hearings and rulemaking documents and schedules; (3) a map of oil and gas wells and facilities, including pending and approved applications, operator on record, current status, and orphan well projects; (4) bulk downloads and uploads of data, and; (5) electronic submittal of forms, comments, and complaints.

Specific examples of the current technology used by OGCC include:

- Industry can electronically submit permit applications and subsequent reports for oil and gas locations, wells, and facilities.
- Pending applications for new oil and gas locations and wells are posted online and are available for review.
- Orphaned well "planned" projects are mapped online, change to "in progress" when field work begins, and change to "completed" when the project has met all requirements in State law.
- Public comments on applications for new oil and gas locations and wells can be submitted online. Local government designees can also review these applications and submit comments online.
- Approved permit applications for new oil and gas locations and wells are posted and available for review online.
- Sign up for public comments at OGCC hearings is available online.
- Approved Commission orders are posted online.
- Citizen complaints may be submitted online.
- Online interactive maps are available on the OGCC website which display all wells and facilities with extensive related information.
- The OGCC has a searchable database, allowing users access to all reported oil and gas well and facility data, including inspections and violations.
- Operators can upload sample analysis reports directly to the OGCC database.

Most, if not all, of the above was accomplished by OIT over many years through common policy. In FY 2018-19, OIT made minor updates to existing technology but no purchases of new technology were made.

In addition to these current technologies, the OGCC is in the process of planning and developing additional outward-facing technologies. These potential projects would: (1) allow operators to submit hearing applications online; (2) allow operators to perform bulk uploads for electronic form submissions; (3) provide the capability to access data for all neighborhood oil and gas facilities within a given distance of a specific street address, and; (4) allow local government designees additional online capabilities, including form submissions and downloadable GIS data for flowlines in their jurisdiction. OGCC submitted an FY 2020-21 decision item (DNR R-1) for the electronic filing system for hearing applications. Expected costs for the development and implementation of that system are \$83,710 in FY 2019-20 and \$147,840 in FY 2020-21.

State Land Board

The State Land Board website (www.colorado.gov/statelandboard) currently provides a large amount of information about the work of the agency Board of Commissioners, the work of agency staff, how to engage with the agency, how to learn more about the agency's work, and some lease application and lease payment functions. The agency also supplements its requirements for public notice of Board activity using the website. Agency staff is working to provide greater depth and breadth of information to the public on its website. The agency will continue to develop the types of lease transactions it can support via its website

including an individualized user profile with secure access to relationship history and pending items due like lease payments and lease contingencies.

The State Land Board is developing additional public access to public records such as leases and maps by developing integration between its leasing system (ATLAS), its records archive Laserfiche and its mapping systems. The agency would like to provide a better self-service experience in Colorado Open Records Act requests and building these integrations will allow requestors to find 80 percent of the things typically requested on their own very quickly.

The State Land Board monitors the activity on its website using web analytics tools to better understand how website users move through and make use of the information provided there. The results of these analytics are used to further develop the agency's web presence so that it effectively promotes the work of the agency and the impact made on the beneficiaries.

The Land Board hosts its website on the Colorado.gov platform using only state-provided services from State Internet Portal Authority (SIPA) and Colorado Interactive (CI). In FY 19-20 the state is migrating from Drupal 7 to Drupal 8, but there will be no agency-specific fees associated with this migration because the agency will administer the migration with internal staff resources. As such, SLB does not anticipate any actual or projected expenditures from FY 2018-19 through FY 2020-21.

Colorado Parks and Wildlife

Colorado Parks and Wildlife has historically operated as a primarily cash-funded agency. Using technology to interact with customers is integral to generating the revenue needed to operate wildlife programs, the state park system, and other outdoor recreational programs. Much of the technology managed by CPW is focused on providing information on various recreational activities supported by the agency, selling licenses and passes, and allowing customers to make camping reservations.

CPW will continue to develop and expand the use of various technologies to interact with its customers by providing information, education and making it easier to "Live Life Outside." Examples of technology currently in use by CPW include:

- CPW's public website;
- Social media, including Twitter, Facebook, Instagram, YouTube and Vimeo;
- CPW's Fishing Mobile App;
- Riverwatch, a citizen science application for measuring and maintaining Colorado's river quality;
- Hunting reservations, for customers reserving hunting blinds;
- Camping reservation mobile application;
- Hunter Education information and logistics;
- Volunteer opportunities;
- The Colorado Trail Explorer, or COTREX, a trail mapping application
- Chronic Wasting Disease test results; and
- www.cpwshop.com
 - Camping reservations
 - Vehicle registration
 - Pass purchases
 - Retail goods
 - License applications
 - Hunting licenses

The Colorado Trail Explorer (COTREX) perhaps best reflects the collaborative nature of the agency, working together with governmental agencies, communities, public land owners, and the recreating public.

Since the inception of the Colorado the Beautiful Initiative, CPW has been working on an application to comprehensively map every trail in Colorado. In June of 2017, CPW premiered COTREX app, which allows users to browse and discover trails in Colorado. Additional improvements were made in 2018 to further develop the state's trail data and build Android, iOS, and web browser versions of the app. These improvements also give local governments more control to manage and promote trails in their area. The COTREX mobile application is available for free in the Apple and Google Play Stores, as well as online at <https://trails.colorado.gov>. In building COTREX, CPW has made data from 236 land managers across local, state and federal government agencies easily accessible for 39,829 miles of trail and 3,606 trailheads.

These technologies allow CPW to interface with customers and will continue to be enhanced and expanded in the future. CPW also plans to add customer services using technology, including:

- Licensing and permit mobile app allowing customers to have their license on their mobile devices
- Pass mobile application, allowing customers to purchase passes and to have that pass on their mobile devices
- Online citation payment system
- Hunter Education classes
- Self-service kiosks allowing customers to purchase passes at state parks

CPW expended \$1.3 million in FY 2018-19 using various forms of electronic and print media and the Internet to communicate with the public. Spending in FY 2019-20 is anticipated to be similar to FY 2018-19 spending. For FY 2020-21, CPW requested an additional \$924,000 over three years for a website redesign and platform migration. This project will include a review of all CPW content, standardization of information migrated from separate Parks and Wildlife systems, and updating to a modern web platform. The new website will allow for a more responsive interface that is easier to update, will work across all platforms, and will be compliant with the Americans with Disabilities Act. CPW will coordinate closely with the Governor's Office of Information Technology throughout this project.

Colorado Water Conservation Board

CWCB uses outward facing technology to better interact with partners and provide information to the general public. Recent and ongoing CWCB projects to improve outward facing technology include:

- Ongoing efforts to improve and update the CWCB website to provide current and concise information to the public about water and Colorado's Water Plan. Internal planning for the CWCB website update began in FY 2018-19 and the CWCB spent \$10,600. Expenditures are expected to be \$36,050 in FY 2019-20 to implement and complete the update, and there are no additional expenses anticipated for FY 2020-21. The updated CWCB website will be hosted by the State Internet Portal Authority.
- Improvements to the Colorado Decision Support System (CDSS) website in partnership with DWR to provide relevant water data, tools, and models to the public and the water community. The website is hosted by SIPA. The CWCB spent \$5,000 for development in FY 2018-19 and there are no further anticipated costs for the CWCB, although there may be potential Office of Information Technology application development costs.
- Maintenance and updates to the CWCB/CDSS Map Viewers, which provide water-related and water project related spatial data to the public. These Geographic Information System (GIS) data viewers are hosted by OIT-GIS, but there are annual maintenance and license costs. CWCB's share of the FY 2018-19 costs were approximately \$4,000, and similar costs are expected in FY 2019-20. Costs may increase in FY 2020-21 due to increasing OIT costs.
- Develop a Grant Portal, which is a public facing portal that will be a one-stop-shop for applicants applying for all CWCB administered grants, and will provide a consistent internal workflow for staff. The public grant portal will make it easier for water and environmental communities to apply

for and track grants available through the CWCB. The cost of the project in FY 2019-20 will be \$204,000 with ongoing, yearly maintenance and licensing fees totaling \$18,000 per year.

- Update the Water Plan Technical Dashboard, which is an online dashboard that will serve to provide public access to the data collected during the FY 2018-19 efforts to update the technical portion of Colorado's Water Plan. The expenditures for this project are anticipated to be \$100,000 for FY 2019-20 and \$100,000 for FY 2020-21, with ongoing, annual support/maintenance fees.
- Update the Colorado Hazard Mapping website, which is the state's portal for all floodplain mapping activities. The CWCB will spend \$60,000 in FY 2019-20 for this project.

Division of Water Resources

DWR has long been committed to making data that is not subject to privacy concerns available to the public. DWR makes a wide range of tabular data, spatial data, and documents available to the public. Examples of information available include:

- Dam safety information
- Hydrogeological data, including aquifer parameters and groundwater levels
- Spatial data (for example, irrigated area, dry up, service area)
- Water rights administration data, including water rights tabulation, stream flow data, diversion and use records, and administrative call records
- Water well information, including permits, construction, pump installation, geophysical logs, meter accuracy, and licensed contractors

DWR provides data to the Colorado Information Marketplace, which makes data available to the public in near real time with a robust interface. In collaboration with the Colorado Water Conservation Board, DWR also maintains Colorado's Decision Support System website, a public facing website where both the data and tools to analyze the data are maintained. For sophisticated public users, DWR maintains REST (Representational State Transfer) services that allow users to programmatically consume data. This allows users to build their own tools that use DWR data. The existing Colorado Information Marketplace datasets, Map Viewer platform, and Imaged Document systems can be used by the public to access essentially all DWR public digital information.

The public can register with DWR and provide certain digital data (diversion data, groundwater levels, etc.) to DWR using the DWR Online Data Submittal website. DWR is in the process of moving other public facing interfaces to a single portal that will allow users to submit data and forms electronically. Adopting a single portal to submit data and forms will simplify the user experience, increase the ability to share data, and improve communications.

To investigate future strategies for emerging technologies, DWR recently met with OIT to discuss blockchain feasibility for agency data but after a review of business needs, the dynamic nature of the data, and currently built systems it was deemed that DWR data is not a candidate for this emerging technology.

DWR plans to spend approximately \$20,000 to improve and update the Division website during FY 2019-20. DWR has not incurred significant expenditures for other outward-facing technology projects in FY 2018-19, and does not expect other expenses in FY 2020-21.

10. There are many ways in which the Department may interact with internal or external customers, including the public and other departments. How is the Department gathering feedback and evaluating customer experience? Please address all interactions, e.g. technology, in-person, call centers, as well as total spending on these efforts in FY 2018-19 and expected spending in FYs 2019-20 and 2020-21.

Response: The Department gathers feedback regarding customer experience in a number of ways and these interactions are generally categorized into one of the following four areas: utilization of technology, conducting surveys, through customer centric meetings and phone services, and offering training. Each division within the Department uniquely gathers feedback and evaluates customer service. In some cases, it is not possible to identify total spending on these efforts because personnel time spent on customer experience is hard to quantify and/or costs are totaled with other centrally appropriated items such as website and IT management. Colorado Parks and Wildlife does have information related to prior spending and general expectations for future spending which is included in the following section.

Technology

The Department utilizes its websites to share information with internal and external customers and in many cases divisions utilize their webpage to receive feedback. For example, the OGCC has an online complaint portal that allows people to file a complaint about an oil and gas activity or any related concerns. Individuals can also comment on pending oil and gas locations and other matters under consideration by the OGCC, such as spacing and pooling applications. Similarly, DWR's website has an AskDWR notification system that routes questions submitted to subject matter experts. The CWCB is currently developing a platform to gather feedback for demand management and the update to Colorado's Water Plan. The goal of this effort is to better understand the needs in each basin for their water implementation issues and to help to address those concerns. CPW uses many approaches to interacting with internal and external customers, including social media, a media aggregation service to track agency coverage, understand topics that resonate or those that need additional outreach and education efforts in the future, and a customer service portal (AskCPW) administered through their website.

Surveys and Soliciting Customer Feedback

Issuing surveys and soliciting feedback is the most widely utilized tool in the Department for gathering feedback and evaluating customer experience. There is generally not a lot of added cost for soliciting feedback in this manner. The Department utilizes several survey options such as Google forms, SurveyMonkey, or survey forms posted on division webpages. In addition, the Division of Reclamation, Mining and Safety's Coal and Inactive Mine Programs are subject to federal oversight. As part of their annual oversight evaluation, the two programs send out more than 750 letters to stakeholders (other government agencies, operators, environmental groups, etc.) soliciting input on how the programs are operating and how they can be more responsive. The CWCB is currently preparing a survey for existing loan borrowers which is anticipated to be sent out in early 2020. Finally, CPW has public comment cards available at all their offices and routinely issue public engagement surveys based on specific agency topics.

Meetings and Phone Services

One of the most important tools the Department utilizes to collect customer feedback is in the form of public meetings or by phone through customer centric phone number or call centers. OGCC interacts with its internal and external customers in a number of ways including community outreach meetings, commission hearings with public comment sessions, and stakeholder meetings. Water commissioners and Denver staff in the Division of Water Resources have regular calls with water users, the public, the Attorney General's Office, and other state agencies and stakeholders. DWR has also has a customer phone number for information requests. The Inactive Mines Reclamation Program within DRMS gathers feedback regarding satisfaction from other departments and members of the public through meetings and phone calls. Finally, Colorado Parks and Wildlife has an internal call center as well an external call center that is operated by

the licensing vendor. Every two weeks CPW staff monitor a random selection of the external call center calls to ensure that the vendor is providing a high level of customer service.

Training

The State Land Board hosts training and information gatherings several times a year to provide the opportunity for lessees to give the agency feedback on leasing and agricultural conditions and best practices. The FY 2018-19 costs incurred for these trainings was \$2,850. In addition, the OGCC offers trainings for local government designees. DRMS conducts mine safety training to miners and collects training evaluation forms which are shared with The Mine Safety Health Administration.

Colorado Parks and Wildlife-Related Funding

CPW expended more than \$117,000 in fiscal year 2018-19 on public attitude evaluation and research, which includes the collection and use of quantitative information about public attitudes and references toward wildlife and outdoor recreation management issues and public reactions to CPW programs, activities, and policies. In FY 2019-20, CPW expects to double its spending on these efforts, primarily due to a contracted survey to learn more about the relevancy of CPW to non-consumptive outdoor enthusiasts, supporting the Department's Wildly Important Goal on sustainable funding. In addition to these specific activities, CPW expended \$10.3 million on general customer service efforts in FY 2018-19; the Division expects this spending to remain fairly steady for the next two years.

11. Please highlight the long-term financial challenges of fulfilling the mission of the Department with particular attention to any scenarios identified in the Department's Long Range Financial Plan involving an economic downturn, department-specific contingencies, emerging trends, or major anticipated expenses (Subsections 3-6 of Section 4 of the Long Range Financial Plan submitted pursuant to H.B. 18-1430).

Response: The Department could face a number of challenges in planning for future financial needs, both in response to major natural events and a general economic downturn. In addition to these potential future contingencies, the Department has identified several trends and major anticipated expenses in the future.

Impact of a General Economic Downturn:

In the event of a prolonged general economic downturn the Department could experience a number of negative impacts to its core functions, with the most significant potential impacts to the Division of Water Resources (DWR), the Oil and Gas Conservation Commission (OGCC), and DNR severance tax funded programs. DWR's budget is comprised of approximately 90% General Fund making it more susceptible to economic downturns or decreases in state revenue. With the close connection between commodity markets and revenue, the OGCC and severance tax funded programs could experience difficulty if revenue collections decreased as a result of a decrease in the price and production of oil and gas.

Impact of Major Natural Events:

The Department is particularly sensitive to natural disasters or natural events that may occur more frequently or with greater intensity due to climate change. DNR is heavily involved whenever Colorado experiences certain types of natural disasters, including wildfires, floods, and long periods of drought. These significant environmental effects represent potential future contingencies that would have a major impact on the DNR's ability to fulfill its mission.

Emerging Trends:

The Department is monitoring a number of emerging trends including three that directly align with the Governor's wildly important goals (WIGs). These include securing sustainable funding for Parks and Wildlife, implementing oil and gas rules and regulations, and continued efforts to increase public access for Coloradans. In addition to trends aligned with the WIGs, the Department continues to monitor and

evaluate future needs related to recommendations from the Colorado Water Plan and workload impacts related to increased water administration requirements. Finally, the Department in collaboration with the Department of Local Affairs and the Department of Public Safety, is monitoring the structure of the state's search and rescue system as the state's population and outdoor recreation industry continues to grow.

Future Major Expenses Anticipated:

Colorado Parks and Wildlife (CPW) has identified three areas with anticipated expenditures required in the coming years. Each of these occurrences is described in more detail below.

- *Expanding the State Parks System and Securing Additional Public Access*
Consistent with the Department's WIG #3 to increase public access, CPW anticipates future major expenses to purchase additional recreation and hunting access to lands, establish new state parks, and expand or upgrade existing state parks.
- *Dam Maintenance and Renovation Needs*
CPW expects to incur major expenses for dam maintenance and renovation projects. CPW owns more than 115 dams, including approximately one-third of which are classified as high hazard or significant hazard dams, where a loss of human life or significant property and land damage is expected to result in the event of a dam failure. The average age of these dams is 70 years, and many are more than 100 years old.
- *Fish Hatchery Maintenance and Repairs*
CPW anticipates future maintenance and repairs costs to its 19 fish hatcheries across the state. CPW produces fish primarily to enhance angling and recreation opportunities, but fish production also serves a critical role in native species recovery efforts. The majority of the fish hatcheries are 70 to 100 years old, with some that are more than 100 years old. As these facilities and their infrastructure become more and more outdated, maintaining them will become more difficult and costly. CPW is developing a plan to repair and modernize the hatchery system.

12. In some cases, the roles and duties of existing FTE may have changed over time. For all FY 2020-21 budget requests that include an increase in FTE:

- a. *Specify whether existing staff will be trained to assume these roles or these duties, and if not, why;*
- b. *Specify why additional FTE are necessary; and*
- c. *Describe the evaluation process you used to determine the number of FTE requested.*

Response: The FY 2020-21 budget request includes increases in FTE to the following divisions: the Colorado Avalanche Information Center (CAIC), the Executive Director's Office (EDO), the Colorado Water Conservation Board (CWCB), and the Division of Water Resources (DWR). In each of these requests, existing staff does not have the capacity to take on the responsibilities and duties of the requested FTE. However, existing staff will work closely with new staff on training, programs, and duties. Additional description on why staff are needed and the evaluation process to determine the number in the request is included by division below.

Colorado Avalanche Information Center

The additional FTE are necessary in order to increase the level of service to statewide coverage and to enable the CAIC to provide forecasts outside of the active avalanche season which is considered to run from November 1 to May 31 each year. With current staffing levels, there are no backcountry forecasters dedicated to the central and southern mountains from May 1 to October 31. Since 2000, the central and southern mountain regions accounted for nearly 75% of avalanche accidents in Colorado and over 18% of these accidents occurred outside of the active avalanche season. In some cases, areas of the state are understaffed even during the active avalanche season such as the case in the southern mountains and the

Sangre de Cristo mountain range. For example, during the last two avalanche seasons, the CAIC did not have enough data to issue an avalanche danger rating approximately 40% of the time in this region due to lack of staff resources.

The process used to determine the number of FTE requested considered a number of factors including the Center's square miles covered per forecaster as compared to other Avalanche Centers in the United States. The Center's current coverage is 2,707 sq mi/forecaster. This is a coverage ratio 11% higher than the next highest group in the U.S. (Northwest Weather and Avalanche Center in Seattle) and 173% higher than the average coverage ratio of all recreational avalanche safety programs run by government agencies in the country (excluding Mt. Washington, NH, which has a very small forecast area). This request would provide three additional positions and reduce the coverage ratio to 2,000 sq mi/forecaster. This would reduce the coverage ratio of Colorado's avalanche safety program from 173% higher than the national average to 50% higher than the national average.

Executive Director's Office

The Executive Director's Office requests 3.0 FTE in FY 2020-21 to address ongoing and increasing workload in both its Accounting and Procurement Offices. Over the last ten years, DNR's accounting transactions have increased from 441,000 to 665,000 transactions per year, and its contracts and purchase orders have grown from about 2,300 to 3,000, without any increase in appropriated FTE to handle the additional workload. The requested staff will allow DNR to process a wide variety of financial transactions faster and more efficiently in order to disburse payments to vendors and grant recipients in a more timely fashion and allow for important public projects to be implemented more quickly. With a roughly 50 percent increase in workload in both accounting and procurement in the last seven years, DNR is proposing an increase of 3.0 FTE (about a 16% increase in staffing for the two offices combined) to address workload issues.

Colorado Water Conservation Board

For FY 2020-21, the CWCB is requesting 2.0 FTE (Physical Science Researcher/Scientist IV and Physical Science Researcher/Scientist III) to manage workload increases, create new programs, and expand existing programs.

The requested Physical Science Researcher/Scientist IV will expand current programs, create new programs, and help to manage existing projects. With the advent of Colorado's Water Plan, the workload of existing staff has grown significantly. Additionally, the nature of the work has changed from executing existing policies to forging new policy areas. With the revision of Colorado's Water Plan set to begin in 2020, the requested staff will provide oversight and experience in planning and policy management. The CWCB evaluated the staff time involved to perform the duties and selected the appropriate number of additional FTE as well as the state classification level that should complete the responsibilities as outlined in the request.

The requested Physical Science Researcher/Scientist III to the Watershed and Flood Protection Section has long been short-staffed and there has been an increasing workload associated with floodplain mapping and watershed restoration activities associated with Colorado's Water Plan, which includes stream management planning. While staff have been able to absorb these increases in recent years, they will not be able to do so as the workload continues to grow. The result of not getting the additional FTE could mean the failure to meet established metrics in Colorado's Water Plan, less ability to provide support associated with fire and flood disasters, a general slowdown in delivery of services to customers, and the turning away millions of federal dollars allocated towards floodplain management and mapping.

In recent years, unmanageable workloads were cited as part of the reason for employee turnover in the CWCB. When turnover occurs, it places additional burden on staff to handle the extra workload before new

employees are hired and trained. This request takes into consideration the current and anticipated workload and attempts to add staff capacity in a conservative manner that will enable the CWCB to better meet the goals of the Water Plan and serve its stakeholders.

Division of Water Resources

DWR has submitted a decision item for 1.0 FTE (Physical Sciences Researcher/Scientist II) related to changes in water administration that require more water accounting entries. DWR has responded to similar changes over time by shifting duties of existing staff and by requesting FTE when existing staffing are inadequate to perform all new or increased duties. DWR has changed existing FTE duties and leveraged technology as the opportunity has presented itself over the years.

In evaluating requests for the new FTE the Division reviews existing positions and duties to see if there is a way to accommodate the increased workload without requesting new FTE. DWR has used the LEAN process several times to address changing duties and gain from increased efficiency. Existing staff do not have the capacity to take on the duties of the requested FTE because of the current workload. The increased demand on water for municipal, commercial, and industrial uses is the driving force behind the growth in workload to staff. It takes nearly 200% more diversion records to properly account for the same amount of water in 2018 as it did in 2005.

13. Please describe the impact of Colorado's low unemployment rate on the Department's efforts to recruit and retain employees.

Response: In general, DNR Human Resources staff have received enough qualified applicants for most open competitive job listings. There are some division-specific exceptions to this, discussed below. There are also exceptions in some job classes, such as Accountant I and Accountant II positions. There is currently a high level of competition in Denver and other regional markets for accounting positions with these skill sets, and DNR has had problems recruiting qualified candidates for these openings. DNR has also had issues retaining staff in these and related job classes.

Oil and Gas Conservation Commission

Factors other than the state's low unemployment rate have the greatest influence on rates of recruitment for open positions and retention of employees for OGCC. The strength of the oil and gas industry greatly impacts the quantity and possibly quality of OGCC job applicants, because the division cannot compete on salary and benefits for the more technical positions requiring oil and gas knowledge. In many cases a state-level salary offered by OGCC is 30 percent to 40 percent lower than what the industry offers. Other benefits, such as vacation days, can affect retention. The state offers 12 days per year for new hires, regardless of their experience level, while entry level staff in the oil and gas industry typically receive 15 days or more.

Colorado Parks and Wildlife

Recruiting New Employees: Attracting qualified candidates who meet CPW's needs can sometimes be challenging, especially in a competitive economy. To address these challenges, CPW formed a Recruitment and Retention Team that meets monthly to develop strategies to increase the number of qualified applicants for key positions. In FY 2018-19, these efforts included developing a new Park Ranger Prep Academy to support 15 interested candidates in preparing their applications for the Park Manager position, conducting a question and answer session live on Facebook to increase awareness of the Park Manager and District Wildlife Manager positions, and working with DNR's Human Resources team to better promote temporary, seasonal job opportunities. These efforts seem to be working: CPW received over 230 qualified applicants for the Park Manager position in 2019, a 109 percent increase, and almost 130 qualified applicants for the District Wildlife Manager position in 2019, a 36 percent increase.

Increasing and retaining employees from diverse backgrounds within CPW's workforce is also essential to remain relevant to all Coloradans, which is an area of focus under DNR's Wildly Important Goal on Equity, Diversity, and Inclusion. The Recruitment and Retention Team has been updating CPW's website and marketing videos to highlight diverse employees and adding diversity value statements to job announcement templates. The team has also provided resources for staff to foster more equitable hiring and avoid unconscious bias in hiring, and, as part of a multi-agency Equitable Workforce committee, is developing a hiring and retention guide for Colorado state agencies. CPW is also cultivating relationships with organizations and individuals representing diverse communities to better understand their needs and reinforce CPW as an employer of choice for candidates from all backgrounds and abilities.

Retaining Existing Employees: To retain qualified employees it is essential that CPW's compensation policies are fair and consistent. CPW's Leadership Team worked with DNR's Human Resources Department to address some of CPW's pay compression and other pay issues. New standardized guidelines for CPW's pay model help to ensure fairness among employees. These initiatives appear to be working, as DNR's turnover rate, 8.0 percent in 2019, remains among the lowest of all State agencies.

Colorado Water Conservation Board

Colorado's low unemployment rate has affected the CWCB when hiring and retaining staff. When the DNR Human Resources Office posts job announcements for the CWCB, the pool of qualified applicants has been low, at times, requiring job announcements to be reposted until there is an acceptable number of applicants to interview and delaying the hiring process. CWCB has also found that applicants often requests salary amounts higher than the posted amount for the position. Applicants often have spent time and personal funds on advanced degrees, and are seeking higher salaries for student loan repayment, the higher cost of living in Colorado, and for day-to-day living expenses.

Division of Water Resources

DWR has experienced some challenges in finding qualified candidates. Among the most challenging positions to fill are lower salary part-time positions in remote areas. These part-time positions are in competition with available full-time positions in these areas, making recruiting and retention difficult. In the current economic climate DWR is also experiencing difficulty in attracting and retaining relatively high-skill employees (Professional Engineers), especially in field offices. DWR has had to repeatedly advertise for such positions to get qualified candidates and has even resorted to temporarily downgrading positions to attract newly decreed engineers.

14. NOTE: An example template for providing data for this question will be provided by the JBC Staff.

State revenues are projected to exceed the TABOR limit in each of the next two fiscal years. Thus, increases in cash fund revenues that are subject to TABOR will require an equivalent amount of General Fund for taxpayer refunds. Please:

- a. List each source of non-tax revenue (e.g., fees, fines, parking revenue, etc.) collected by your department that is subject to TABOR and that exceeds \$100,000 annually. Describe the nature of the revenue, what drives the amount collected each year, and the associated fund where these revenues are deposited.***
- b. For each source, list actual revenues collected in FY 2018-19, and projected revenue collections for FY 2019-20 and FY 2020-21.***
- c. List each decision item that your department has submitted that, if approved, would increase revenues subject to TABOR collected in FY 2020-21.***

Response: Please see Attachment A, which includes spreadsheets containing the information requested. Some division-specific notes follow. No FY 2020-21 DNR decision items will increase revenues subject to TABOR.

Oil and Gas Conservation Commission

The Conservation Levy is paid every quarter by oil and gas operators, and is based on the sales value of the operator's oil and gas production during the previous quarter. Annual levy revenue to the state fluctuates with production levels and commodity prices. Annual levy revenue is also dependent on the levy rate, which can be set by rule up to a maximum rate of 1.7 mills. The current levy rate is 1.1 mills.

Colorado Water Conservation Board

The CWCB provides low interest loans for water projects from funds in the Construction Fund and Severance Tax Perpetual Base Fund. For loans provided from the Construction Fund, the CWCB receives interest, revenue from federal mineral lease, and service fees. Revenue from the sale of storage space for the Animal-La Plata and Castle Rock projects is also credited to the Construction Fund.

15. Please describe the Department's current practice regarding employee parking and other transportation options (i.e. EcoPass). Please address the following:

- a. Does the Department have adequate parking for all employees at all locations?*
- b. If parking is limited, how are available spaces allocated?*
- c. If free parking is not available, how is parking paid for, and who pays (employee or Department)? (e.g. stipends, subsidized parking, eco passes)*
- d. If employees pay fees for parking, where is the revenue credited and how is it spent, and is it subject to TABOR?*
- e. Do parking and/or transportation benefits factor into Department compensation and/or retention efforts?*

Response: The Department does not have adequate or free parking for all employees at all of its office locations. In particular, parking is challenging for employees who work in the Denver offices near the Capitol Building, where there are limited free and reserved parking options available. The method for obtaining a reserved parking space near the downtown Denver offices varies slightly, but in general spots are allocated on a first-come first-serve basis utilizing a waitlist. Employees who are interested in a designated parking space once one becomes available are required to pay a fee to park, either to the Department of Personnel Administration (DPA) or a private parking administrator. DNR is not the recipient of any parking fee revenue. The current monthly fee to park at the DPA managed state employee parking garage is \$135 per month and the entirety of this cost is paid for by the employee. DNR does offer EcoPass as a benefit for employees. DNR divisions currently provide partial or total subsidies to the cost of EcoPasses for employees. Policies regarding EcoPass including the amount of the offset are determined on a division-by-division basis. The Department believes that the EcoPass positively influences retention of its Denver employees, but the benefit is not believed to be a primary determinant in the overall retention rate.

16. Please identify all continuously appropriated funds within the Department's purview with a fund balance or annual revenue of \$5.0 million or more. Please indicate if these funds are reflected in the FY 2019-20 Long Bill.

Response: Three DNR divisions have funds that meet this criteria.

State Land Board

The State Land Board has one fund that is continuously appropriated. It is funded by transfers of revenue from leasing activities on school trust lands. The Investment and Development Fund was established by Section 36-1-116, C.R.S. The State Land Board may transfer up to \$5.0 million per fiscal year to the fund for use in trust asset maintenance and improvements. The fund generates no other revenue. The balance of

the fund has not exceeded \$5 million in at least the past five fiscal years. The Investment and Development Fund is not reflected in the Long Bill for Fiscal Year 2019-20.

Colorado Parks and Wildlife

Colorado Parks and Wildlife maintains the Division of Parks and Wildlife Aquatic Nuisance Species Fund, which has a fund balance or annual revenue exceeding \$5 million. The fund is reflected in the FY 2019-20 Long Bill as an informational (I) appropriation for the Aquatic Nuisance Species Program. Under Section 33-10.5-108(1)(a)(I), C.R.S., moneys in the Division of Parks and Wildlife Aquatic Nuisance Species Cash Fund are continuously appropriated.

Colorado Water Conservation Board

The CWCB Water Supply Reserve Fund has a fund balance over \$5.0 million and is continuously appropriated. These funds are not reflected in the FY 2019-20 Long Bill.

Attachment A: Department of Natural Resources					
Non-Tax Revenues Collected by Department That Are Subject to TABOR (excluding sources that amount to less than \$100,000/year)					
DNR Division	Revenue Source	Associated Cash Fund	Revenues Collected Annually		
			FY 2018-19 Actual	FY 2019-20 Projection	FY 2020-21 Projection
Division of Reclamation, Mining, and Safety	Fees for new applications, amendments, conversions, new quarry applications, succession of operator, technical revisions, and temporary cessation of operations	Mined Land Reclamation Fund (34-32-127 and 34-32.5-122 C.R.S.)	1,034,046	1,047,791	1,047,791
Oil and Gas Conservation Commission	Conservation Levy	Oil and Gas Conservation and Environmental Response Fund (34-60-122 C.R.S.)	17,084,493	14,324,217	13,985,373
State Land Board	Fees for the issuance of leases, patents, certificate of purchases, right-of-way documents, and recording assignments	Land and Water Management Fund (36-1-148 C.R.S.) ^a	122,600	125,000	125,000
State Land Board	Rent for School Trust	School Fund (22-41-101 C.R.S.)	25,984,605	27,283,835	28,648,027
State Land Board	Rent for internal improvements	Parks Internal Improvements Trust (36-1-141 C.R.S.)	426,155	447,463	469,836
Colorado Water Conservation Board	Loan service fee	Colorado Water Conservation Board Construction Fund (37-60-121 C.R.S.)	144,652	778,000	272,900
Colorado Water Conservation Board	Interest earnings	Colorado Water Conservation Board Construction Fund and Severance Tax Perpetual Base Account	22,182,545	25,000,000	25,000,000
Division of Water Resources	Fees for water well permits, changes to water well permits, and applications for substitute water supply agreements and stipulated settlement payments for violations.	Water Resources Cash Fund (37-80-111.7 C.R.S.)	473,660	490,463	490,463
Division of Water Resources	Fees for water well permits and applications; stipulated settlement payments for violations.	Well Inspection Cash Fund (37-80-111.5 C.R.S.)	316,080	316,790	316,790
Division of Water Resources	Fees to support satellite-linked water resource monitoring stations throughout the state and is essential to daily water administration, the early flood warning system, low flow warning system, as well as administration of water rights and interstate compacts.	Satellite Monitoring Cash Fund (37-80-111.5 C.R.S.)	299,911	353,000	353,000
TOTALS:			\$68,068,746	\$70,166,559	\$70,709,179

a 36-1-148(2) C.R.S. authorizes the State Land Board to collect up to \$75,000 of fee revenue for management and improvements on state trust lands. Any balance of fee revenue earned in excess \$75,000 is transferred to the General Fund. Figures shown are total revenue, actual or projected.

Department of Natural Resources

Joint Budget Committee Hearing
December 18, 2019

Dan Gibbs, Executive Director



COLORADO
Department of
Natural Resources

Department Mission

To manage and conserve Colorado's natural resources for the benefit and enjoyment of people today and tomorrow.



Wildly Important Goals (WIGs)

WIG #1: Implement Oil & Gas Rules and Regulation

Appoint and confirm an interim Colorado Oil and Gas Conservation Commission and complete initial rulemaking by June 30, 2020.

Status: **ON TRACK**

WIG #2: Increase Public Access

Increase acres of public access easements, leases, and other agreements from 1.4 million acres to 2.1 million total acres by June 30, 2022.

Status: **ON TRACK**

Wildly Important Goals (WIGs)

WIG #3: CPW Financial Sustainability

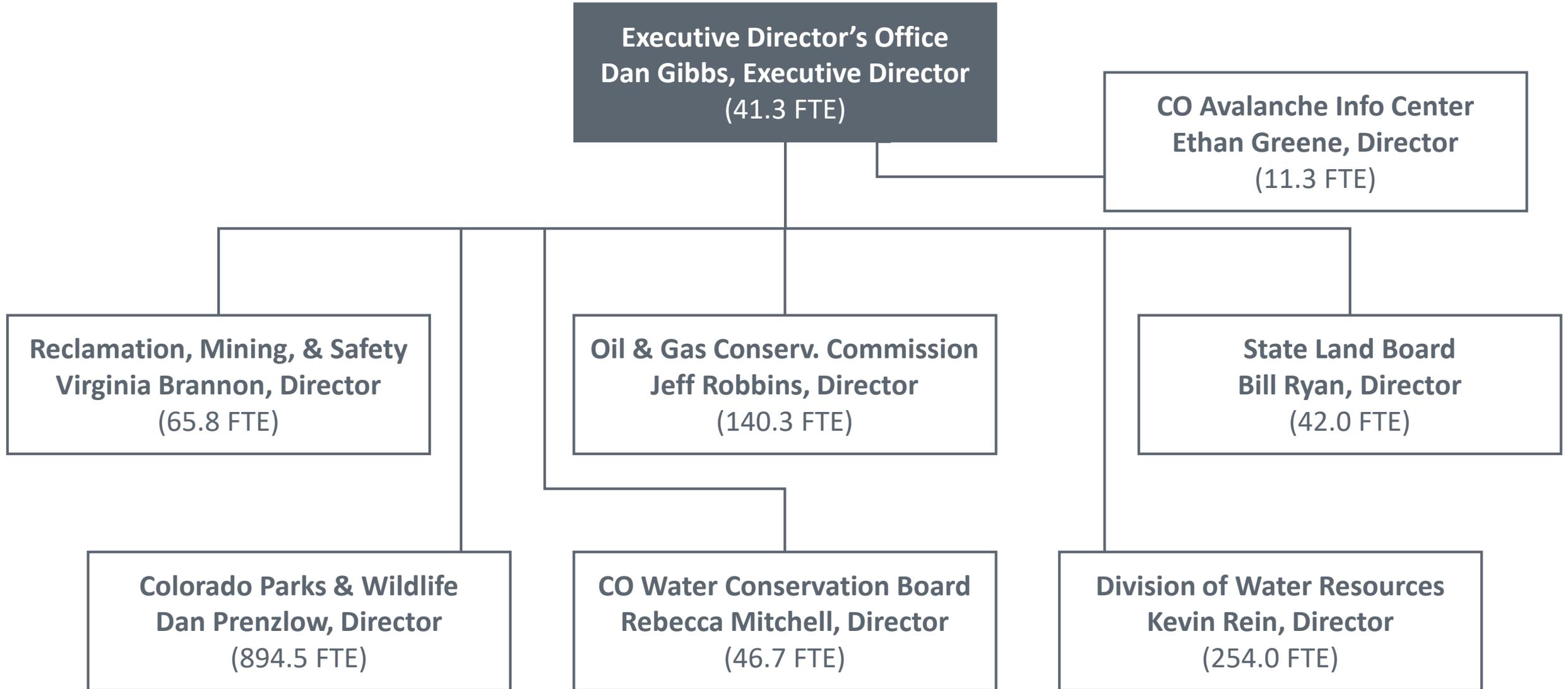
Conduct a study and establish a baseline on outdoorists' familiarity with CPW and develop a plan to engage specific groups to increase sustainable revenue sources for CPW by June 30, 2020.

Status: **ON TRACK**

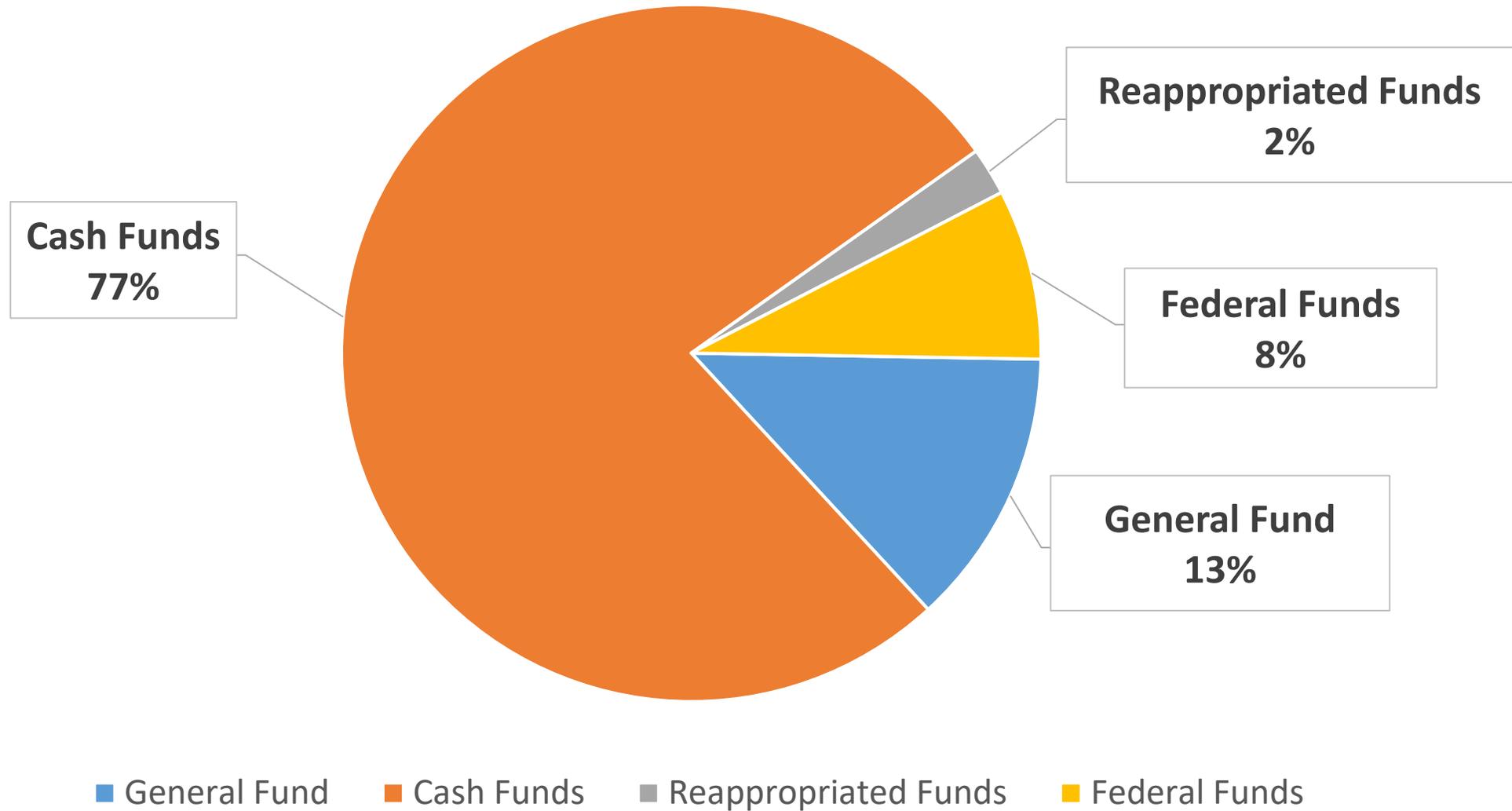
WIG #4: Equity, Diversity, and Inclusion (EDI)

Incorporate EDI values as part of DNR's culture and core business practices by implementing relevant guidance and policy and increasing the percentage of job applicants meeting minimum qualifications from 40% to 60% by June 30, 2020.

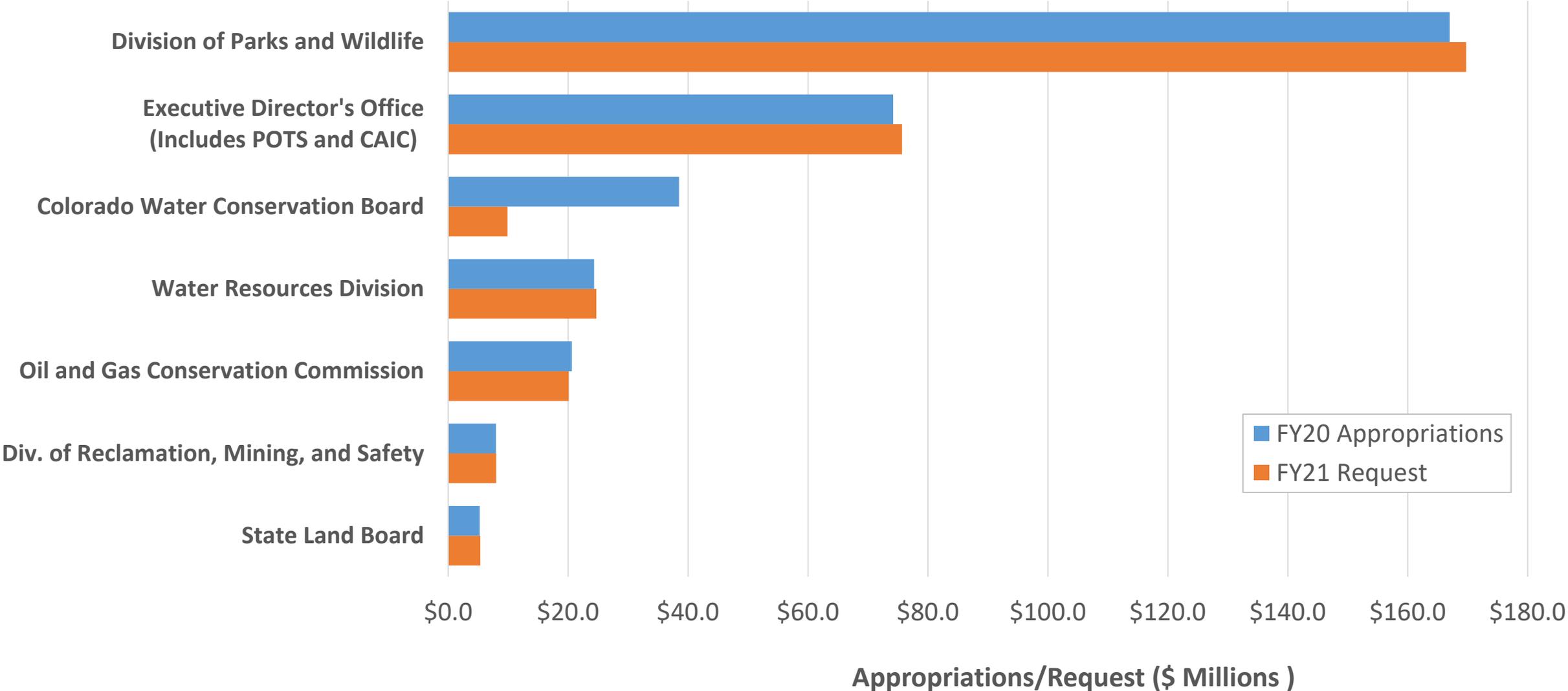
Status: **ON TRACK**



DNR FY 2019-20 Appropriations by Fund Type



Department of Natural Resources FY20 Appropriations and FY21 Request



FY 2020-21 Budget Requests

Oil and Gas Regulation

Public Access, Outdoor
Rec, and Safety

Water Conservation and
Administration

Operational Excellence



Oil and Gas Regulation

- Electronic Oil and Gas Filing System (R-01)

Public Access, Outdoor Rec, and Safety

- Backcountry Avalanche Forecasters (R-02)
- \$10M General Fund for State Parks (FY20 Capital Supplemental)
- Search and Rescue Funding (Leg Placeholder)

Water Conservation and Administration

- DWR South Platte Accounting Coordinator (R-03), Vehicle (R-11)
- CWCB Conservation/Watershed/Flood Protection FTE (R-07, R-08)
- \$10M for Water Plan Implementation (Leg Placeholder)

Operational Excellence

- Central Accounting and Procurement Staff (R-04)
- CPW Legal Services for Open Records Requests (R-06)



Savings Proposals

“Right-sizing” Spending Levels

- R-05: OGCC Orphaned Well and Emergency Response True-up (-\$1.76 million)
- R-10: DRMS Coal Program (-\$164,500 and 1.0 FTE)

Reallocating Spending Authority

- R-08: CWCB Watershed and Flood Protection Specialist (\$0 for +1.0 FTE)

Consolidating for Efficiency

- R-09: DRMS Inactive Mines Program Spending Authority (\$0 to ↑ capacity)

Long-Term Financial Considerations

- Impacts of Population Growth, Economic Factors, and Environmental Trends
- Future Budgetary Considerations:
 1. Expanding State Parks and Public Access
 2. Dam Maintenance and Repairs
 3. Fish Hatchery Infrastructure



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