DEPARTMENT OF NATURAL RESOURCES
FY 2022-23 JOINT BUDGET COMMITTEE HEARING AGENDA

Tuesday, December 7, 2021
1:30 pm – 3:30 pm

1:30-1:45 INTRODUCTIONS AND OPENING COMMENTS

Presenter: Dan Gibbs, Executive Director

1:45-2:00 COMMON QUESTIONS

Main Presenter:
- Dan Gibbs, Executive Director

Supporting Presenters:
- Carly Jacobs, DNR Chief Budget Officer
- Windi Padia, DNR Chief Operating Officer
- Nate Pearson, DNR Recovery Officer

Topics:
- Remote Work Policies, Leased Space, and Vehicles: Page 1, Question 1 in the packet, Slide 5
- Federal Stimulus Funding: Page 2, Question 2 in the packet, Slide 8

2:00-2:30 WATER

Main Presenter:
- Dan Gibbs, Executive Director

Supporting Presenters:
- Carly Jacobs, DNR Chief Budget Officer
- Rebecca Mitchell, Division Director, Colorado Water Conservation Board
- Kevin Rein, State Engineer and Division Director, Division of Water Resources
- Kelly Romero-Heaney, DNR Assistant Director for Water

Topics:
- CWCB: Page 4, Questions 3-5 in the packet, Slides 11-12
- DWR: Page 7, Question 6 in the packet, Slide 13
- SLB: Page 8, Questions 7-8 in the packet, Slide 14

2:30-3:00 PARKS & WILDLIFE

Main Presenters:
- Dan Gibbs, Executive Director
- Dan Prenzlow, Division Director, Colorado Parks and Wildlife

Supporting Presenters:
- Carly Jacobs, DNR Chief Budget Officer
- Justin Rutter, Chief Financial Officer, Colorado Parks and Wildlife

Topics:
- State Parks: Page 10, Questions 9-11 in the packet, Slide 18
- Wildlife: Page 12, Questions 12-13 in the packet, Slide 19

3:00-3:30 ENERGY & STATE LAND BOARD

Main Presenter:
- Dan Gibbs, Executive Director

Supporting Presenters:
- Carly Jacobs, DNR Chief Budget Officer
- Julie Murphy, Division Director, Colorado Oil and Gas Conservation Commission
- Ginny Brannon, Division Director, Reclamation Mining & Safety
- Bill Ryan, Division Director, State Land Board

Topics:
- Energy Innovation: Page 13, Questions 14-15 in the packet, Slide 21
- Abandoned Well Program Funding/Backlog & Bonding: Page 15, Questions 16-20 in the packet, Slide 22
- DRMS & OGCC Vacancy Rates: Page 19, Question 21 in the packet, Slide 5
- Methane Emissions: Page 20, Question 22 in the packet, Slide 23
- State Land Board Permanent Fund: Page 20, Question 23 in the packet, Slide 23

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COMMON QUESTIONS

1. *Please provide an update on how remote work policies implemented in response to the COVID-19 pandemic have changed the Department's long-term planning for vehicle and leased space needs. Please describe any challenges or efficiencies the Department has realized, as well as to what extent the Department expects remote work to continue.*

   Response: The Department of Natural Resources (DNR) has a large and geographically dispersed workforce, including about 1,522 FTE and 900 to 1,200 temporary employees located throughout the state. Many DNR employees work out of standard office space, but because of the natural resource-based nature of the Department's mission, DNR employees are also based in the field. During summer 2020 the Department implemented flexible work arrangement guidelines consistent with the State's universal policy. As of November 2021, about 65 percent of the Department's workforce continue to report to office space (a state-owned or leased facility) to serve the public or are in field-based positions. The remaining 35 percent of DNR's workforce are now in some type of hybrid in-person/remote arrangement through the Department's Flexible Work Arrangements policy. DNR expects this percentage to hold steady or slightly decline as the state continues to transition to a post-pandemic condition.

   A majority of employees utilizing flexible work arrangements prefer 2 to 3 days a week in-office settings for collaboration purposes. Based on this preference, the Department is beginning to explore hoteling options, using shared office space for employees on staggered in-person schedules. This could result in a need to reconfigure physical spaces, but over time a transition to hoteling could allow the Department to reduce its physical footprint of either owned or leased space.

   DNR's field positions encompass the full spectrum of the Department's health and safety, inspection, and regulatory duties. This field presence requires job classes such as well inspectors, mine safety inspectors, district wildlife managers, biologists, water commissioners, avalanche forecasters, and land board district managers and resource experts. DNR has historically used a large fleet of vehicles to fulfill the Department's wide-ranging mission. Because of the heavy field presence required of the Department, DNR long-term vehicle plans have not changed. Increased staffing resulting from the expansion of the state park system and other duties required of Colorado Parks and Wildlife, for example, will require more vehicles. However, over the next 5 years DNR envisions replacing its turn-in traditional vehicles with electric vehicles and plug-in hybrid electric vehicles, where feasible. As electric vehicle technology improves and there are electric vehicle options for pickup trucks, the Department will be able to expedite this process. The Colorado Energy Office and the Department are finalizing an intergovernmental agreement to commit to charging stations for fleet vehicles at key DNR worksites, including the large Colorado Parks and Wildlife office at 6060 Broadway and many state parks.

DNR continues to provide important in-person services to the public when mandatory (e.g., VIN inspections for boats and off-highway vehicles, and Chronic Wasting Disease testing) and as a matter of good customer service (e.g., offering the sale of various permits and licenses in-person for customers who do not have access to computers). However, responding to the pandemic has resulted in several efficiencies and improvements in DNR. The Department has moved many services online and continues to do so. All Colorado Parks and Wildlife passes are now available online, for example. DNR has also transitioned to the paperless Docusign system for routing and approving contracts, new hire paperwork, and other financial warranties. DNR was successful with implementing hybrid Board and Commission meetings, with Board members and Commissioners assembled in person at a central location but with the capability for speakers and the public to participate online. The Department will continue to make all Board and Commission meetings accessible in a hybrid format to save travel costs and to expand public attendance.

2. *Please describe the most significant one-time federal funds from stimulus bills (e.g., CARES Act and ARPA) and other major new federal legislation (e.g., Federal Infrastructure Investment and Jobs Act) that the Department has received or expects to receive. For amounts in new federal legislation that have not yet been distributed, please discuss how much flexibility the State is expected to have in use of the funds.*

Response: The Department has not received funds from either the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) or the American Rescue Plan Act (ARPA, H.R. 1319). However, the Department has two high-impact proposals for consideration by the legislative task force on Economic Recovery and Relief to allocate APRA funds, one for $22.8 million to expand broadband access at State Parks in rural areas of the state and another for $15 million to support groundwater recovery in the Republican and Rio Grande Basins.

From the Federal Infrastructure Investment and Jobs Act, there are likely to be significant distributions to Colorado for natural resources, including funding for:

- drought resiliency and water resources;
- forest health and watershed resiliency;
- reclamation and remediation of mined lands;
- plugging and reclaiming of orphaned oil & gas wells, and
- wildlife habitat and infrastructure.

In many cases, the bill gives Federal agencies broad leeway to determine distribution formulas, program requirements, and timelines. This means that in a majority of the program areas impacted by the bill, it will take the Department some time to know specific funding amounts and program structures. While some funding is likely to be administered by the Department itself, much will be administered directly by federal agencies or pass-through directly to stakeholders.

The level of flexibility for any potential federal funds the state may receive through future federal legislation will be dependent on the legislation itself as well the U.S. Treasury guidance that will be issued subsequent to the passage of the legislation, which will establish the allowable flexibility for how the funds are used. Note that for some stimulus funding, this federal guidance is established soon after passage of the relevant legislation, but in many other cases this guidance has taken several months to be finalized. For State and Local Fiscal Recovery Funds, we continue to evaluate the FAQs and additional guidance provided by the U.S. Treasury.

The Department is committed to tracking and implementing the provisions of the Bipartisan Infrastructure Deal in as purposeful and collaborative a manner as possible. While details on the implementation of many of the provisions of the bill are still outstanding, there are a number of programs for which there is greater relative certainty of direct distributions to the Department. These are described below:

- <u>Orphaned well plugging, remediation, and reclamation:</u>
  Four new grant programs to benefit states with orphaned well liabilities have been established at the Federal Orphaned Well Program- summarized in the table below. Colorado is expected to be eligible for all four programs. While the total time frame for which funds may be available is ten years, significant uncertainty remains.

[Response continued on the following page.]

Summary of Federal Orphaned Well Programs

Program	Amount Available to Each State	Criteria/Formula	Timeframe
Initial Grants	Up to $25M	State must be a member of the Interstate Oil and Gas Compact Commission and submit application	One year
Formula Grants	TBD	Number of oil and gas jobs lost since 2020, number of orphaned wells in each state, and estimated reclamation costs in each state	Up to five years
Regulatory Improvement Grants	Up to $40M	Up to $20M each for demonstrating strengthening of plugging standards and/or undertaking reforms to reduce future orphan well burdens within the last ten years	Up to ten years
Matching Grants	Up to $30M	Based on difference between future liabilities and average previous expenditures	Up to ten years

- Abandoned Coal Mine Reclamation:
  - Significant new funding has been provided to the Office of Surface Mining, Reclamation, and Enforcement (OSMRE) to be distributed to states under the Surface Mining Control and Reclamation Act (SMCRA).
  - The new annual grant program is to be established by OSMRE "as expeditiously as practicable" to states under SMCRA, with distributions continuing for fifteen years.
  - Distributions will be based on the number of tons of coal historically produced in each state prior to 1977; although grants shall not be less than $20M total over 15 years.
  - Funds must be used in accordance with the existing provisions of sections 403 and 410 of SMCRA.

WATER

Colorado Water Conservation Board (CWCB)

3. *[Rep. McCluskie] Please provide an update on watershed projects related to recent wildfires (Cameron Peak, Troublesome, and Grizzly Creek). Please include information about available federal grant/match funding. Finally, provide any other updates on wildfire impacts to our water quality system.*

   Response: The CWCB received $34 million in state stimulus funding for wildfire related watershed restoration and recovery grants during the 2021 Legislative session through S.B. 21-054 and S.B. 21-240. The table below outlines total project amounts, including CWCB grant funding and matching funds provided by federal and local governments, for the Cameron Peak, East Troublesome, Pine Gulch/Grizzly Creek, and Calwood burn scar areas.

Wildfire Incident	Total Project Amount	CWCB Grant	Funding Match
Cameron Peak	$32,116,331	**$11,613,338**	$20,502,993
East Troublesome	$45,017,620	**$8,813,524**	$36,204,096
Pine Gulch/Grizzly Creek	$537,332	**$250,000**	$287,332
Calwood	$13,706,393	**$1,506,796**	$12,199,597
Total	$91,377,676	**$22,183,658**	$69,194,018

Projects funded include, but are not limited to, the non-federal share of Emergency Watershed Protection (EWP) projects administered by the Natural Resources Conservation Service, aerial mulching of both federal and private land, and post-wildfire flood warning systems. To date, the CWCB grants have supported the mulching of nearly 13,000 acres (which replaces ground cover burned during fires and benefits the watershed by increased infiltration of precipitation and reduces runoff and erosion) and the installation of 18 rain gauges and 6 stream gauges. These efforts protect lives, property, critical floodplain habitat, and water, agriculture, and transportation infrastructure.

The CWCB is on track to meet all funding milestones required by the stimulus bills for watershed restoration and wildfire recovery. From the remaining funds, the CWCB is working with stakeholders to prioritize project needs. Stakeholders have been asked to consider longer term recovery needs such as landscape-scale reclamation, channel restoration, and natural gully stabilization. Scopes of work and contracts for all remaining projects are expected to be finalized by Spring 2022.

The CWCB does not have details on the specific local water quality impacts resulting from these fires. In their experience, watershed and water quality impacts from wildfire generally manifest with increases in hardness, conductivity, pH, total dissolved solids, turbidity, heavy metals, radionuclides, and total and dissolved nitrogen and phosphorus. The watershed impacts witnessed from the Cameron Peak, East Troublesome, Pine Gulch/Grizzly Creek, and Calwood fires are no different. These effects can last for years following a catastrophic fire. In addition, sediment and debris can damage water supply infrastructure, clog intakes and reduce reservoir capacity in ways that degrade water quality and reduce water supply capacity. Catastrophic fires can also promote flooding and debris flows that impact stream channel form and function to the detriment of aquatic life and water quality.

4. *[Sen. Rankin] How do we plan to track the infrastructure bill and how it relates to the Water Implementation Plan?*

   Response: The Department has closely reviewed the text of the bill, which includes significant funding for drought contingency planning in the Colorado River Basin (including $50M specifically for the Upper Basin to utilize in partnership with all the Upper Basin states). In addition, the bill includes funding for water storage projects, water efficiency projects, aquatic ecosystem restoration and species recovery, and rehabilitation of aging infrastructure. Based on the Department's reading of the bill text, much of the water funding is likely to be distributed through existing federal programs, including a substantial investment in water projects through the State Revolving Fund administered by the Colorado Department of Public Health and Environment. This means that the majority of the water related funding from the Federal Infrastructure Bill is not expected to be administered directly by the CWCB. However, the CWCB will support Colorado local governments, water conservation districts, and other stakeholders when appropriate and to the best of its ability as these stakeholders participate in the opportunities compatible with the goals of the Water Plan that are presented by federally administered grants.

5. *[Rep. McCluskie] What is the process currently for Water Plan Grant Program projects coming forward, given that we don't currently have "boots on the ground"?*

   Response: The Colorado Water Conservation Board (CWCB) accepts applications and awards grant funds for the competitive Water Plan Grant Program (WPGP) twice during the fiscal year. Typically, applications are developed at the local level, although applicants are encouraged to reach out to CWCB staff in advance of submitting an application to discuss potential projects. Grant applications are evaluated by CWCB staff based on available funds, eligibility requirements, and established evaluation criteria. Following thorough review by committees composed of subject matter experts and CWCB leadership, CWCB staff recommend projects to the CWCB Board for approval of grant funding during Board meetings. The CWCB funds projects that have the best opportunity to make progress on the objectives in the Colorado Water Plan.

   Prior to the legalization of sports betting, the General Assembly made a series of investments in the WPGP through discrete, one-time appropriations. To administer these funds, the CWCB allocated the resulting workload across existing staff who work in other program areas (e.g., project management for water project loans, the Water Supply Reserve Fund, non-reimbursable project investment grants), and took on water plan grant management in addition to their existing full-time responsibilities. Grant projects typically have a three to five-year life cycle, so the program workload to existing CWCB staff compounds with each year of funding, and is not sustainable in the long term. Additionally, under the current distribution of workload, staff do not have the capacity to proactively work with local stakeholders, which can interfere with project development in Colorado's rural communities that often lack experience in grant application writing and resources for project management.

The passage of Proposition DD established an annual, ongoing source of revenue for the WPGP. The requested regional project managers for the WPGP (FY 2022-23, R-02) will provide support to identify, coordinate, and plan projects with stakeholders; assist applicants during the grant process; evaluate applications; and manage the grant cycle from start to finish. With the dedicated program staff, there is a high potential to make more progress on Water Plan implementation in rural Colorado, where the majority of the state's water resources exist. The request is intended to bolster local projects through better access to grant funding and support provided by the regional project managers.

DIVISION OF WATER RESOURCES (DWR)

6. *[Sen. Rankin] Please explain water accounting processes and needs in the Yampa River Basin. With regards to the request for 3.0 water accounting coordinators, why is the Department not requesting a coordinator for the Yampa River basin?*

   Response: The Division of Water Resources (DWR) identified the requested water accounting coordinators (3.0 FTE) based on the unique characteristics of the South Platte, Arkansas, and Rio Grande Basins that are contributing to increased water accounting workload, including the number of irrigation wells and the number of changes of water rights. These factors are generating a greater increase in water accounting-related workload compared to the Yampa River Basin and other West Slope basins.

   Each of the three basins are over-appropriated and have thousands of high-capacity irrigation wells, most of which are junior to surface water rights. As a result, the wells are required by law and promulgated rules to operate according to augmentation plans, replacement plans, and other mechanisms to replace stream depletions. These plans come with extensive accounting requirements, often imposed by the court, involving hundreds of monthly spreadsheets for each basin that DWR must process. The three basins have also experienced a large number of changes of water rights for the purposes of providing water for municipalities, other alternative uses, or augmentation water for the augmentation plans described above. Changes of water rights are also done through the court and have extensive accounting requirements.

   Water accounting processes are important in the Yampa River Basin, but the basin does not have the same accounting workload as the South Platte, Arkansas, and Rio Grande Basins. The Yampa River Basin, along with the other West Slope basins (e.g,. the Colorado, Gunnison, and San Juan-Animas River Basins), have relatively few changes in water rights and have a comparatively small number of high-capacity wells for irrigation or other use that require augmentation plans. Only portions of the Yampa River Basin have been declared over-appropriated. Even though an over-appropriation decision is pending for the lower basin, it will be some time before the number of augmentation plans compares with the three basins that have been over-appropriated since the early 1900s. Calls administered by the Division Engineer are an infrequent occurrence on the mainstem of the Yampa River, and they are smaller in scale, so the requirements for accounting are a fraction of what is required in the South Platte, Arkansas, and Rio Grande Basins.

State Land Board (SLB)

7. *[Rep. McCluskie] What is the value of Colorado's existing water rights?*

Response: The total value of the State Land Board's 2.8 million acres of surface land is $2.4 billion and the value of trust lands is created, in part, by the availability of water for use on those lands. However, estimating the value that water rights contribute to trust lands is complicated and involves the consideration of many different factors, including location, appropriation date, firm yield, decreed use, market demand, historical use records and other metrics. Further, any given estimate of value is necessarily a snapshot in time, given the fluctuations in water supply and the water market. With these caveats, the State Land Board believes that it has a 95% complete schedule of its water assets in-hand. Trust water assets include: 1,367.5 ditch shares, 15 surface water rights, 122 decreed groundwater wells, 2,000 exempt stock water wells, and 243,872 acres of surface ownership in the Denver Basin which convey water rights to the surface owner. By compiling formal appraisals of water rights value, SLB staff have documented recent values on 522.5 ditch shares (38% of all ditch shares owned) and the groundwater rights associated with 8,524 acres of surface ownership in the Denver Basin (3.6% of all surface ownership in the basin). These identified assets carry a documented value of approximately $10.0 million as of November 2021. One of the key duties of the requested Water Resources Manager will be applying specialized expertise in water records and other legal documents to complete and oversee SLB's water portfolio records and records management process. As agency water records improve over time, the position will leverage that information to refine and update valuation estimates for the division's complete water portfolio.

8. *[Sen. Hansen] What is the potential for irrigation wells owned by SLB to shut down? If this were to happen, what would be the impact on SLB revenues?*

Response: The State Land Board owns 122 irrigation wells that put state trust water rights to beneficial use. Of those, 69 are located in groundwater basins (46 in the Republican River Basin and 23 in the Rio Grande Basin) that could face mandatory reductions in groundwater pumping if interstate compact obligations or aquifer sustainability targets outlined in state rules are not met for these basins. Like all other wells in these basins, State Land Board wells would be subject to any required action to address mandatory reductions.

These 69 wells are used to irrigate approximately 6,950 acres in the Republican River Basin and 2,880 acres in the Rio Grande Basin. The difference in lease rates charged for cropland irrigated with State Land Board water versus cropland irrigated with lessee-sourced water is approximately $50 per acre. Lease payments associated with these irrigation wells represent about 65% of the agency's current annual income from irrigation water leasing - approximately $390,000 per year - but the availability of water also increases the value of the land itself. Proactive water management will help to preserve land values in the Republican and Rio Grande basins, particularly as the state works with local water conservation districts to avoid basin-scale, mandatory, uncompensated curtailment of groundwater.

Because the value of many trust lands is closely associated with the availability of water on those lands, mandatory reductions to groundwater pumping are of significant concern to the division. As the manager of Colorado's School Trust lands, the State Land Board has a fiduciary responsibility to make fiscally responsible decisions on behalf of trust beneficiaries. To that end, the State Land Board evaluates the financial incentives provided to water rights owners for taking irrigated acreage out of production and has participated in voluntary groundwater conservation programs when the retirement of an irrigation well is in the best interest of the School Trust beneficiaries. As a result, some of the agency's least productive wells and irrigated agricultural land have either been taken out of production, converted to livestock use, or are being considered for such actions.

When the State Land Board voluntarily shuts down an irrigation well, the agency works closely with the agricultural lessee to ensure that the state trust land is managed appropriately during the conversion from irrigated cropland to dryland. The lessee is compensated for their efforts during the conversion process, and leasing continues at a rent rate appropriate for dryland crops. In the absence of state trust water, leasing can continue at reduced rent rates.

Among other responsibilities, the requested State Land Board Water Program Manager position will help determine how the State Land Board participates in groundwater conservation programs in a manner that contributes to the state's broad water management goals and also optimizes financial outcomes for the School Trust.

PARKS AND WILDLIFE

STATE PARKS

9. *[Sen. Rankin] What impacts should we expect to see from adding State Parks?*

   Response: When Colorado has an opportunity to add new state parks to the state parks system, it increases opportunities for sustainable and accessible outdoor recreation and helps to reduce the strain on other public lands experiencing high visitation, including existing state parks and recreation areas. Each new park can provide a unique place for visitors to experience Colorado and live life outside. The responsible management of lands conserved within the boundaries of new parks also benefits sensitive habitats, native plants, and wildlife. Parks are an important part of their local economy. New parks increase economic activity and provide a benefit to their surrounding communities, including local governments, citizens, and businesses. New parks also increase tourism and create job opportunities through the development, staffing, and operation of the new park.

   Opening a new state park often involves a variety of construction projects to build amenities, such as roads, trails, and facilities to provide safe public access for outdoor recreation. New parks also require staff and operating resources. While the needs of any new park will be unique and the timing of the need will vary, operating a park typically requires a start-up package of park rangers, temporary staff, vehicles, utilities, small capital improvements, repairs, and general operating expenses to open the property to the public.

10. *[Sen. Rankin] Please summarize federal partnerships, especially with regards to Sweetwater Lake. How do we plan to do more about that in the future?*

    Response: Colorado Parks and Wildlife (CPW) maintains a variety of relationships with many federal partners, and in many cases, CPW has a long-term lease with the federal landowner to allow recreational activities on federal property. Most commonly these lease arrangements are at reservoirs where the federal owner - typically either the Bureau of Reclamation or the Army Corps of Engineers - worked with CPW to provide a recreational benefit to a water storage project. Federal partners may provide supplemental funding to support the operations at the property through various grants or cost sharing agreements.

    With specific regard to the Sweetwater Lake property, CPW entered into a Memorandum of Understanding (MOU) with the U.S. Forest Service (USFS) and Eagle Valley Land Trust (EVLT) to work towards joint management of a state park on federal land. The MOU does not commit any state resources, other than staff time to develop the partnership, but instead places responsibility on the partners (USFS, EVLT, and CPW) to assess permitting and/or lease agreement options in the joint management of a state park on the property. The details of a cost sharing agreement have not yet been determined, though the partners are all committed to working towards the establishment of a state park on the property. CPW is hopeful that additional partnership opportunities with federal agencies will be possible based on lessons learned at Sweetwater Lake.

11. *[Rep. Herod] Do Park Rangers currently receive any specific training for possible encounters with individuals who may have behavioral health challenges, including those who may be living unhoused on public lands? Has the Department considered partnering with agencies that specialize in this type of training?*

Response: Parks and wildlife officers interact with members of the public who may have behavioral or mental health challenges, including unhoused individuals, at state parks and state wildlife areas. Officers coordinate with staff at local government, open space, and federal land management agencies to connect people to resources available in their respective area of the state. CPW ensures officers have reality-based training on an annual basis on how to engage with these individuals. In addition, all 450 CPW Officers will participate in an Introduction to Crisis Intervention training in February 2022 that will provide new tools for interacting with individuals in crisis situations. CPW supports officers that choose to complete additional training, including a certification in Crisis Intervention, De-escalation and Mental Health First Aid.

CPW staff partner with many other agencies that specialize in this type of training, including with Colorado Open Space Alliance (COSA) and the Colorado Parks and Recreation Association (CPRA). In addition, CPW collaborates with city, county, state and federal open space and public lands organizations to share best practices. Training centered on contact with individuals with behavioral health challenges is also provided by partnering with local, state, and federal government agencies including the Attorney General's Office, local rescue and emergency services organizations, local sheriff's offices, Rocky Mountain High Intensity Drug Trafficking Area (HIDTA), the Federal Bureau of Investigation (FBI), and the United States Department of Justice (DOJ).

The majority of interactions with unhoused individuals happen at the following state parks: Cherry Creek State Park, Chatfield State Park, Pueblo State Park, and James M. Robb Colorado River State Park. Park Managers and Senior Rangers at these parks are educating staff to connect these individuals with public health resources. For example, Cherry Creek State Park staff work with the City of Aurora and Arapahoe County to offer those who are camping in the park without a valid camping permit with resources related to mental health services, health care, food security, and temporary housing. Chatfield and Pueblo Lake State Parks staff are working with local contacts at the county level to make similar connections.

WILDLIFE

12. *[Sen. Rankin] Provide an update on the Department's plan for introducing wolves and what the funding source(s) will be to support that.*

Response: CPW is in the process of preparing the plan to restore and manage gray wolves in Colorado on lands west of the Continental Divide no later than December 31, 2023, as required by Section 33-2-105.8, C.R.S. CPW has convened advisory groups in order to hear from diverse stakeholder interests and is using that information to draft the wolf restoration and management plan. CPW expects the draft plan to be available to the public by early 2023. This engagement with stakeholders and the public is important to build trust, provide opportunities for information exchange and education, and enhance the plan's content. The Parks and Wildlife Commission is receiving updates and hearing public comments throughout the planning process, working towards approval of a final plan, currently anticipated in summer 2023. Below is a more detailed description of the planning process that has occurred so far and is ongoing.

In summer 2021, CPW and Keystone Policy Center (Keystone), the contracted facilitator, conducted a scoping phase of public engagement, providing a variety of opportunities for the public to inform the restoration and management planning process by sharing ideas, suggestions, concerns, and questions through 47 meetings and an online open house and comment form engaging more than 3,400 public participants. Although outreach has been statewide, it has been heavily focused on the Western Slope as the area of the state that will be most directly impacted by wolf reintroduction. All meetings and the online open house provided the same informational materials (in the form of presentations and/or posters) as well as the same questions to the public. Two tribal consultations were also held. The outreach led to the creation of the Summer 2021 Public Engagement Report: Colorado Wolf Restoration and Management Plan.

An external Technical Working Group (TWG) has been assembled. Its members review objective, science-based information and share their own knowledge and experience. Their expertise includes wolf reintroduction, wolf management, conflict minimization, depredation compensation, and other relevant topics. The TWG meets virtually on a monthly basis. A Stakeholder Advisory Group (SAG) of 17 voting members was also convened to offer a broad range of perspectives and experiences to inform the social implications of wolf restoration and management strategies. Members were selected with consideration for diversity in demographics, backgrounds, geographic regions, perspectives, and knowledge in order to constitute a stakeholder voice in the planning process. Monthly SAG meetings are in person, open to public observation, and include opportunities for public comment.

Details about the wolf reintroduction process are frequently updated on CPW's wolf reintroduction webpage.[1]

Funding Source(s): The planning process for introducing wolves is supported by an annual Long Bill appropriation of $1.1 million General Fund, starting in FY 2021-22. General Fund is an authorized fund source for reintroduction pursuant to H.B. 21-1243.

13. *[Rep. Ransom] Regarding federal funds that are provided as reimbursements, how does that impact CPW expenditures? How much does the Division spend annually for which it is later reimbursed?*

Response: All CPW's federal grants are administered on a reimbursement basis. This is a common arrangement for many sources of federal funds and does not affect CPW's expenditures at all. The cycle of expenditure, billing, and reimbursement associated with federal funds is largely a technical accounting process that is facilitated in the state's accounting system (CORE), in accordance with state fiscal rules and federal agreements. A federal grant award serves as an agreement for a federal agency to provide a specified amount of funding for defined goods, services, activities, or programs at CPW. When CPW has expenditures that are supported by grant funds within the parameters of the federal award or agreement, a "receivable" is automatically generated in CORE. The receivable is a formal record of what CPW is owed for the grant expenditures it has on its books and supports the invoice or bill that CPW sends to federal agencies to draw down available federal funds in the form of a reimbursement. CPW will "bill" federal agencies for expenditures on a quarterly basis, or more frequently for grants that incur larger or more numerous expenditures, and reimbursements are typically processed in one business day. In FY 2020-21, CPW spent $329.2 million total funds. Of that amount, $38.6 million were federal funds that were subject to the reimbursement process.

ENERGY AND STATE LAND BOARD

Energy Innovation

14. *[Sen. Rankin] Why is this position necessary when we have the Colorado Energy Office that is supposed to be handling these types of initiatives?*

Response: The mission of the Colorado Energy Office (CEO) is to reduce greenhouse gas emissions and consumer energy costs by advancing clean energy, energy efficiency, and zero-emissions vehicles to benefit all Coloradans. There are certainly common goals and objectives between the mission of the CEO and DNR's requested Assistant Director for Energy Innovation, and DNR will continue to look to the CEO for policy guidance and assistance. The requested position will be the department's main point of contact for coordination with the

[1] https://cpw.state.co.us/learn/Pages/Wolves-Stay-Informed.aspx

CEO, ensuring that information flows between DNR, CEO, and other agencies and partners in a consistent and timely manner.

Importantly, the position will be an expert in DNR's divisions and the specific nuances of the energy innovation opportunities and challenges present in each agency's mission. This position can begin to work right away with DNR's divisions to inventory the statutory responsibilities and policy needs that face each agency, and then begin to coordinate policies and practices department-wide. DNR divisions conduct rulemakings and other actions that have policy impacts on a regular basis. Additional capacity to coordinate energy information and practices across divisions will immediately benefit the boards and commissions charged with implementing those policies. Providing input and guidance on sometimes highly specialized rulemakings and other policy decisions by DNR divisions would be very challenging for CEO staff. The DNR Assistant Director will work with these divisions on a daily basis and be an expert in their operations and policy issues.

The position can immediately begin to liaise with the CEO and directly translate that agency's statewide policies to DNR, in a manner that is highly specific to each DNR division and its mission. The AD for Energy Innovation will also serve as the liaison between DNR and other state departments and federal agencies in a coordinated manner, a capacity that is not currently centralized within DNR. Interaction and coordination with the Colorado Department of Public Health and Environment, the Office of Just Transition in the Colorado Department of Labor and Employment, and many other local, state, and federal agencies will benefit DNR divisions right away. It would be very challenging, if not impossible, for the CEO to fill this liaison role between DNR and its federal, state, and local partners.

15. *[Rep. Moreno] Is this one of the Department's Wildly Important Goals? (WIGs)*

Response: The Department's programs and goals broadly align with the Governor's "Bold Four" Wildly Important Priorities. The requested Assistant Director (AD) for Energy Innovation will be tasked with coordinating and advancing the department's efforts toward meeting the Governor's "Bold Four" Wildly Important Priority on Energy and Renewables to "*set Colorado on a path to 100% renewable energy for the grid by 2040 and position Colorado as a leader in the clean energy economy.*"

The job duties envisioned for the AD for Energy Innovation align directly with several of the Wildly Important Goals from this Priority, including action on Colorado's Greenhouse Gas Pollution Reduction Roadmap, maximizing the use of renewable energy in Colorado, and implementation of a Just Transition program in communities that have historically been focused on traditional energy sources. Several DNR divisions will help support these cabinet-level WIGs, but without centralized coordination and planning the potential exists for inconsistent or redundant responses.

An increased focus on renewable energy is not a specific DNR Wildly Important Goal for FY 2021-22, but the concepts and outcomes around renewable energy are consistent with DNR's fundamental responsibilities and priorities. Energy issues and the increasing need for innovative energy strategies - either regulatory, policy-oriented, or financial in nature - will be important considerations for many DNR divisions in both the short- and long-term. DNR divisions fill a crucial regulatory role in the oil and gas and mining industries, and innovation and change are two of the historic hallmarks of these fields. Similarly, emerging trends in solar and wind energy could dramatically impact many of the outdoor recreation, game management, and range management activities that are the responsibility of Colorado Parks and Wildlife and the State Land Board. Centralized departmental expertise in these and other energy trends will benefit every DNR division - and its customers - in some manner.

ABANDONED WELL PROGRAM FUNDING/BACKLOG & BONDING

16. *[Sen. Rankin] How are abandoned wells identified? What are the criteria and how do bankruptcies impact the number of abandoned wells? Please provide some kind of categorization of abandoned wells based on how they come to be abandoned.*

Response: Please note that for several of the following questions and responses, in oil and gas well terminology, "abandoned" is not the same as "orphaned." Unlike an abandoned mine, the abandonment of an oil and gas well is one part of a mandatory closure process (plugging and abandonment or P&A) for permanently discontinuing the use of a well under OGCC Rules. For a well to be considered properly plugged and abandoned, an operator must set downhole plugs to isolate groundwater and hydrocarbons, cut off the well with a welded plate or cap and cement at the surface, remove and decommission production equipment, properly abandon in place or remove flowlines, and remediate and reclaim the location. According to OGCC Rules, an orphaned well is a well for which no owner or operator can be found, or where such owner or operator is unwilling or unable to plug and abandon the well. Similar to an orphaned well, an orphaned site is a location where a significant adverse environmental impact may be or has been caused by oil and gas operations, for which no responsible party can be found, or where such a responsible party is unwilling or unable to mitigate such impact. An orphaned site may or may not have an orphaned well on it.

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. Potential orphaned wells and sites are brought to the OGCC in a number of different ways. These include referrals through routine OGCC field inspections, complaints from the public, well file reviews, other external sources such as State Land Board, operator bankruptcy, or enforcement matters resulting in bond claims.

Once a potential orphaned well or site project is identified, Program staff's first step is evaluating whether it meets eligibility criteria. If OGCC determines that there is an active, legally functioning/capable operator or identifiable responsible party liable for the work, then the project is not eligible for the Program. In cases of bankruptcy or enforcement, the associated proceedings have terminated the operators' legal ability to operate the well or site, which qualifies these wells and sites as eligible for the Program. If a well or site meets the Program eligibility criteria, OGCC claims all associated financial assurance. If the project is not within OGCC's jurisdiction, it is not eligible for the Program. Examples include wells and sites located on land managed by the Bureau of Land Management, the United States Forest Service, and Tribal jurisdictions.

A categorization of the backlog and completed projects (organized by the reason the wells and sites were added to the Program) is not readily available. Program staff do not track backlog additions and deletions by this criteria. OGCC does, however, prioritize Program activities by the relative risk of the orphaned well or site.

The impact of bankruptcies on the Program backlog is highly variable year over year. During the prior three fiscal years, only a single operator bankruptcy contributed orphaned wells to the Program backlog. Conversely, as of November of the current fiscal year, three operator bankruptcies that began as early as Fall of 2019 have contributed wells and/or sites to the Program. In OGCC's experience, formal bankruptcy proceedings are not the most common way for wells/sites to become part of the Program. More frequently, operators' wells and sites enter the Program because an operator simply ceases to conduct business and fulfill their regulatory obligations, without going through a formal bankruptcy proceeding. In these situations, OGCC enforcement processes are necessary.

17. *[Sen. Hansen] Can you give an update on what is happening with the abandoned well queue as far as why the backlog has increased since last year and why we can't plug more wells despite increased funding? What is causing the increase in the backlog and how do we reverse the trend?*

At the close of FY 2019-20, OGCC's Orphaned Well Program (Program) reported a backlog of 215 wells and 454 sites. By the close of FY 2020-21, the backlog had grown to 236 wells and 547 sites, an increase of 21 wells (10 percent) and 103 sites (23 percent). The number of orphaned sites grows at a higher rate (or falls at a lower rate) than the number of orphaned wells because plugging a well is a relatively quick process, while reclaiming and/or remediating a site in accordance with OGCC Rules is a process that often spans multiple years. Further, a single orphaned well may be added to the Program inventory with multiple associated orphaned sites; examples of the sites frequently associated with a single orphaned well include the well pad, a tank battery, and a pit that are geographically separated from one another.

A five-year history of the Orphaned Well Program backlog and completed work demonstrates dramatically increased orphaned well and orphaned site work correlating with the increase in Program resources approved by the General Assembly in FY 2019-20:

Fiscal Year	Orphaned Well Backlog	Orphaned Site Backlog	Orphaned Wells Plugged	Orphaned Sites Where Work Performed	Program Expenditures*
2017	199	267	11	34	$441,339
2018	263	365	16	61	$415,003
2019	275	422	10	69	$1,360,648
2020	215	454	61	102	$4,281,891
2021	236	547	55	117	$3,016,798

*Reflects spending from appropriated funds only. Excludes expenditures of bond claims.

The 10 percent increase in the Program backlog at the close of FY 2020-21 was primarily the outcome of an influx of newly orphaned wells resulting from a bond claim. However, as demonstrated in the table, the number of wells plugged per year has significantly increased since the General Assembly took action to expand the size and funding of the program. Not including the Program's expansion year of FY 2018-19, appropriated Program expenditures increased seven to ten-fold, as compared to annual appropriated expenditures prior to the expansion.

During FY 2020-21, the Program plugged 55 wells and performed work at 117 sites. In the current fiscal year, OGCC filled a Program Environmental Protection Specialist vacancy, which will help to increase the Program's capacity to close sites after wells are plugged. Program staff are currently working at an accelerated pace and have already expended over $2.1 million year-to-date in FY 2021-22 ($1.9 million in appropriated funds and $238,000 in bond funds), to plug and reclaim orphaned wells and sites.

Of note, the Commission entered orders against five noncompliant operators in October of 2021, which will transfer approximately 205 additional wells to the Program backlog. These enforcement matters have been in process for over two years, and reflect OGCC staff following the Commission's directive to move default proceedings forward at an accelerated pace. There are a few additional enforcement proceedings likely to be heard this fiscal year that may result in additional wells and sites added to the Program. OGCC staff is concurrently preparing to request funding from the federal Infrastructure Investment and Jobs Act, which will increase funding and resources available to OGCC to perform orphan well and site plugging, abandonment, and reclamation.

18. *[Sen. Rankin] Is bond money being utilized to plug wells and to what extent?*

Response: Bond money is being used to plug wells when available. In accordance with OGCC policies and procedures, expenditures to plug and reclaim orphaned wells and associated facilities are paid from claimed financial assurance prior to the use of any appropriated funds. In emergency situations, OGCC may perform work prior to receiving funds from a claimed bond and will reallocate the incurred expenditures upon receipt of the proceeds, after the work is completed if there is an immediate threat to public health, the environment, or wildlife. Over the past 10 years (Fiscal Years 2011-12 through 2020-21), the Program has spent more than $13.5 million to plug and reclaim orphaned wells and sites. Of the $13.5 million, $1.8 million, or 13 percent, of the expenditures were from claimed financial assurance. For the 236 orphaned wells and 547 orphaned sites comprising the Program's backlog as of June 30, 2021, approximately $724,000 of claimed financial assurance remained to support the required work.

19. *[Sen. Moreno] How does additional funding from the federal infrastructure bill interact with our efforts and funding to plug abandoned wells?*

Response: The Infrastructure Investment and Jobs Act provides multiple potential funding sources for states to plug, remediate, and reclaim orphaned wells located on state or privately owned land. These funds are to be administered through three grant programs: Initial Grants, Formula Grants, and Performance Grants. Of note, there are two different types of Performance Grants - Regulatory Improvement Grants and Matching Grants. OGCC intends to bolster its current efforts to plug and reclaim orphaned wells and sites by applying for all sources of available federal funds. The Division anticipates this could double the program's current annual throughput until federal funding is exhausted, potentially up to ten years, facilitated by grant-funded program staff.

20. *[Sen. Hansen] Can you give an update on the rulemaking process around bonding?*

Response: The Commission held its first Financial Assurance rulemaking hearings November 9 and 10, 2021, with presentations by 44 of the 103 parties to the rulemaking and significant time allotted for public comment. Based on the party and public feedback, OGCC staff will provide its next draft of rules during the first half of December 2021. Hearings will begin again on January 20 through February 3, 2022, with staff and party presentations and public comment. Commission deliberations are currently scheduled for early February 2022, with new rules taking effect April 1, 2022.

DRMS & OGCC Vacancy Rates

21. *[Sen. Hansen] DRMS and OGCC have very high vacancy rates, can you explain why this is? Is there any discrepancy between the numbers in the RFI report and the current numbers? If not, what can you do to reduce the number of vacant positions?*

Response:

Division of Reclamation, Mining, and Safety (DRMS)
The reported vacancy rate for DRMS reflects an outdated FTE allocation that results in a misalignment between actual staffing and the number of FTE identified in the Long Bill, rather than an excess of unfilled vacancies. DRMS vacancies as of November 2021 are approximately equivalent to the vacancies represented in the RFI report but current staffing levels are commensurate with the division's workload and mission.

DRMS has a very low turnover rate on average. Employees tend to stay at DRMS for a long tenure, which means agency staff often have higher levels of experience and salaries that correspond to their expertise and time with the Division. New employees are not cycled in with much frequency to fill vacant positions at starting salaries. Additionally, 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). When vacancies do occur, DRMS competes with the energy sector and must sometimes hire new employees for these positions with salaries above the minimum range to attract and keep qualified candidates with the required expertise. While this is a testament to DRMS as an Employer of Choice, it also means that the division utilizes its full personal services appropriation without reaching the number of FTE indicated in the Long Bill. The agency will continue to closely monitor the workload and challenges involved in the division's regulatory mission and staff accordingly.

Oil and Gas COnservation Commission (OGCC)
The Oil and Gas Conservation Commission is currently working to fill vacancies and anticipates a significant reduction in its vacancy rate by the close of FY 2021-22. The Division's available revenue is primarily a function of the price and volume of oil and gas sold. Due to unprecedented market conditions in the spring of 2020 and the impact to state severance tax and OGCC mill levy revenue, the Commission implemented conservative budget measures to ensure expenditures didn't exceed available revenue. One significant fiscal conservation measure was keeping vacant positions unfilled, since a large part of OGCC's budget supports staff. With

the recent recovery of the market, OGCC is currently filling FTE necessary to support the Division. The Division has filled six vacant positions so far during FY 2021-22 (although some were internal hires), and is in the process of filling another seven vacancies.

Methane Emissions

22. *[Sen. Hansen] Can you give an update on the status and provide an overview of what the Department is doing about coal mine methane emissions?*

Response: The Division of Reclamation, Mining and Safety does not regulate methane emissions at coal mines under the Colorado Surface Coal Mining Reclamation Act. All air emissions are under the purview of the Air Pollution Control Division at the Colorado Department of Public Health and Environment, but the DRMS Coal Land Reclamation Program (Program) has made efforts to facilitate projects where possible to help in the mitigation of coal mine methane venting to the atmosphere. For example, in FY 2020-21, the Program fast-tracked a permitting action that allowed the Elk Creek Mine in Delta and Gunnison counties to seal areas that were identified as major sources of coal mine methane venting. The Program was also instrumental in helping the West Elk Mine (historically one of the largest methane emitters in the state) in Delta and Gunnison counties start a program to flare methane being emitted from mine ventilation boreholes.

The Division is also involved in the North Fork Coal Mine Methane Working Group (Working Group). The Working Group consists of local, state, and federal regulators (including DNR, BLM, USFS, CDPHE, and Delta and Gunnison Counties), industry, and conservation groups and is charged with identifying sources of methane emissions to the atmosphere and ways to mitigate these emissions. The group suspended meeting in 2020 but may resume when issues related to coal mine methane arise.

State Land Board/Permanent Fund

23. *[Rep. McCluskie] Can you provide a detailed explanation of the viability of the Permanent Fund in the context of the State Land Board's purview, specifically the structure of the asset allocation?*

Response: The Public School Permanent Fund (Fund) is managed by the State Treasurer's Office and the Permanent Fund Investment Board (PFIB or Board), which includes a seat held by a State Land Board commissioner. The PFIB was created in 2016 to ensure reasonable growth of the endowment. The Board directs the State Treasurer on how to securely invest the money for the intergenerational benefit of Colorado's public schools, and the board members have a fiduciary duty to preserve, protect, and grow the principal of the endowment with a prudent level of risk over a long-term horizon.

Permanent Fund investment income (interest and earnings) is distributed annually to K-12 education in support of the School Finance Act and the Colorado Department of Education's Building Excellent Schools Today (BEST) program. In FY 2020-21, this distribution totaled $31.2 million. By statute, the first $21 million of Permanent Fund investment income received annually must be allocated to the School Finance Act. All spillover interest income must be directed to BEST. In this way, all Permanent Fund investment income is fully distributed every year.

The corpus of the Permanent Fund is inviolate and made up in part of revenue earned from State Land Board's operations. As of June 30, 2021, the Permanent Fund corpus totaled $1.3 billion. In a normal year, the balance of the State Land Board's annual revenue after Building Excellent Schools Today (BEST) contributions and agency operations flows into the corpus of the Permanent Fund. This is currently the primary mechanism for the growth of the Permanent Fund. This transfer did not occur in FY 2020-21 because H.B. 20-1418 changed the distribution formula for one year only. As a result, the corpus of the Permanent Fund did not grow significantly in FY 2020-21.

An analysis commissioned by the Permanent Fund Investment Board in 2019 concluded that, under existing statute, the inflation-adjusted value of the Permanent Fund will decline because:

- One-hundred percent of the investment income from the Permanent Fund is distributed each year, so the corpus of the fund does not grow from the reinvestment of earnings and struggles to keep up with inflation.
- The Permanent Fund has been invested conservatively to date to ensure it generates at least $21 million in distributable cash annually to meet the statutory obligation to support the School Finance Act. The primary investment to achieve these requirements has been bonds which generate the required income, but appreciate relatively little.

Since its creation in 2016, the Board has supported a slightly more aggressive investment structure for the Permanent Fund, growing the percentage of equities held, resulting in greater returns. The Permanent Fund ended FY 2020-21 with 27.3% invested in equities (stocks), 65.2% in fixed income instruments (bonds) and 7.5% in high income instruments (a mix). The Fund saw a 8.3% total return from this asset allocation. By comparison, the Idaho Endowment Fund, managed for the State of Idaho by the same firm managing Colorado's Permanent Fund, invested 67% in equities, 25% in fixed income instruments, and 8% in real estate and cash in the same period. The Idaho Endowment Fund saw a 29.7% total return from this asset allocation.

Department of Natural Resources FY 2022-23 Budget Hearing

Joint Budget Committee
December 7, 2021

COLORADO
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Natural Resources

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Agenda

1. Department Overview
2. Water
3. Parks & Wildlife
4. Energy

DNR Mission & Vision

The mission of the Department of Natural Resources is:

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

DNR's vision:

Colorado will be a national leader in promoting the responsible use and conservation of natural resources for this and future generations.

Wildly Important Goals

1. Sustainable Funding for Parks & Wildlife
2. Balance Outdoor Recreation and Conservation
3. Wildfire Risk Reduction
4. Equity, Diversity, and Inclusion

FY 2021-22 Operating Appropriations by Division

1,522.4 FTE

<u>Total Funds = $334.0 million</u>

- General Fund = $37.3 million
- Cash Funds = $262.3 million
- Reapprop Funds = $7.5 million
- Federal Funds = $26.8 million

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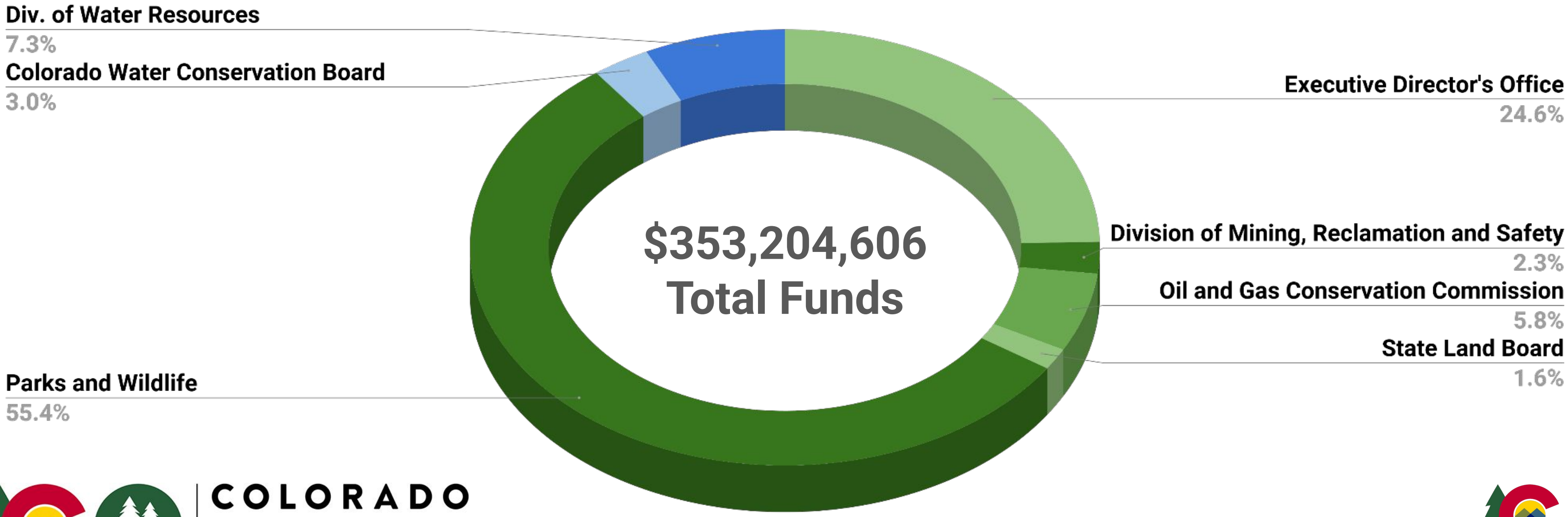
Q1: Common Questions; Q21: DRMS/OGCC Vacancies

FY 2022-23 Budget Request Detail

General Fund = $37.7M

FTE = 1,549.5



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FY 2022-23 Budget Request Detail

Outdoor Recreation and Conservation

- Support Increased Outdoor Recreation and Conservation
- CO Outdoor Regional Partnerships

Water

- CWCB (6.0 FTE)
- DWR (3.0 FTE)
- SLB (1.0 FTE)

Engagement and Outreach

- Assistant Director for Energy Innovation
- CO Wildlife Council Spending Authority

Stimulus Funds: Wildfire, Water, and Outdoor Rec

DNR received a total of $114.3 million in state stimulus funds during the 2021 legislative session (no federal funds).

Anticipated Federal Infrastructure Investment and Jobs Act Funds:

- Drought and watershed resiliency, forest health, mined land reclamation, orphaned oil and gas wells, and wildlife habitat and infrastructure.

State Stimulus Funds: Wildfire

CO Strategic Wildfire Action Program (COSWAP): $17.5 million*

**An additional $13.5 million was appropriated to CO State Forest Service programs.*

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Water: CWCB, DWR, SLB

(Questions 3-8)

State Stimulus Funds: Water

Post-wildfire Watershed Restoration Grants ($34M)

Water Plan Grants ($15M)

Water Supply Reserve Fund ($5M)

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Q3, Q4: Water-CWCB

FY23 Budget Request: Water

Project Development Support for CWCB Water Plan Grants (R-02)

- $700,000 cash funds and 6.0 FTE
- Regional staff to administer annual ongoing funding, build strategic partnerships with communities, and develop high-quality water projects in support of the CO Water Plan.

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Q5: Water-CWCB; Q6: Water-DWR; Q7-8: Water-SLB

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FY23 Budget Request: Water

Water Operations Accounting Support (R-04)

- $333,000 General Fund and 3.0 FTE
- Adds water accounting coordinators in over-appropriated basins to maximize the beneficial use of water, ensure water is distributed equitably, and decrease risk of future lawsuits.

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Q5: Water-CWCB; Q6: Water-DWR; Q7-8: Water-SLB

FY23 Budget Request: Water

Water Resources Portfolio Manager (R-05)

- $130,000 cash funds and 1.0 FTE
- Adds a Water Resources Manager to oversee, develop, and protect the State Land Board's extensive portfolio of water rights.

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Q5: Water-CWCB; Q6: Water-DWR; Q7-8: Water-SLB

Parks and Wildlife

(Questions 9-13)

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State Stimulus Funds: Outdoor Recreation/Conservation

$37.5 million for State Parks Ops, Improvements, Expansion

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State Stimulus Funds: Outdoor Recreation/Conservation

<u>$5.3 million:</u>

- Outdoor Equity Fund ($1.0M)
- Wildlife Action Plan Implementation ($3.5M)
- CAIC Backcountry Avalanche Safety Program ($0.8M)

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State Parks: New Parks and Partnerships

43rd State Park at Sweetwater Lake

- Partners: U.S. Forest Service, Eagle Valley Land Trust
- Increased lake access and public recreation opportunities
- Protects wildlife habitat, cultural, and scenic values

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Parks and Wildlife: Remaining Questions

- **Q12: Plan for reintroduction of wolves.**
- **Q13: Federal reimbursements for CPW expenditures.**

Energy & State Land Board

(Questions 14-23)

FY23 Budget Request: Energy

R-06 Assistant Director for Energy Innovation

- $160,000 reappropriated funds and 1.0 FTE
- Position with DNR-specific expertise to:
  - coordinate across all DNR divisions on energy issues and opportunities;
  - engage effectively with other agencies and partners like the CO Energy Office.

Energy-Orphaned Wells: Questions 16-20

Fiscal Year	Orphaned Well Backlog	Orphaned Site Backlog	Orphaned Wells Plugged	Orphaned Sites Where Work Performed	Program Expenditures*
2017	199	267	11	34	$441,339
2018	263	365	16	61	$415,003
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2021	236	547	55	117	$3,016,798

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*Reflects spending from appropriated funds only. Excludes expenditures of bond claims.

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Energy & State Land Board: Remaining Questions

- **Q22: Coal mine methane emissions.**
- **Q23: Permanent Fund asset allocation.**