

This file contains the following documents:

- 1 March 7, 2012, Committee Pending Decision on the Department of Local Affairs' Volunteer Firefighter Retirement Plans Line Item; and
- 2 February 9, 2012, JBC Staff document titled: FY 2012-13 Staff Figure Setting: Department of Local Affairs.

# MEMORANDUM

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**TO:** Joint Budget Committee Members

**FROM:** Byron DeLuke, Joint Budget Committee Staff, 303-866-4957

**SUBJECT:** Committee Pending Decision on the Department of Local Affairs' Volunteer Firefighter Retirement Plans Line Item

**DATE:** March 7, 2012

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*Background:* During the February 9, 2012, figure setting for the Department of Local Affairs, the Committee did not approve staff recommendation for an informational appropriation of \$4,264,753 General Fund for the Volunteer Firefighter Retirement Plans line item. The Committee "flagged" the line item for further discussion during staff comebacks. Below is a discussion of the line item and staff recommendation.

*Description:* This line item reports the State's contribution to local volunteer firefighter retirement plans, as authorized by Section 31-30-1112 (2), C.R.S. Pursuant to Section 10-3-209, C.R.S., it is funded with revenues from a two percent tax on the gross amount of all insurance premiums collected during the previous calendar year. These moneys are not subject to the annual statutory limit on General Fund and the General Assembly has identified as least a portion of this appropriation as coming from the General Fund Exempt account in all but one year since FY 2005-06. In FY 2009-10, no portion was General Fund Exempt because General Fund revenues fell below the TABOR revenue limit. The line item is continuously funded and is included in the Long Bill for informational purposes only. Eligible entities include:

- Municipalities with a population under 100,000 that maintain a regularly organized volunteer fire department and that offer fire protection services;
- Fire protection districts having volunteers and offering fire protection services;
- County improvement districts having volunteer members and offering fire protection; and
- Counties contributing to a volunteer pension fund at one of the above.

Eligible entities must have active, pension-eligible volunteer firefighters and have contributed tax revenue to the pension fund in the year previous to the year in which the distribution is made. They may levy a tax of not more than one mill (one percent) on the taxable property in the municipality, county, or district to fund their individual volunteer firefighter pension funds. DOLA currently distributes moneys to 227 qualified pension plans, 91 of which distribute more than \$300 per month to eligible retirees, and 57 of which pay more than \$300 and whose overall plan has been determined to be actuarially sound per an independent review.

Pursuant to Section 31-30-1112 (2), C.R.S., the State payment to any municipality or district that is contributing an amount necessary to pay volunteer firefighter pension plans of \$300 or less per month must equal 90 percent of all amounts contributed by the locality in the previous year. The State payment to localities that contribute an amount necessary to pay pensions in excess of \$300 per month also must equal 90 percent of all amounts contributed by the locality in the previous year, as long as that 90 percent is less than the greater of (1) the contribution actuarially required to pay a pension of \$300 per month or (2) the highest actual contribution received by the municipality during the calendar years 1998, 1999, 2000, or 2001. The State has to contribute an amount equal to the greater of these two categories if such amount is less than 90 percent of municipal or special district contributions in the previous year. In each case, the State contribution cannot exceed an amount that is equal to a tax of one-half mill (.05 percent) on the total taxable property in the municipality or special district.

*Recommendation:* **Staff recommends an informational appropriation of \$4,264,753 for FY 2012-13.** While this line item has continuous spending authority, staff feels it is important to include it in the Long Bill for informational purposes. Staff has reflected the full amounts as coming from General Fund. The Committee will review all line items impacted by the General Fund Exempt account following the March revenue forecast, and if revenues are in excess of the TABOR revenue cap, these moneys may be identified as coming from the General Fund Exempt account.

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2012-13 STAFF FIGURE SETTING**

**DEPARTMENT OF LOCAL AFFAIRS**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:  
Byron DeLuke, JBC Staff  
February 9, 2012**

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**FY 2012-13 FIGURE SETTING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

**DEPARTMENT OF LOCAL AFFAIRS**

**TABLE OF CONTENTS**

	<b>Narrative Page</b>	<b>Numbers Page</b>
Committees of Reference SMART Act Recommendation Letters for the Department	14	N/A
(1) Executive Director's Office	15	1
(2) Property Taxation	21	4
(3) Division of Housing	26	5
(4) Division of Local Governments	33	7
(A) Local Government Community Services	33	7
(1) Administration	33	8
(2) Local Government Services	36	8
(3) Community Services	42	9
(B) Field Services	42	10
(C) Indirect Cost Assessments	47	11
(5) Division of Emergency Management	48	12
Appendix A: Proposed Cash Fund Transfer, Local Government Severance Tax Fund	52	N/A
Appendix B: Indirect Cost Assessments	54	N/A
Appendix C: Committees of Reference SMART Act Recommendation Letters for the Department	55	N/A

**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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<b>DEPARTMENT OF LOCAL AFFAIRS</b> <b>Reeves Brown, Executive Director</b>
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**(1) EXECUTIVE DIRECTOR'S OFFICE**

This division is responsible for the management and administration of the Department, including accounting, budgeting, human resources, as well as other miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District.

<b>Personal Services</b>	<b><u>1,032,703</u></b>	<b><u>1,104,529</u></b>	<b><u>1,248,321</u></b>	<b><u>1,281,510</u></b>	<b><u>Pending</u></b>
<i>FTE</i>	11.5	11.6	14.2	14.2	14.2
Reappropriated Funds	1,032,703	1,104,529	1,248,321	1,281,510	
<b>Health, Life, and Dental</b>	<b><u>1,023,585</u></b>	<b><u>897,953</u></b>	<b><u>1,025,108</u></b>	<b><u>1,037,215</u></b>	<b><u>Pending</u></b>
General Fund	442,756	401,921	398,414	381,072	
Cash Funds	132,526	110,384	133,968	158,685	
Reappropriated Funds	256,703	195,263	311,683	211,369	
Federal Funds	191,600	190,385	181,043	286,089	
<b>Short-term Disability</b>	<b><u>18,032</u></b>	<b><u>16,785</u></b>	<b><u>16,198</u></b>	<b><u>19,022</u></b>	<b><u>15,491</u></b>
General Fund	5,902	5,052	3,684	5,489	3,684
Cash Funds	2,857	2,757	2,655	2,517	2,517
Reappropriated Funds	5,287	5,310	6,299	5,730	5,730
Federal Funds	3,986	3,666	3,560	5,286	3,560
<b>S.B. 04-257 Amortization Equalization Disbursement</b>	<b><u>243,456</u></b>	<b><u>228,906</u></b>	<b><u>255,553</u></b>	<b><u>343,895</u></b>	<b><u>342,861</u></b>
General Fund	80,307	78,218	57,604	99,235	98,201
Cash Funds	38,341	24,183	41,992	45,500	45,500
Reappropriated Funds	70,289	64,558	99,646	103,590	103,590
Federal Funds	54,519	61,947	56,311	95,570	95,570

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
<b>S.B. 06-235 Supplemental Amortization Equalization</b>	<b><u>152,115</u></b>	<b><u>167,006</u></b>	<b><u>205,046</u></b>	<b><u>295,525</u></b>	<b><u>294,243</u></b>
<b>Disbursement</b>					
General Fund	50,147	57,034	45,979	85,280	83,988
Cash Funds	23,963	17,622	33,744	39,101	39,101
Reappropriated Funds	43,931	47,100	80,073	89,023	89,023
Federal Funds	34,074	45,250	45,250	82,121	82,131
<b>Workers' Compensation</b>	<b><u>48,462</u></b>	<b><u>49,163</u></b>	<b><u>45,762</u></b>	<b><u>55,364</u></b>	<b><u>Pending</u></b>
General Fund	45,061	45,713	42,551	51,480	
Cash Funds	1,527	1,484	1,441	1,743	
Reappropriated Funds	1,874	1,966	1,770	2,141	
<b>Operating Expenses</b>	<b><u>218,537</u></b>	<b><u>260,445</u></b>	<b><u>144,650</u></b>	<b><u>144,650</u></b>	<b><u>144,650</u></b>
Reappropriated Funds	126,959	119,105	132,888	132,888	132,888
Federal Funds	91,578	141,340	11,762	11,762	11,762
<b>Legal Services</b>	<b><u>123,862</u></b>	<b><u>127,068</u></b>	<b><u>135,521</u></b>	<b><u>135,521</u></b>	<b><u>Pending</u></b>
General Fund	122,425	87,392	122,962	122,962	
Cash Funds	165	6,167	6,364	6,364	
Reappropriated Funds	1,272	1,238	1,277	1,277	
Federal Funds	0	32,271	4,918	4,918	
<b>Purchase of Services from Computer Center</b>	<b><u>38,639</u></b>	<b><u>641,820</u></b>	<b><u>766,814</u></b>	<b><u>823,636</u></b>	<b><u>Pending</u></b>
General Fund	38,639	200,536	227,743	244,619	
Reappropriated Funds	0	153,436	176,261	189,322	
Federal Funds	0	287,848	362,810	389,695	

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
<b>Multiuse Network Payments</b>	<b><u>67,409</u></b>	<b><u>113,847</u></b>	<b><u>182,613</u></b>	<b><u>49,990</u></b>	<b><u>Pending</u></b>
General Fund	37,835	15,066	21,737	21,737	
Cash Funds	3,241	1,291	1,875	1,875	
Reappropriated Funds	4,777	1,902	2,761	2,761	
Federal Funds	21,556	95,588	156,240	23,617	
<b>Management and Administration of OIT</b>	<b><u>3,527</u></b>	<b><u>109,774</u></b>	<b><u>73,783</u></b>	<b><u>7,099</u></b>	<b><u>Pending</u></b>
General Fund	3,527	5,804	5,869	5,009	
Reappropriated Funds	0	56,372	57,727	2,090	
Federal Funds	0	47,598	10,187	0	
<b>Payment to Risk Management and Property Funds</b>	<b><u>17,730</u></b>	<b><u>5,411</u></b>	<b><u>13,562</u></b>	<b><u>14,655</u></b>	<b><u>Pending</u></b>
General Fund	16,489	5,032	12,613	13,630	
Cash Funds	1,110	258	849	915	
Reappropriated Funds	131	121	100	110	
<b>Vehicle Lease Payments</b>	<b><u>105,761</u></b>	<b><u>121,720</u></b>	<b><u>120,854</u></b>	<b><u>108,445</u></b>	<b><u>Pending</u></b> *
General Fund	90,483	99,150	91,486	77,667	
Reappropriated Funds	15,278	22,570	29,368	30,778	
Federal Funds	0	0	0	0	
<b>Information Technology Asset Maintenance</b>	<b><u>103,286</u></b>	<b><u>142,438</u></b>	<b><u>104,793</u></b>	<b><u>104,793</u></b>	<b><u>104,793</u></b>
General Fund	29,913	29,913	29,913	29,913	29,913
Cash Funds	13,049	12,571	13,049	13,049	13,049
Reappropriated Funds	29,416	37,507	37,507	37,507	37,507
Federal Funds	30,908	62,447	24,324	24,324	24,324
<b>Leased Space</b>	<b><u>89,617</u></b>	<b><u>93,063</u></b>	<b><u>105,801</u></b>	<b><u>109,669</u></b>	<b><u>109,669</u></b>
General Fund	22,376	22,376	22,376	22,376	22,376
Reappropriated Funds	2,682	6,128	18,866	22,734	22,734
Federal Funds	64,559	64,559	64,559	64,559	64,559

\*This line item includes a decision item.



**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
<b>Capitol Complex Leased Space</b>	<b><u>477,888</u></b>	<b><u>462,354</u></b>	<b><u>476,277</u></b>	<b><u>525,525</u></b>	<b><u>Pending</u></b>
General Fund	168,970	160,064	163,800	181,941	
Cash Funds	24,673	24,279	24,832	26,662	
Reappropriated Funds	236,638	211,399	240,707	264,030	
Federal Funds	47,607	66,612	46,938	52,892	
<b>Communication Services Payments</b>	<b><u>27,788</u></b>	<b><u>48,262</u></b>	<b><u>28,364</u></b>	<b><u>38,375</u></b>	<b><u>Pending</u></b>
General Fund	6,947	6,290	7,032	9,594	
Federal Funds	20,841	41,972	21,332	28,781	
<b>Moffat Tunnel Improvement District</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>137,444</u></b>	<b><u>137,444</u></b>	<b><u>137,444</u></b>
Cash Funds	0	0	137,444	137,444	137,444
<b>Total Funds - (1) Executive Director's Office</b>	<b><u>3,792,397</u></b>	<b><u>4,590,544</u></b>	<b><u>5,086,464</u></b>	<b><u>5,232,333</u></b>	<b><u>1,149,151</u></b>
<b>FTE</b>	<b><u>11.5</u></b>	<b><u>11.6</u></b>	<b><u>14.2</u></b>	<b><u>14.2</u></b>	<b><u>14.2</u></b>
General Fund	1,161,777	1,219,561	1,253,763	1,352,004	238,162
Cash Funds	241,452	200,996	398,213	433,855	237,611
Reappropriated Funds	1,827,940	2,028,504	2,445,254	2,376,860	391,472
Federal Funds	561,228	1,141,483	989,234	1,069,614	281,906

**(2) PROPERTY TAXATION**

This section provides funding for the Division of Property Taxation, the State Board of Equalization, and the Board of Assessment Appeals.

<b>Division of Property Taxation</b>	<b><u>2,430,660</u></b>	<b><u>2,481,570</u></b>	<b><u>2,593,039</u></b>	<b><u>2,660,455</u></b>	<b><u>Pending</u></b>
<b>FTE</b>	<b><u>31.4</u></b>	<b><u>32.4</u></b>	<b><u>36.7</u></b>	<b><u>36.7</u></b>	<b><u>36.7</u></b>
General Fund	1,324,537	1,107,330	1,060,205	1,088,206	
Cash Funds	617,129	679,829	847,954	861,804	
Reappropriated Funds	488,994	694,411	684,880	710,445	

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting  
Department of Local Affairs  
Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
<b>State Board of Equalization</b>	<u>12,856</u>	<u>10,317</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>
General Fund	12,856	10,317	12,856	12,856	12,856
<b>Board of Assessment Appeals</b>	<u>656,919</u>	<u>543,001</u>	<u>534,194</u>	<u>555,038</u>	<u>Pending</u>
<i>FTE</i>	15.1	13.2	13.2	13.2	13.2
General Fund	304,656	188,864	185,929	195,961	
Reappropriated Funds	352,263	354,137	348,265	359,077	
<b>Indirect Cost Assessment</b>	<u>102,526</u>	<u>222,254</u>	<u>263,636</u>	<u>263,636</u>	<u>280,725</u>
Cash Funds	0	94,246	136,979	136,979	161,157
Reappropriated Funds	102,526	128,008	126,657	126,657	119,568
<b>Total Funds - (2) Property Taxation</b>	<u>3,202,961</u>	<u>3,257,142</u>	<u>3,403,725</u>	<u>3,491,985</u>	<u>293,581</u>
<i>FTE</i>	<u>46.5</u>	<u>45.6</u>	<u>49.9</u>	<u>49.9</u>	<u>49.9</u>
General Fund	1,642,049	1,306,511	1,258,990	1,297,023	12,856
Cash Funds	617,129	774,075	984,933	998,783	161,157
Reappropriated Funds	943,783	1,176,556	1,159,802	1,196,179	119,568

**(3) DIVISION OF HOUSING**

The Division provides financial and technical assistance to help communities provide affordable housing, it administers state and federal affordable housing programs, and it regulates the manufacture of factory-built residential and commercial buildings.

<b>Personal Services</b>	<u>1,631,789</u>	<u>1,591,672</u>	<u>2,494,616</u>	<u>2,529,013</u>	<u>Pending</u>
<i>FTE</i>	22.2	20.7	40.4	40.4	40.4
General Fund	363,615	367,276	361,674	367,892	
Cash Funds	43,176	64,774	75,722	76,292	
Reappropriated Funds	149,322	149,619	147,859	151,498	
Federal Funds	1,075,676	1,010,003	1,909,361	1,933,331	

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
<b>Operating Expenses</b>	<u>281,435</u>	<u>365,717</u>	<u>322,845</u>	<u>324,140</u>	<u>324,140</u>
General Fund	25,903	24,608	24,608	25,903	25,903
Federal Funds	255,532	341,109	298,237	298,237	298,237
<b>Manufactured Buildings Program</b>	<u>462,116</u>	<u>401,496</u>	<u>678,063</u>	<u>692,830</u>	<u>Pending</u>
<i>FTE</i>	7.3	6.2	7.3	7.3	7.3
Cash Funds	462,116	401,496	678,063	692,830	
<b>Colorado Affordable Housing Construction Grants and Loans</b>	<u>2,225,000</u>	<u>2,225,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
General Fund	2,225,000	2,225,000	2,000,000	2,000,000	2,000,000
<b>Federal Affordable Housing Construction Grants and Loans</b>	<u>11,349,564</u>	<u>15,817,334</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>
Federal Funds	11,349,564	15,817,334	45,000,000	45,000,000	45,000,000
<b>Emergency Shelter Program</b>	<u>854,136</u>	<u>957,687</u>	<u>965,000</u>	<u>965,000</u>	<u>965,000</u>
Federal Funds	854,136	957,687	965,000	965,000	965,000
<b>Private Activity Bond Allocation Committee</b>	<u>570</u>	<u>965</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
Cash Funds	570	965	2,500	2,500	2,500
<b>Low Income Rental Subsidies</b>	<u>17,987,631</u>	<u>19,296,571</u>	<u>36,884,430</u>	<u>36,884,430</u>	<u>36,884,430</u>
Federal Funds	17,987,631	19,296,571	36,884,430	36,884,430	36,884,430
<b>Indirect Cost Assessment</b>	<u>470,811</u>	<u>341,209</u>	<u>250,170</u>	<u>250,170</u>	<u>477,793</u>
Cash Funds	117,808	47,498	56,195	56,195	125,194
Reappropriated Funds	17,769	61,462	39,473	39,473	56,993
Federal Funds	335,234	232,249	154,502	154,502	295,606

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
<b>Homeless Prevention and Rapid Re-Housing Program</b>	<u>9,708,031</u>	<u>3,989,754</u>	<u>0</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	4,749,999	0	0	0	0
Federal Funds	4,958,032	3,989,754	0	0	0
<b>Total Funds - (3) Division of Housing</b>	<b>44,971,083</b>	<b>44,987,405</b>	<b>88,597,624</b>	<b>88,648,083</b>	<b>85,653,863</b>
<b>FTE</b>	<u>29.5</u>	<u>26.9</u>	<u>47.7</u>	<u>47.7</u>	<u>47.7</u>
General Fund	2,614,518	2,616,884	2,386,282	2,393,795	2,025,903
Cash Funds	623,670	514,733	812,480	827,817	127,694
Reappropriated Funds	4,917,090	211,081	187,332	190,971	56,993
Federal Funds	36,815,805	41,644,707	85,211,530	85,235,500	83,443,273

**(4) DIVISION OF LOCAL GOVERNMENTS**

This division provides information and training for local governments in budget development, purchasing, demographics, land use planning, and regulatory issues; and it manages federal and state funding programs to support infrastructure and local services development.

**(A) Local Government and Community Services**

<b>Waste Tire Recycling, Reuse and Removal Grants</b>	<u>3,586,743</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0.5	0.0	0	0	0
Reappropriated Funds	3,586,743	0	0	0	0
<b>Total Funds - Waste Tire Fund</b>	<b>3,586,743</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FTE</b>	<u>0.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	3,586,743	0	0	0	0
Reappropriated Funds	0	0	0	0	0

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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**(I) Administration**

<b>Personal Services</b>	<b><u>1,577,282</u></b>	<b><u>1,310,078</u></b>	<b><u>1,263,180</u></b>	<b><u>1,296,075</u></b>	<b><u>Pending</u></b>
<i>FTE</i>	19.4	15.7	17.7	17.7	17.7
General Fund	736,914	597,469	586,296	601,564	
Reappropriated Funds	556,627	528,540	550,054	564,378	
Federal Funds	283,741	184,069	126,830	130,133	
<b>Operating Expenses</b>	<b><u>111,528</u></b>	<b><u>84,073</u></b>	<b><u>129,242</u></b>	<b><u>131,351</u></b>	<b><u>131,351</u></b>
General Fund	42,178	40,069	40,069	42,178	42,178
Reappropriated Funds	25,146	22,549	25,146	25,146	25,146
Federal Funds	44,204	21,455	64,027	64,027	64,027

<b>Total Funds - (I) Administration</b>	<b><u>1,688,810</u></b>	<b><u>1,394,151</u></b>	<b><u>1,392,422</u></b>	<b><u>1,427,426</u></b>	<b><u>131,351</u></b>
<i>FTE</i>	<b><u>19.4</u></b>	<b><u>15.7</u></b>	<b><u>17.7</u></b>	<b><u>17.7</u></b>	<b><u>17.7</u></b>
General Fund	779,092	637,538	626,365	643,742	42,178
Reappropriated Funds	581,773	551,089	575,200	589,524	25,146
Federal Funds	327,945	205,524	190,857	194,160	64,027

**(II) Local Government Services**

<b>Local Utility Management Assistance</b>	<b><u>154,018</u></b>	<b><u>143,250</u></b>	<b><u>152,438</u></b>	<b><u>155,434</u></b>	<b><u>Pending</u></b>
<i>FTE</i>	1.8	1.8	2.0	2.0	2.0
Cash Funds	154,018	143,250	152,438	155,434	
<b>Conservation Trust Fund Disbursements</b>	<b><u>45,149,838</u></b>	<b><u>45,328,468</u></b>	<b><u>49,997,797</u></b>	<b><u>49,997,797</u></b>	<b><u>Pending</u></b>
<i>FTE</i>	1.8	1.9	2.0	2.0	2.0
Cash Funds	45,149,838	45,328,468	49,997,797	49,997,797	

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
<b>Volunteer Firefighter Retirement Plans</b>	<u>4,222,528</u>	<u>4,281,892</u>	<u>4,264,753</u>	<u>2,745,706</u>	<u>4,264,753</u> *
General Fund	4,222,528	0	150,390	0	4,264,753
General Fund Exempt	0	4,281,892	4,114,363	2,745,706	0
<b>Volunteer Firefighter Death and Disability Insurance</b>	<u>24,225</u>	<u>21,065</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
General Fund	24,225	0	0	0	30,000
General Fund Exempt	0	21,065	30,000	30,000	0
<b>Environmental Protection Agency Water/Sewer File Project</b>	<u>49,118</u>	<u>49,817</u>	<u>49,425</u>	<u>49,425</u>	<u>Pending</u>
<i>FTE</i>	0.3	0.4	0.5	0.5	0.5
Federal Funds	49,118	49,817	49,425	49,425	
<b>Total Funds - (II) Local Government Services</b>	<b>49,599,727</b>	<b>49,824,492</b>	<b>54,494,413</b>	<b>52,978,362</b>	<b>4,294,753</b>
<i>FTE</i>	<u>3.9</u>	<u>4.1</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
General Fund	4,246,753	0	150,390	0	4,294,753
General Fund Exempt	0	4,302,957	4,144,363	2,775,706	0
Cash Funds	45,303,856	45,471,718	50,150,235	50,153,231	0
Federal Funds	49,118	49,817	49,425	49,425	0
<b>(III) Community Services</b>					
<b>Community Services Block Grant</b>	<u>9,400,980</u>	<u>10,131,223</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Federal Funds	9,400,980	10,131,223	6,000,000	6,000,000	6,000,000
<b>Total Funds - (III) Community Services</b>	<b>9,400,980</b>	<b>10,131,223</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Federal Funds	9,400,980	10,131,223	6,000,000	6,000,000	6,000,000

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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<b>Total Funds - (A) Local Government and Community Services</b>	<b>64,276,260</b>	<b>61,349,866</b>	<b>61,886,835</b>	<b>60,405,788</b>	<b>10,426,104</b>
<i>FTE</i>	<u>23.8</u>	<u>19.8</u>	<u>22.2</u>	<u>22.2</u>	<u>22.2</u>
General Fund	5,025,845	637,538	776,755	643,742	4,336,931
General Fund Exempt	0	4,302,957	4,144,363	2,775,706	0
Cash Funds	48,890,599	45,471,718	50,150,235	50,153,231	0
Reappropriated Funds	581,773	551,089	575,200	589,524	25,146
Federal Funds	9,778,043	10,386,564	6,240,282	6,243,585	6,064,027

**(B) Field Services**

<b>Program Costs</b>	<u>2,721,680</u>	<u>2,830,758</u>	<u>2,334,576</u>	<u>2,364,292</u>	<u>Pending</u>
<i>FTE</i>	26.6	27.1	27.9	27.9	27.9
General Fund	0	0	0	0	
Cash Funds	105,315	113,840	103,803	105,778	
Reappropriated Funds	1,615,806	1,776,960	1,940,802	1,962,052	
Federal Funds	1,000,559	939,958	289,971	296,462	
<b>Community Development Block Grant</b>	<u>23,717,017</u>	<u>20,767,074</u>	<u>9,697,000</u>	<u>9,697,000</u>	<u>9,697,000</u>
Federal Funds	23,717,017	20,767,074	9,697,000	9,697,000	9,697,000
<b>Local Government Mineral and Energy Impact Grants and Disbursements</b>	<u>232,269,508</u>	<u>205,213,806</u>	<u>166,400,000</u>	<u>166,400,000</u>	<u>150,000,000</u>
Cash Funds	192,000,000	205,213,806	166,400,000	166,400,000	150,000,000
Reappropriated Funds	40,269,508	0	0	0	0
<b>Local Government Limited Gaming Impact Grants</b>	<u>6,170,412</u>	<u>4,678,145</u>	<u>4,395,000</u>	<u>4,395,000</u>	<u>2,897,427</u>
Cash Funds	6,170,412	4,678,145	4,395,000	4,395,000	2,897,427

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
<b>Search and Rescue Program</b>	<b><u>433,052</u></b>	<b><u>409,232</u></b>	<b><u>612,371</u></b>	<b><u>613,713</u></b>	<b><u>Pending</u></b>
<i>FTE</i>	1.3	1.2	1.3	1.3	1.3
Cash Funds	433,052	409,232	612,371	613,713	
<b>Colorado Heritage Communities Grants</b>	<b><u>145,902</u></b>	<b><u>57,245</u></b>	<b><u>100,000</u></b>	<b><u>100,000</u></b>	<b><u>100,000</u></b>
Cash Funds	145,902	57,245	100,000	100,000	100,000
Reappropriated Funds	0	0	0	0	0
<b>Total Funds - (B) Field Services</b>	<b>265,457,571</b>	<b>233,956,260</b>	<b>183,538,947</b>	<b>183,570,005</b>	<b>162,694,427</b>
<i>FTE</i>	<b><u>27.9</u></b>	<b><u>28.3</u></b>	<b><u>29.2</u></b>	<b><u>29.2</u></b>	<b><u>29.2</u></b>
General Fund	0	0	0	0	0
Cash Funds	198,854,681	210,472,268	171,611,174	171,614,491	152,997,427
Reappropriated Funds	41,885,314	1,776,960	1,940,802	1,962,052	0
Federal Funds	24,717,576	21,707,032	9,986,971	9,993,462	9,697,000
<b>(C) Indirect Cost Assessments</b>					
<b>Indirect Cost Assessments</b>	<b><u>1,032,048</u></b>	<b><u>871,547</u></b>	<b><u>1,060,491</u></b>	<b><u>1,060,491</u></b>	<b><u>980,563</u></b>
Cash Funds	97,873	119,149	161,959	161,959	156,097
Reappropriated Funds	641,998	617,781	721,137	721,137	698,052
Federal Funds	292,177	134,617	177,395	177,395	126,414
<b>Total Funds – (C) Indirect Cost Assessments</b>	<b>1,032,048</b>	<b>871,547</b>	<b>1,060,491</b>	<b>1,060,491</b>	<b>980,563</b>
<i>FTE</i>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>
Cash Funds	97,873	119,149	161,959	161,959	156,097
Reappropriated Funds	641,998	617,781	721,137	721,137	698,052
Federal Funds	292,177	134,617	177,395	177,395	126,414

\*This line item includes a decision item.



**FY 2012-13 Joint Budget Committee Staff Figure Setting**  
**Department of Local Affairs**  
**Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
<b>Total Funds - (4) Division of Local Governments</b>	<b>330,765,879</b>	<b>296,177,673</b>	<b>246,486,273</b>	<b>245,036,284</b>	<b>174,101,094</b>
<i>FTE</i>	<u>51.7</u>	<u>48.1</u>	<u>51.4</u>	<u>51.4</u>	<u>51.4</u>
General Fund	5,025,845	637,538	776,755	643,742	4,336,931
General Fund Exempt	0	4,302,957	4,144,363	2,775,706	0
Cash Funds	247,843,153	256,063,135	221,923,368	221,929,681	153,153,524
Reappropriated Funds	43,109,085	2,945,830	3,237,139	3,272,713	723,198
Federal Funds	34,787,796	32,228,213	16,404,648	16,414,442	15,887,441

**(5) DIVISION OF EMERGENCY MANAGEMENT**

This division assists local, state, and private organizations in disaster preparedness, response, recovery, and impact mitigation.

<b>Administration</b>	<u>3,429,147</u>	<u>3,437,207</u>	<u>2,563,531</u>	<u>2,609,085</u>	<u>Pending</u>
<i>FTE</i>	26.7	28.2	27.9	27.9	27.9
General Fund	572,559	571,685	559,347	573,913	
Reappropriated Funds	65,065	65,393	65,133	66,010	
Federal Funds	2,791,523	2,800,129	1,939,051	1,969,162	
<b>Disaster Response and Recovery</b>	<u>0</u>	<u>2,785,001</u>	<u>4,950,000</u>	<u>4,950,000</u>	<u>4,950,000</u>
Cash Funds	0	2,785,001	4,500,000	4,500,000	4,500,000
Federal Funds	0	0	450,000	450,000	450,000
<b>Preparedness Grants and Training</b>	<u>13,103,249</u>	<u>9,291,539</u>	<u>12,010,988</u>	<u>12,010,988</u>	<u>12,010,988</u>
Cash Funds	0	0	10,988	10,988	10,988
Federal Funds	13,103,249	9,291,539	12,000,000	12,000,000	12,000,000
<b>Indirect Cost Assessment</b>	<u>465,252</u>	<u>328,287</u>	<u>332,798</u>	<u>332,798</u>	<u>264,512</u>
Cash Funds	0	0	0	0	0
Reappropriated Funds	13,383	15,399	8,076	8,076	9,387

\*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting  
Department of Local Affairs  
Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Federal Funds	451,869	312,888	324,722	324,722	255,125
<b>Total Funds - (5) Division of Emergency Management</b>	<b>16,997,648</b>	<b>15,842,034</b>	<b>19,857,317</b>	<b>19,902,871</b>	<b>17,225,500</b>
<i>FTE</i>	<u>26.7</u>	<u>28.2</u>	<u>27.9</u>	<u>27.9</u>	<u>27.9</u>
General Fund	572,559	571,685	559,347	573,913	0
Cash Funds	0	2,785,001	4,510,988	4,510,988	4,510,988
Reappropriated Funds	78,448	80,792	73,209	74,086	9,387
Federal Funds	16,346,641	12,404,556	14,713,773	14,743,884	12,705,125
<b>Total Funds - Department of Local Affairs</b>	<b>399,729,968</b>	<b>364,854,798</b>	<b>363,431,403</b>	<b>362,311,556</b>	<b>278,423,189</b>
<i>FTE</i>	<u>165.9</u>	<u>160.4</u>	<u>191.1</u>	<u>191.1</u>	<u>191.1</u>
General Fund	11,016,748	6,352,179	6,235,137	6,260,477	6,613,852
General Fund Exempt	0	4,302,957	4,144,363	2,775,706	0
Cash Funds	249,325,404	260,337,940	228,629,982	228,701,124	158,190,974
Reappropriated Funds	50,876,346	6,442,763	7,102,736	7,110,809	1,300,618
Federal Funds	88,511,470	87,418,959	117,319,185	117,463,440	112,317,745

\*This line item includes a decision item.

**Committees of Reference SMART Act Recommendation Letters for the Department**

House Committee of Local Government

Received January 31, 2012

Recommendations

The House Committee of Local Government did not provide a recommendation on the Department's FY 2012-13 budget

Senate Committee of Local Government

Received January 27, 2012

Recommendations

The Senate Committee of Local Government recommended that the JBC:

1. "Explore alternative funding for the essential services provided for wildfire mitigation that has been the current practice;" and
2. "Help to identify unfunded mandates to state and local governments."

Staff does not respond to either of these recommendations within the figure setting document or framework of the FY 2012-13 budget. However, staff will draft a letter for the Committee in response to these recommendations.

FORMAT NOTES: Individual line items appear in **bold underlined** font, decision items appear in ***bold italic*** font, and summary descriptions of staff recommendations appear in **bold** font.

**General Note Regarding Personal Service Lines:** Because the Committee has yet to make a decision about whether to implement a base personal services adjustment, each line item with a personal services component will include a dollar recommendation that is pending in both the numbers pages and the explanatory narrative. Staff have not included subtotals for line items without a base personal services adjustment.

**(1) EXECUTIVE DIRECTOR'S OFFICE**

This section of the Long Bill includes funding for administrative functions and all centrally-appropriated funds. It also includes several miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District.

**Personal Services**

*Description:* This line item funds the 14.2 FTE in the Executive Director's Office, including the Executive Director, accounting, budget, purchasing, human resources, and general support staff. The source of reappropriated funds is indirect cost assessments collected from several cash and federally-funded programs administered by the Department. The workload for staff supported by this line item is driven by both the number of Department employees and the number and complexity of grants and contracts administered.

<b>Position</b>	<b>FY 2010-11 Actuals</b>	<b>FY 2011-12 Approp.</b>	<b>FY 2012-13 Request</b>	<b>FY 2012-13 Recomm.</b>
Executive	1.0	1.0	1.0	1.0
Deputy Director	1.0	1.0	1.0	1.0
Fiscal	6.9	8.5	8.5	8.5
Human Resources	1.7	2.0	2.0	2.0
Support/Clerical	<u>1.0</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>
<b>TOTAL</b>	<b>11.6</b>	<b>14.2</b>	<b>14.2</b>	<b>14.2</b>

*Request:* The Department requests \$1,281,510 in reappropriated funds and 14.2 FTE for this line item for FY 2012-13. The budget request reflects an increase of \$33,189 reappropriated funds, and includes a change related to the restoration of the FY 2011-12 State PERA contribution reduction.

*Recommendation:* **Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** For FY 2012-13, DOLA indirect cost recoveries are sufficient to offset all of the General Fund expenditures in this line item (as was the case in FY 2010-11 and FY 2011-12). Staff's calculations are summarized in the table below. For more information on indirect cost assessments, see "Appendix B."

Executive Director's Office, Personal Services						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$1,252,670	\$0	\$0	\$1,252,670	0	13.7
H.B. 11-1230 Section 8 Housing Bill	28,840	0	0	28,840	0	0.5
S.B. 11-076 State PERA 2.5% Employee Contribution	(33,189)	0	0	(33,189)	0	0.0
Supplemental adjustments (H.B. 12-1190)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$1,248,321</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,248,321</b>	<b>0</b>	<b>14.2</b>
Reinstate FY 11-12 State PERA Contribution	33,189	0	0	33,189	0	0.0
Base Personal Services Adjustment	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					

### **Health, Life and Dental**

*Description:* This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for State employees.

*Request:* The Department requests \$1,037,215 total funds (including \$381,072 General Fund) for FY 2012-13. The budget request reflects an increase of \$12,107 total funds (including a decrease of \$17,342 General Fund) over the prior year appropriation.

*Recommendation:* **Staff's recommendation is pending the approval of the HLD Common Policy by the Committee.** Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

### **Short-term Disability**

*Description:* This line item provides funding for the employer's share of State employees' short-term disability insurance premiums.

*Request:* The Department requests \$19,022 total funds (including \$5,489 General Fund) for this purpose for FY 2012-13. The budget request reflects an increase of \$2,824 total funds (including an increase of \$1,805 General Fund) over the prior year appropriation.

*Recommendation:* **Calculated pursuant to Committee policy staff recommends an appropriation of \$15,491 total funds (including \$3,684 General Fund) for FY 2012-13.**

### **S.B. 04-257 Amortization Equalization Disbursement**

*Description:* Pursuant to S.B. 04-257, this line item provides additional funding to increase the State contribution for Public Employees' Retirement Association (PERA).

*Request:* The Department requests a total of \$343,895 total funds (including \$99,235 General Fund) for FY 2012-13. The budget request reflects an increase of \$88,342 total funds (including an increase of \$41,631 General Fund) over the prior year appropriation.

*Recommendation:* **Calculated pursuant to Committee policy, staff recommends an appropriation of \$342,861 total funds (including \$98,201 General Fund) for FY 2012-13.**

**S.B. 06-235 Supplemental Amortization Equalization Disbursement**

*Description:* Pursuant to S.B. 06-235, this line item provides additional funding to increase the State contribution for PERA.

*Request:* The Department requests a total of \$295,525 total funds (including \$85,280 General Fund) for FY 2012-13. The budget request reflects an increase of \$90,479 total funds (including an increase of \$39,301 General Fund) over the prior year appropriation.

*Recommendation:* **Calculated pursuant to Committee policy, staff recommends an appropriation of \$294,243 total funds (including \$83,988 General Fund) for FY 2012-13.**

**Salary Survey and Senior Executive Service**

*Description:* The Department uses this line item to pay for annual increases for salary survey and senior executive service positions.

*Request:* The Department requested no annual increase for this purpose.

*Recommendation:* **Consistent with Committee policy, staff recommends the request.**

**Performance-based Pay Awards**

*Description:* This line item funds pay increases relating to employee performance evaluations.

*Request:* The Department requested no annual increase for this purpose.

*Recommendation:* **Consistent with Committee policy, staff recommends the request.**

**Workers' Compensation**

*Description:* This line item is used to pay the Department's estimated share for inclusion in the State's workers' compensation program for state employees.

*Request:* The Department requests a total of \$55,364 total funds (including \$51,480 General Fund) for FY 2012-13. The budget request reflects an increase of \$9,602 total funds (including an increase of \$8,929 General Fund) over the prior year appropriation.

*Recommendation:* **Staff's recommendation is pending the approval of the workers' compensation Common Policy by the Committee.** Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

**Operating Expenses**

*Description:* This line item includes funding for operating expenses for the Executive Director's Office as well as funding for capital outlay, motor-pool, and software maintenance agreements.

*Request:* The Department requests continuation funding of \$144,650 total funds. The budget request reflects no change from the prior year appropriation.

*Recommendation:* **Staff recommends \$144,650 reappropriated funds for FY 2012-13.** For FY 2012-13, the total Department indirect cost recoveries will be sufficient to offset all of the General Fund expenditures for this line item.

### **Legal Services**

*Description:* This line item provides funding for the Department to purchase legal services from the Department of Law. Most of the appropriation funds legal services to the Board of Assessment Appeals and to the Property Tax Administrator. The balance of the legal services hours provides staffing for rule and regulation review, contract processing, and other miscellaneous legal needs.

*Request:* The Department requests continuation funding of \$135,521 total funds (including \$122,962 General Fund) to purchase 1,790 hours of legal services from the Department of Law in FY 2012-13.

*Recommendation:* **Staff recommends the Committee approve the Department's request to purchase 1,790 hours of legal services from the Department of Law in FY 2012-13.** This request is consistent with the ten year average of 1,775 hours billed and the two year average of 1,787 hours billed. The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services by the Committee. Staff requests permission to adjust the line item after the Committee has determined the rate.

### **Purchase of Services from Computer Center**

*Description:* This item provides funding for the Department's share of Statewide computer services provided by the Governor's Office of Information Technology (OIT). OIT plans, manages, operates, and delivers the computing infrastructure to customer entities, which include all State agencies and certain institutions of higher education. OIT is responsible for managing the operating system, transaction processing scheduling, and systems management software associated with these resources.

*Request:* The Department requests \$823,636 total funds (including \$244,619 General Fund) for this purpose for FY 2012-13. The budget request reflects an increase of \$56,822 total funds (including \$16,876 General Fund) over the prior year appropriation.

*Recommendation:* **Staff's recommendation is pending the approval of the Common Policy by the Committee.** Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

### **Multiuse Network Payments**

*Description:* This line item is used to pay the Department's share of the Statewide multiuse network (MNT). The MNT is a service providing secure, high-speed broadband access to State agencies, schools, colleges, libraries, hospitals, and local governments. MNT payments represent the cost to the State for administering its share of the MNT build-out with the private consortium.

Reimbursements for this area are expended for contracts with Century Link, and are based on anticipated billings, using a circuit inventory conducted department by department, for all agencies.

*Request:* The Department requests funding of \$49,990 total funds (including \$21,737 General Fund) for multi-use network payments for FY 2012-13. The budget request reflects a decrease of \$132,623 total funds (including \$0 General Fund) over the prior year appropriation. The entire decrease is in federal funds, from \$156,240 to \$23,617.

*Recommendation:* **Staff's recommendation is pending the approval of the Common Policy by the Committee.** Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

### **Management and Administration of OIT**

*Description:* Senate Bill 08-155 (Cadman/Kerr, A.) required that billing methodologies be developed to allocate costs for central OIT administrative services, including a "back office" business services staff for financial and human resource services to the consolidated office. Beginning with FY 2008-09, allocation appropriations were made to executive branch agencies for this function.

*Request:* The Department requests funding of \$7,099 total funds (including \$5,009 General Fund) for multi-use network payments for FY 2012-13. The budget request reflects a decrease of \$66,684 total funds (including a decrease of \$860 General Fund) over the prior year appropriation.

*Recommendation:* **Staff's recommendation is pending the approval of the Common Policy by the Committee.** Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

### **Payment to Risk Management and Property Funds**

*Description:* The Department's share of liability and property insurance carried by the Department of Personnel and Administration is appropriated through this line item. The State's liability program is used to pay liability claims and expenses brought against the State.

*Request:* The Department requests a total of \$14,655 total funds (including \$13,630 General Fund) for this purpose for FY 2012-13. The budget request reflects an increase of \$1,093 total funds (including \$1,017 General Fund) over the prior year appropriation.

*Recommendation:* **Staff's recommendation is pending the approval of the Common Policy by the Committee.** Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

### **Vehicle Lease Payments**

*Description:* This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles.



*Request:* The Department requests \$108,445 total funds (including \$77,667 General Fund) for FY 2012-13. The request reflects a decrease of \$18,285 total funds (all of which are General Fund) over the prior year appropriation and does not include any new or replacement vehicles for FY 2012-13.

*Recommendation:* **Staff's recommendation is pending the approval of the Common Policy by the Committee.** Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

### **Information Technology Asset Maintenance**

*Description:* This line item funds routine replacement of technology to keep it current and minimize work interruptions.

*Request:* The Department requests continuation funding of \$104,793 total funds (including \$29,913 General Fund) for this purpose for FY 2012-13.

*Recommendation:* **Staff recommends approving the Department's request.**

### **Leased Space**

*Description:* This line item funds leased space needs for the Department. Each office is strategically located throughout the State to maximize the impact of DOLA's field staff. The Department currently leases space at the following locations:

- 218 State Street, Suite 1, Fort Morgan, CO 80701
- 150 E. 29th Street, Suite 215, Loveland, CO 80538
- 602 Galena Street, Frisco, CO 80443
- 132 West "B" St., Ste 260, Pueblo, CO 81003
- Ft. Lewis College, 1000 Rim Drive, Durango, CO 81301

*Request:* The Department requests \$109,669 in total funds (including \$22,376 in General Fund) for this purpose in FY 2012-13. The budget request reflects an increase of \$3,868 total funds (including \$0 General Fund) over the prior year appropriation.

*Recommendation:* **Staff recommends the Department's request.**

### **Capitol Complex Leased Space**

*Description:* This line item is used to pay the Department of Personnel and Administration for the costs of maintaining State buildings that are part of the Capitol Complex. The Department currently leases space in the Complex at the following locations:

- Centennial Building – 1313 Sherman St. Denver, CO
- Camp George West – 15390 S. Golden Road, Lakewood, CO
- Grand Junction - 222 S. 6th St. Grand Junction, CO

Request: The Department requests a total of \$525,525 total funds (including \$181,941 General Fund) for FY 2012-13. The budget request reflects an increase of \$49,248 total funds (including \$18,141 General Fund) over the prior year appropriation.

**Recommendation:** Staff recommends providing funding sufficient to cover the leased space costs for a total of 53,770 square feet, including 33,228 square feet at 1313 Sherman Street in Denver, 17,084 square feet at Camp George West, and 3,458 square feet at Grand Junction. Staff's funding recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

### **Communication Services Payments**

*Description:* This line item is used to pay the Department's share of the state's microwave radio infrastructure and the Digital Trunked Radio System (DTRS). DTRS provides interoperability between public safety agencies and emergency responders through 197 sites to 95 percent of the State's roadways. The Department anticipates being billed for the use of 109 radios in FY 2011-12.

*Request:* The Department requests funding of \$38,375 total funds (including \$9,594 General Fund and \$28,880 Federal Funds) for FY 2012-13. The budget request reflects an increase of \$10,143 total funds over the prior year appropriation and includes a non-prioritized budget amendment of \$132.

**Recommendation:** Staff's recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

### **Moffat Tunnel Improvement District**

*Description:* This line item funds the Department's administration of the Moffat Tunnel Improvement District. DOLA is provided custodial authority pursuant to Section 32-8-124.7 (3), C.R.S. Cash funds are received from annual lease revenues. There are currently two leasers, Union Pacific Railroad (UP) and Century Link (formerly Qwest). The lease requires UP to pay the District \$12,000 per year and Century Link to pay \$11,542 per year. The UP lease term ends in 2025 with a right to renew and the Century Link lease term ends 2091 with right to renew. The appropriation provides spending authority from reserves in the Moffat Tunnel Cash Fund in case moneys are needed to protect the right-of-way from legal challenges.

*Request:* The Department requests continuation funding of \$137,444 cash funds for FY 2012-13.

**Recommendation:** Staff recommends approving the Department's request.

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## **(2) PROPERTY TAXATION**

The staff funded through this section are responsible for ensuring that property tax laws are implemented in a fair and equitable manner across all political subdivisions.

**Division of Property Taxation**

*Description:* The Property Tax Administrator is a constitutionally created position, responsible for administering property tax laws under the supervision and control of the State Board of Equalization (see Section 15 (2) of Article X of the Colorado Constitution). Pursuant to Section 39-2-101, C.R.S., the Property Tax Administrator is head of the Division of Property Taxation. The key statutory responsibilities that drive the Division's workload are carried out by four subdivisions:

- Appraisal Standards Section - assures property tax equity by issuing appraisal standards and training county assessors.
- Administrative Resources Section - prepares and publishes administrative manuals, procedures, and instructions for assessors' offices.
- Exemptions Section - grants exemptions from taxation for charities, churches, and other eligible entities to assure a standardization of exemptions.
- State Assessed Section - performs original valuations of multi-county companies in Colorado, including railroads, pipelines, and other utilities.

This line item supports 36.7 FTE, detailed in the following table. The Division is supported by General Fund, fees for approving property tax exemptions, and mineral and energy impact funds.

<b>Position</b>	<b>FY 2010-11 Actuals</b>	<b>FY 2011-12 Approp.</b>	<b>FY 2012-13 Request</b>	<b>FY 2012-13 Recomm.</b>
Property Tax Administrator	1.0	1.0	1.0	1.0
Property Tax Exemptions	8.1	11.1	11.1	11.1
Appraisal Standards	5.5	5.5	5.5	5.5
Administrative Responsibilities	7.0	7.6	7.6	7.6
State-assessed Property	4.0	4.5	4.5	4.5
Administrative/Clerical	<u>6.8</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>
<b>TOTAL</b>	<b>32.4</b>	<b>36.7</b>	<b>36.7</b>	<b>36.7</b>

*Request:* The Department requests \$2,660,455 in total funds and 36.7 FTE for this program line, including \$1,088,206 General Fund. The budget request reflects an increase of \$67,416 (including \$28,001 General Fund) over the prior year appropriation due to the restoration of the FY 2011-12 State PERA reduction and the restoration of the five percent General Fund Operating Reduction.

*Recommendation:* **Staff recommends approving the base request and restoration of the FY 2011-12 PERA and General Fund operating reductions. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** Staff's calculations are found in the table below.

Property Taxation, Division of Property Taxation						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$2,655,591	\$1,083,342	\$861,804	\$710,445	\$0	36.7
S.B. 11-076 State PERA 2.5% Employee Contribution	(62,552)	(23,137)	(13,850)	(25,565)	0	0.0
Supplemental adjustments (H.B. 12-1190)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$2,593,039</b>	<b>\$1,060,205</b>	<b>\$847,954</b>	<b>\$684,880</b>	<b>0</b>	<b>36.7</b>
Reinstate FY 11-12 State PERA Contribution	62,552	23,137	13,850	25,565	0	0.0
Reverse 5% Operating Reduction	4,864	4,864	0	0	0	0.0
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<i>PENDING</i>					

Section 39-2-106, C.R.S., states that compensation of the Property Tax Administrator and employees of the Division of Property Taxation shall be paid from annual appropriations made to the Division by the General Assembly.<sup>1</sup>

### **State Board of Equalization**

*Description:* The State Board of Equalization ("State Board"), created in Section 15 of Article X of the Colorado Constitution, consists of five members:

- The Governor (or his or her designee).
- The Speaker of the House of Representatives (or his or her designee).
- The President of the Senate (or his or her designee).
- Two members appointed by the Governor with the consent of the Senate.

The State Board supervises the administration of property taxation laws by local county assessors. In this regard, the State Board meets at least once annually to review real and personal property valuations, hear complaints concerning valuation (including petitions by tax-levying authorities), redirect assessments, and set the residential assessment ratio. The Board also approves training manuals, appraisal standards, and written instructions issued by the Property Tax Administrator.

During each property tax year, an assessment study is conducted to determine whether or not county assessors have complied with property tax provisions in the State Constitution and in State statutes. The State Board is responsible for ordering a reappraisal of affected classes of property which were not properly assessed in accordance with the State Constitution and with State statutes. Finally, the State Board appoints the Property Tax Administrator.

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<sup>1</sup> Please note, however, that any costs incurred in implementing assessment and levy procedures required by Section 39-5-132, C.R.S., shall be paid by the local taxing authorities.

The Constitution requires the General Assembly to provide by statute for the compensation of State Board members. Pursuant to Section 39-9-101 (2), C.R.S., State Board members receive \$50 per day for each day spent attending State Board meetings or hearings, as well as reimbursement for actual and necessary expenses incurred in performing State Board duties. This line item funds the Board's direct operating expenses, including \$50 per diem payments and expense reimbursements.

*Request:* The Department requests continuation level funding of \$12,856 General Fund.

*Recommendation:* **Staff recommends the Department's request.**

**Board of Assessment Appeals**

*Description:* The Board of Assessment Appeals (BAA) is a quasi-judicial body that operates as a "type 1<sup>2</sup>" agency within the Department (see Section 39-2-123, C.R.S.). The Board hears appeals by individual taxpayers who disagree with county boards of equalization, county boards of commissioners, and the Property Tax Administrator on the valuation of real and personal property, property tax abatements (reductions), and property tax exemptions. State assessed properties and exemptions are first appealed to the property tax administrator. These cases may then be appealed to the BAA. Appeals to the BAA must be made in writing within 30 days of the decision that is being appealed. After the appeal is docketed, a receipt of appeal is sent to the Petitioner. A notice of hearing is mailed to all parties at least 30 days prior to the scheduled hearing. The Board's decision is transmitted in a written order and mailed to all parties. Board decisions are also posted on the Board's website. Board decisions may be appealed to the Colorado Court of Appeals.

Pursuant to statute, Board members must be registered, certified, or licensed as an appraiser. The Board must consist of at least three members, and an additional six members may be appointed based on workload. All Board members are employees of the State who are appointed by the Governor, with the consent of the Senate, and serve at the pleasure of the Governor. As employees of the State they are entitled to benefits such as health, life and dental, short-term disability, and PERA. Compensation is based on a statutory rate of \$150 per day. Board members often have private sector employment in addition to their duties on the Board. This line item supports 13.2 FTE, including Board members, as detailed in the following table.

<b>Position</b>	<b>FY 2010-11 Actuals</b>	<b>FY 2011-12 Approp.</b>	<b>FY 2012-13 Request</b>	<b>FY 2012-13 Recomm.</b>
Board Members	7.0	7.0	7.0	7.0
Staff Director	1.0	1.0	1.0	1.0
Hearing Reporters	2.0	2.0	2.0	2.0
IT Support	0.0	0.0	0.0	0.0
Administrative/ Clerical	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>
<b>TOTAL</b>	<b>13.2</b>	<b>13.2</b>	<b>13.2</b>	<b>13.2</b>

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<sup>2</sup> Pursuant to Section 24-1-105 (1), C.R.S., a type 1 agency exercises its prescribed powers and duties independently of the head of the department.

This line item currently provides funding based on 615 board-days per year (one board-day = one member for one day), assuming that at least two members will attend each hearing.

*Request:* The Department requests \$555,038 in total funds (including \$195,961 General Fund) for this line item in FY 2012-13. The budget request reflects an increase of \$20,844 total funds (including \$10,032 in General Fund) over the prior year appropriation due to the restoration of the FY 2011-12 State PERA contribution reduction and a restoration of the five percent General Fund Operating Reduction.

***Recommendation:*** Staff recommends approving the base request and restoration of the FY 2011-12 PERA and General Fund operating reductions. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13. Staff calculations are found in the table below.

Property Taxation, Board of Assessment Appeals						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$551,831	\$192,754	\$0	\$359,077	\$0	13.2
S.B. 11-076 State PERA 2.5% Employee Contribution	(17,637)	(6,825)	0	(10,812)	0	0.0
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$534,194</b>	<b>\$185,929</b>	<b>\$0</b>	<b>\$348,265</b>	<b>0</b>	<b>13.2</b>
Reinstate FY 11-12 State PERA Contribution	17,637	6,825	0	10,812	0	0.0
Reverse 5% Operating Reduction	3,207	3,207	0	0	0	0.0
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					

**Indirect Cost Assessment**

*Description:* This line reflects the amount of indirect cost assessments made against cash and reappropriated funds funding sources within the Division (including federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities). The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services and Operating line items and the Board of Assessment Appeals.

*Request:* The Department requests \$263,636 total funds for the collection rate applied to the Division for indirect cost recoveries in FY 2012-13.

*Recommendation:* Staff recommends \$280,725 total funds for FY 2012-13. Of this amount, \$161,157 is cash funds from the Property Tax Exemption Fund, \$39,856 is reappropriated funds from the Local Government Mineral Impact Fund, and \$79,712 is reappropriated funds from the

Local Government Severance Tax Fund. Staff's recommendation is based on DOLA's most recent indirect cost rates for FY 12-13 for both Statewide and internal indirect cost assessments.

### (3) DIVISION OF HOUSING

The Division of Housing (DOH) provides financial and technical assistance designed to increase the availability of housing to low income, elderly, and disabled individuals. Financial assistance programs include State and federal grants, loans, loan guarantees, equity investments, and subordinated debt for construction or rehabilitation of affordable housing. DOH provides technical assistance to local communities, including assisting communities to identify housing needs and to apply for and secure available private and public financing for housing projects. DOH develops and updates various studies on the availability and affordability of housing in Colorado. Finally, DOH works with local governments to reform local development and building regulations in ways which lower housing production costs.

#### Personal Services

*Description:* This line item supports 40.4 FTE. The Division is supported by General Fund, mineral and energy impact funds, private activity bond fees, and various federal funds. Please note that H.B. 11-1230, which consolidated the housing assistance programs in the Department of Human Services into the Department of Local Affairs, resulted in an increase of 19 FTE for FY 2011-12 and beyond.

Position	FY 2010-11 Actuals	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Director	1.0	1.0	1.0	1.0
Program Staff	3.5	3.5	3.5	3.5
State Revolving Loan Fund	0.2	0.2	0.2	0.2
Support/Clerical	1.4	1.6	1.6	1.6
Private Activity Bond Program	0.9	0.9	0.9	0.9
Federal Programs	<u>13.7</u>	<u>33.2</u>	<u>33.2</u>	<u>33.2</u>
<b>TOTAL</b>	<b>20.7</b>	<b>40.4</b>	<b>40.4</b>	<b>40.4</b>

*Request:* The Department requests \$2,529,013 total funds (including \$367,892 General Fund) and 40.4 FTE for this purpose in FY 2012-13. The budget request reflects an increase of \$34,397 from the current appropriation (including \$6,218 in General Fund) due to the restoration of the FY 2011-12 State PERA contribution reduction.

*Recommendation:* **Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** Staff calculations are found in the table below.

Division of Housing, Personal Services						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$1,312,300	\$367,892	\$76,292	\$151,498	\$716,618	21.4
H.B. 11-1230 Section 8 Housing Bill	1,216,713	0	0	0	1,216,713	19.0
S.B. 11-076 State PERA 2.5% Employee Contribution	(34,397)	(6,218)	(570)	(3,639)	(23,970)	0.0
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$2,494,616</b>	<b>\$361,674</b>	<b>\$75,722</b>	<b>\$147,859</b>	<b>1,909,361</b>	<b>40.4</b>
Reinstate FY 11-12 State PERA Contribution	34,397	6,218	570	3,639	23,970	0.0
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					

### **Operating Expenses**

*Description:* This line item funds the operating expenses of the Division. Common operating expenses for the Division include postage, equipment maintenance, and in-state travel.

*Request:* The Department requests an appropriation of \$324,140 total funds (including \$25,903 General Fund) for FY 2021-13. The request reflects an increase of \$1,295 (all of which is General Fund) due to the restoration of the five percent General Fund Operating Reduction.

*Recommendation:* **Staff recommends approving the Department's request.**

### **Manufactured Buildings Program - Program Costs**

*Description:* Manufactured buildings are largely assembled in factories and then transported to sites of use. Senate Bill 03-182 (Teck/Witwer) established new provisions regarding the regulation of the manufacture of factory-built structures and the sales and installation of manufactured homes (Sections 24-32-3301 through 3327, C.R.S.). The Building Regulation Program reviews and approves manufactured building plans for residential and commercial use. The program also inspects the site installation of manufactured housing and responds to manufactured housing consumer complaints, and in-plant building inspections. In addition, the act:

- Requires factory-built structures to be sold within the state to bear an insignia of approval issued by the Division and affixed by the Division or an authorized agent;
- Requires any installer of manufactured homes to annually register and be certified by the Division;
- Provides the Division of Housing other certification and enforcement authority including civil penalties up to \$1,000 as well as injunctive relief from the court; and
- Prohibits any other political subdivision of the state from imposing any additional registration, escrow and bonding, or contract requirements on sellers.

The program is appropriated 7.3 FTE carrying out tasks as outlined in the table below.



Position	FY 2010-11 Actuals	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Director	0.4	0.3	0.3	0.3
Engineer	0.1	1.0	1.0	1.0
IT Support	0.0	0.0	0.0	0.0
Inspectors	3.9	4.0	4.0	4.0
Training and Grant Administration	0.0	0.0	0.0	0.0
Support/Clerical	<u>1.8</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
<b>TOTAL</b>	<b>6.2</b>	<b>7.3</b>	<b>7.3</b>	<b>7.3</b>

*Request:* The Department requests \$692,830 cash funds for this program line and 7.3 FTE. The budget request reflects an increase of \$14,767 cash funds from the FY 2011-12 appropriation, and includes changes related to the restoration of the FY 2011-12 State PERA contribution reduction.

*Recommendation:* **Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** Calculations for staff's recommendation are found in the table below.

Division of Housing, Manufactured Buildings Program, Program Costs						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$692,830	\$0	\$692,830	\$0	\$0	7.3
S.B. 11-076 State PERA 2.5% Employee Contribution	(14,767)	0	(14,767)	0	0	0.0
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$678,063</b>	<b>\$0</b>	<b>\$678,063</b>	<b>\$0</b>	<b>0</b>	<b>7.3</b>
Reinstate FY 11-12 State PERA Contribution	14,767	0	14,767	0	0	0.0
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					

### **Colorado Affordable Housing Construction Grants and Loans**

*Description:* This line item provides funding for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, and sanitary housing for low-income households. Low-income households are defined as those at or below 30 percent of area median income (AMI). The line item is made up entirely of General Fund dollars and represents about 19 percent of DOLA's total General Fund appropriation for the current fiscal year.

DOLA has statutory authority to operate the program through Section 24-32-705 1 (a), C.R.S. Moneys are transferred to the Colorado Affordable Housing Construction Grants and Loan Fund and are continuously appropriated to the Division. Not more than \$250,000 may be appropriated from the General Fund in any fiscal year for uses not related to construction grants or loans.

DOH uses the General Fund appropriation to encourage private enterprise and all public and private agencies engaged in planning, construction, and acquisition of adequate housing or the rehabilitation of existing housing in Colorado. The moneys are used in part to match federal moneys available through the Federal Affordable Housing Grants and Loans line item, as well as to leverage other public and private funds. In this capacity, the Division is able to achieve a 12 dollar match for every dollar granted out of this line item.

The program has received varying amounts of General Fund dollars. In FY 1998-99, the program received \$4.0 million; however, the program was zeroed out in FY 2002-03 due to the economic downturn. Funding returned in FY 2004-05 at a level of \$100,000. Appropriations have increased in recent years to \$2.25 million in FY 2010-11. The program received an appropriation of \$2 million in FY 2011-12. The table below provides a brief history of appropriations for this line item.

**Recent History of State Appropriations for Affordable Housing Program**

Fiscal Year	General Fund Appropriation	Annual Change	
		Dollar	Percent
1998-99*	4,000,000	\$3,400,000	566.7%
1999-00	2,600,000	(1,400,000)	-35.0
2000-01	2,600,000	0	0.0
2001-02**	2,508,933	(91,067)	-3.5
2002-03***	0	(2,508,933)	-100.0
2003-04	0	0	-100.0
2004-05	100,000	100,000	100.0
2005-06	100,000	0	0.0
2006-07	1,100,000	1,000,000	1,000.0
2007-08	1,223,324	123,324	11.2
2008-09	2,225,000	1,001,676	81.9
2009-10	2,225,000	0	0.0
2010-11	2,225,000	0	0.0
2011-12	\$2,000,000	\$(225,000)	-10.1
<b>2012-13 Request</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>0.0%</b>

\* Includes \$1.4 million increase in the base and a one-time transfer of \$2 million from reserves in the Economic Development Commission Cash Fund reserves.

\*\*Original Long Bill appropriation of \$4,570,000 was reduced mid-year. The original appropriation included a change request to increase the General Fund appropriation by \$1,970,000 (DI #1).

\*\*\* Original Long Bill appropriation of \$2,904,376 was lined through by the Governor.

*Request:* The Department requests continuation level funding of \$2,000,000 General Fund.

*Staff Recommendation:* There are many factors involved in determining the need for affordable housing, including income and availability of housing. The term "affordability" assumes rent equal to 30 percent or less of the household's income. The U.S. Department of Housing and Urban Development (HUD) has determined that the Colorado AMI for FY 2011-12 is \$62,750. Therefore, this line item is focused on providing State funding for grants and loans for housing targeted to households with an income of \$18,825 or less. Food stamps, Medicaid, and CHIP are not included in a household's income. The following items are included in income calculations:

- The full amount, before any payroll deductions, of wages and salaries, overtime pay,

- commissions, fees, tips and bonuses, and other compensation for personal services;
- Interest, dividends, and other net income of any kind from real or personal property;
- The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits;
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- Welfare assistance payments. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program;
- Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;
- All regular pay, special pay and allowances of a member of the Armed Forces; and
- Student loan amounts above and beyond the cost of tuition.

The Department's April 2010 (updated in June 2011) "Housing Mismatch and Rent Burden Information for Rental Housing in Colorado" publication states that there are now almost 600,000 renter households in Colorado. Because of the increased demand for rentals, vacancy rates continue to decline. For example, the vacancy rate in metro Denver declined from 7.7 percent in the fourth quarter of 2009 to 5.5 percent in the fourth quarter of 2010 and 5.4 percent in the fourth quarter of 2011. Statewide, data was not available for the fourth quarter; however, vacancy rates declined from 7.4 percent in the third quarter of 2009 to 5.5 percent in the third quarter of 2010 and 5 percent in the third quarter of 2011. Thus, the overall trend points to a tighter market. This is critical because rental housing is often the only option available for low-income households. Units suitable for low-income households have become especially scarce as rents increase along with demand. The table below summarizes the relationship between income and rental unit availability.

**Relationship Between Income and Affordable Housing**

Income Level*	Affordable Monthly Payment**	Number of Renter Households	Available Housing Units	Households Per Housing Unit
\$10,000	\$250	83,384	44,401	1.9
15,000	375	140,530	60,173	2.3
20,000	499	190,877	94,224	2.0
25,000	624	247,849	166,774	1.5
30,000	750	296,781	254,078	1.2
35,000	875	344,543	327,290	1.1

\*Based on gross income, as determined by HUD

\*\*Based on housing expense as 30 percent of gross income

As the table above illustrates, there are currently more households living at an income level of \$10,000 to \$35,000 than there are available housing units within the affordable monthly payment range. When a household spends more than 30 percent of its gross income on housing, it is considered to be a "rent burdened household." Out of a total of 594,540 renter households, there were approximately 282,200 households (47 percent) paying 30 percent or more of income toward housing. Spending this much negatively impacts a household's ability to spend on essentials such as food, energy, clothing, and medical at a time when the price of these essential items and services continues to rise. Indeed, upward pressure on the consumer price index (CPI) continues as prices for commodities and raw materials continue to increase. For example, according to Colorado

Legislative Council projections, the Denver-Boulder-Greeley CPI rose 4.1 percent in 2011 after a 1.6 percent increase in 2010. This was the largest December-December increase since 2007.

Based on the assessment of factors contributing to the need for affordable housing, indicators that low-income earning households face a scarcity of affordable housing, and the fact that DOLA is able to achieve a 12 dollar match for every dollar granted out of this line item, **staff recommends that the Committee approve the Department's request for an appropriation of \$2,000,000 million General Fund for FY 2012-13.**

**Federal Affordable Housing Construction Grants and Loans**

*Description:* This line item reflects anticipated federal affordable housing moneys, including funding from the HOME Investment Partnership Program, the Permanent Housing for Homeless Disabled Program, a portion of the Community Development Block Grants (CDBG) allocated to the State (historically one-third of the total State CDBG allocation is used for affordable housing purposes), and the Neighborhood Stabilization Program (NSP). With the exception of CDBG, the majority of this funding requires matching money from state, local, or private financing sources.

It is important to note that there were three iterations of the NSP. NSP1 was first created by Congress in the "Housing and Economic Recovery Act of 2008," followed by the "American Recovery and Reinvestment Act of 2009" (NSP2), and the Dodd-Frank "Wall Street Reform and Consumer Protection Act of 2010" (NSP3). The program is an effort to mitigate the neighborhood effects of foreclosures in areas of greatest need. Through NSP1, the State of Colorado was granted over \$53 million, of which \$34 million was administered by DOLA.

**NSP1:**

Grantee	Award
Colorado State Program	\$34,013,566
City and County of Denver	6,060,170
Adams County	4,600,211
City of Aurora	4,474,097
City of Colorado Springs	3,904,989

NSP2 is a competitive program established by ARRA that provided \$1.93 billion to stabilize property values and prevent neighborhood blight. The Colorado State Program administered by DOLA did not receive any NSP2 allocation from HUD. However, the following entities received funding:

**NSP2:**

Grantee	Award
Chicanos Por La Causa, Inc.	\$23,433,236
City and County of Denver	18,994,444

The Dodd-Frank bill also allocated more than \$17 million in NSP3 funding to the State of Colorado in FY 2011-12 as follows:

**NSP3:**

Grantee	Award
Colorado State Program	\$5,098,309
City and County of Denver	2,700,279
City of Aurora	2,445,282
Adams County	1,997,322
City of Pueblo	1,460,506
City of Colorado Springs	1,420,638
City of Greeley	1,203,745
Weld County	1,023,188

*Request:* The Department's request reflects a total of \$45 million in federal funds anticipated to be available to the State in FY 2012-13.

*Recommendation:* **Staff recommends approving the Department's request.**

**Emergency Shelter Program**

*Description:* This line item reflects anticipated federal moneys that the Division of Housing will administer on behalf of local communities and non-profit groups for homeless prevention activities, including the operation of shelters and assistance to families who have received eviction notices or notices of termination of utility services. The request does not include entitlement moneys that are granted on a formula basis directly to the cities of Denver and Colorado Springs.

*Request:* The Department requests continuation funding of \$965,000 federal funds for FY 2012-13.

*Recommendation:* **Staff recommends approving the Department's request.**

**Private Activity Bond Allocation Committee**

*Description:* This line item provides statutory funding to reimburse expenses associated with the Private Activity Bond Allocation Committee, which consists of the Executive Director of the Department of Local Affairs, four municipal and county officials, three citizens at large, and one representative of state issuing authorities. This Committee assists the Department and the Executive Director with determining priorities for the allocation of private activity bond allocations for the State. The Committee meets three times per year, and its activities are coordinated by the Division. The source of cash funds is fees charged to entities accessing the State's bond cap.

Federal law limits the total amount of tax-exempt private activity bonds which may be issued by any state and its political subdivisions. A state is allowed to allocate its capped amount among the issuing authorities of the state and is codified in Sections 24-32-1702 to 1715, C.R.S. The 2011 Private Activity Bond cap was set at \$477,773,620 in total. Of this amount, 50 percent is allocated to Statewide Issuing Authorities in amounts established by the Department. These authorities include the Colorado Housing and Finance Authority (CHFA), CollegeInvest, Colorado Agriculture Development Authority, Colorado Health Facilities Authority, and Colorado Educational and Cultural Facilities. The remaining 50 percent is to be allocated to Local Issuing Authorities (e.g.,

city, town, county, or city and county) based on population. Any excess bonding authority is to be relinquished to the Statewide Balance (SWB), for which the Department has put in place a competitive application process to maximize the allocation of all tax-exempt private activity bonds.

*Request:* The Department requests continuation level funding of \$2,500 cash funds in FY 2012-13 from the Private Activity Bond Allocations Fund, created in Section 24-32-1707 (6)(b), C.R.S., to reimburse Committee members for qualified expenditures.

*Recommendation:* **Staff recommends approving the Department's request.** Pursuant to Section 24-32-1707 (3), C.R.S., members of the Private Activity Bond Allocation Committee serve without compensation, however, they are entitled to receive reimbursement of actual and necessary expenses.

### **Low Income Rental Subsidies**

*Description:* This line item includes federal Section 8 certificate and voucher funding from the U.S. Department of Housing and Urban Development (HUD). Section 8 certificates pay the difference between fair market rental rates and 30 percent of an individual's income; rents are capped by HUD. In the Voucher program, individual property owners set rental rates with HUD via contracts, and renters receive a voucher for a specific amount of rental assistance based on income level. If rents are higher than the amount of the voucher, the individual is responsible for the difference. Numerous local entities administer Section 8 certificates and vouchers directly.

*Request:* The Department requests continuation funding of \$36,884,430 federal funds for this purpose in FY 2012-13.

*Recommendation:* **Staff recommends approving the Department's request.**

### **Indirect Cost Assessment**

*Description:* This line reflects the amount of indirect cost assessments within this division. The funds are used to offset General Fund in the Executive Director's Office, Personal Services and Operating line items, and the Board of Assessment Appeals.

*Request:* The Department requests continuation funding of \$250,170 total funds for FY 2012-13.

*Recommendation:* **Staff recommends \$477,793 total funds for FY 2012-13.** Of this amount, \$125,194 is cash funds from the Manufactured Buildings Program, \$18,998 is reappropriated funds from the Local Government Mineral Impact Fund, \$37,995 is reappropriated funds from the Local Government Severance Tax Fund, and \$295,606 is federal funds from HUD programs.

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## **(4) DIVISION OF LOCAL GOVERNMENTS**

### **(A) Local Government and Community Services**

#### ***(1) Administration***

**Personal Services**

*Description:* This line item funds salaries and associated Medicare and PERA contributions, as well as contractual services, for approximately half of the technical assistance and grants management FTE in the Division of Local Government (the remaining half are in the Field Services, Program Costs line item). This expertise is needed because many of the political subdivisions that DOLA works with have little or no professional staff and rely on part-time citizen leadership. The potential for non-compliance with State statutory and constitutional mandates due to a lack of expertise at the local level is significant. The table below details the 17.7 FTE currently supported by this line item.

<b>Position</b>	<b>FY 2010-11 Actuals</b>	<b>FY 2011-12 Approp.</b>	<b>FY 2012-13 Request</b>	<b>FY 2012-13 Recomm.</b>
Director & Section Head	1.7	2.0	2.0	2.0
Support/Clerical	2.7	4.2	4.2	4.2
Special District Compliance (Section 32-1-101 et. sec., C.R.S.)	1.0	1.0	1.0	1.0
Enforce 5.5% Limit on Levies (Sections 29-1-301 and 302, C.R.S.)	1.0	1.0	1.0	1.0
Local Government Financial Compendium (Sections 29-1-113 and 505, C.R.S.)	2.0	2.0	2.0	2.0
Demography	2.9	2.9	2.9	2.9
Cartography	2.0	2.0	2.0	2.0
Community Services Block Grant Admin. - FF	<u>2.4</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>
<b>TOTAL</b>	<b>15.7</b>	<b>17.7</b>	<b>17.7</b>	<b>17.7</b>

The Division's responsibilities and the duties performed by these staff are described below.

- ❑ The Division serves as a repository for data such as the names of board members, the boundaries, and the service plan or purpose of special districts. The Division must certify the creation of certain municipal special districts like water and sewer districts. The Division may investigate consolidating, restructuring, or making other changes to special districts to benefit residents or lower costs, and may order the special district to hold public hearings on the Division's findings. The Division must confer with county commissioners or municipal leaders and special district boards if the State Auditor identifies a decrease in the special districts' ability to discharge indebtedness. Finally, the Division has responsibility to dissolve special districts under certain conditions concerning elections compliance, budget preparation and reporting, and the provision of services, or if the special district has completed its original intended purpose.

According to Section 32-1-102, C.R.S., special districts are local governments that may provide services to promote the health, safety, prosperity, security, and general welfare of the inhabitants of the districts. Their geographic boundaries may be included in a single municipality or county or may span several municipalities and extend into unincorporated county land. Special districts have the authority to issue debt and to levy and collect property taxes.

- ❑ Local governments—with the exception of school districts—are subject to a 5.5 percent growth limitation on mill levies. The limitation is in addition to TABOR restrictions. Effectively, local governments are held to the lesser of the two limits in any given year. The Division enforces

the limit on mill levy increases and may approve exemptions for increased valuation or assessments from new oil and gas production, for bridges and roads, for capital construction, or for financial distress (after considering public awareness and support). If a local government's revenues exceed the growth limit, the Division is responsible for ordering a reduction in revenue for the next fiscal year. To help implement the Division's regulatory duties with regard to special districts and the 5.5 percent levy limit, the Division is required to compile and publish a compendium of local government financial information. The data is also used by the State Auditor, bond rating companies, researchers, and legislative staff (for fiscal notes).

- ❑ The State Demography Office provides data to implement numerous statutory and constitutional provisions of the State and federal government (e.g. calculating TABOR, establishing election districts, and distributing mineral impact and CDBG funds). Without the demography and cartography staff, the Department would not be able to make distributions of the funds that it administers according to the required constitutional and statutory formulas.
- ❑ The Division administers the federal Community Services Block Grant (CSBG) program. The State receives an allocation of funds to distribute to community service providers who provide a variety of services to clients who meet eligibility guidelines.

*Request:* The Department requests \$1,296,075 in total funds (including \$601,564 General Fund) and 17.7 FTE for this line item for FY 2012-13. The budget request reflects an increase of \$32,895 in total funds (including \$15,268 General Fund), and includes changes related to the restoration of the PERA adjustment mandated by S.B. 11-076.

*Recommendation:* **Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** Staff's calculations are found in the table below.

Division of Local Governments, Local Government and Community Services, Administration, Personal Services						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$1,296,075	\$601,564	\$0	\$564,378	\$130,133	17.7
S.B. 11-076 State PERA 2.5% Employee Contribution	(32,895)	(15,268)	0	(14,324)	(3,303)	0.0
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$1,263,180</b>	<b>\$586,296</b>	<b>\$0</b>	<b>\$550,054</b>	<b>126,830</b>	<b>17.7</b>
Reinstate FY 11-12 State PERA Contribution	32,895	15,268	0	14,324	3,303	0.0
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					



**Operating Expenses**

*Description:* This line item funds the operating expenses of the Division of Local Government's administration. Common operating expenses include advertising, in-state travel, printing, postage, and various other cost items.

*Request:* The Department requests \$131,351 in total funds (including \$42,178 General Fund) for FY 2012-13. This is an increase of \$2,109 in total funds (all General Fund) due to the restoration of the five percent General Fund Operating Reduction.

*Recommendation:* **Staff recommends approving the Department's request.**

**(2) Local Government Services**

**Local Utility Management Assistance**

*Description:* This program provides assistance to the Water Resources and Power Development Authority in implementing drinking water and waste water treatment loans. DOLA advises local governments about the mechanics of the loans and their potential eligibility. DOLA reviews about 50 loan applications per year and analyzes their economic feasibility. The Department provides this support because it already has a variety of information about the finances of local governments and has financial/economic analysis expertise. The Authority pays the Department for portions of the salaries of several employees who work on the loans, adding in total to 2.0 FTE.

*Request:* The Department requests \$155,434 in total funds (all cash funds) for FY 2012-13 and 2.0 FTE. The request reflects an increase of \$2,996 in total funds from the prior appropriation because of the restoration of the FY 2011-12 State PERA contribution reduction.

*Recommendation:* **Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** Staff's calculations are found in the table below.

Division of Local Governments, Local Government Services, Local Utility Management Assistance						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$155,434	\$0	\$155,434	\$0	\$0	2.0
S.B. 11-076 State PERA 2.5% Employee Contribution	(2,996)	0	(2,996)	0	0	0.0
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$152,438</b>	<b>\$0</b>	<b>\$152,438</b>	<b>\$0</b>	<b>0</b>	<b>2.0</b>
Reinstate FY 11-12 State PERA Contribution	2,996	0	2,996	0	0	0.0
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					

## **Conservation Trust Fund Disbursements**

*Background Information:* Net lottery proceeds (after payment of lottery-related administrative expenses, prizes, and operating reserves) are distributed among three State agencies as follows:

- ❑ Department of Local Affairs: 40 percent is transferred from the Lottery Fund to the Conservation Trust Fund "for distribution to municipalities and counties and other eligible entities for parks, recreation, and open space purposes" (Section 3 (1) (b) (I) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (a), C.R.S.);
- ❑ Department of Natural Resources: 10 percent is distributed from the Lottery Fund to the Division of Parks and Outdoor Recreation for the "acquisition, development, and improvement of new and existing state parks, recreation areas, and recreational trails" (Section 3 (1) (b) (II) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (b), C.R.S.); up to \$35.0 million of the remaining net lottery proceeds (adjusted annually based on the Denver metro CPI) is distributed to the Great Outdoors Colorado (GOCO) Trust Fund Board (Section 3 (1) (b) (III) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (c), C.R.S.); and
- ❑ Department of Education: Net lottery proceeds in excess of the above-described GOCO cap are transferred to the Public School Capital Construction Assistance Fund, pursuant to H.B. 08-1335, to fund direct and indirect administrative costs of the division of Public School Capital Construction Assistance and the Public School Capital Construction Board. Any remainder funds are continuously appropriated to the Board for public school capital construction.

Pursuant to Section 24-77-102 (17) (b) (IX), C.R.S., moneys in the Conservation Trust Fund are not subject to TABOR. In addition, Section 3 (1) of Article XXVII of the Colorado Constitution specifies that net lottery proceeds are "set aside, allocated, allotted, and continuously appropriated" for purposes of the distributions specified above.

*Description.* This line item represents the lottery proceeds anticipated to be transferred to the Conservation Trust Fund each fiscal year. Pursuant to Section 29-21-101 (2), C.R.S., moneys in the Conservation Trust Fund are primarily distributed based on population. Moneys may be used for acquiring and developing land and/or water for parks, open space, historic, recreation, scenic, aesthetic, or similar purposes. Moneys may also be used for maintenance of recreational facilities. These funds are received and distributed quarterly by the Department. In addition, pursuant to Section 29-21-101 (3), C.R.S., the Division of Local Government may utilize the Conservation Trust Fund to recover its direct and indirect costs related to distributing moneys in the Trust Fund. This line item appropriation is included in the annual Long Bill for informational purposes only.

*Request:* The Department requests continuation funding of \$49,997,797 in cash funds and 2.0 FTE for FY 2012-13.

*Recommendation:* **Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** Staff's calculations are found in the table below.

Division of Local Governments, Local Government Services, Conservation Trust Fund Disbursements						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$49,997,797	\$0	\$49,997,797	\$0	\$0	2.0
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$49,997,797</b>	<b>\$0</b>	<b>\$49,997,797</b>	<b>\$0</b>	<b>0</b>	<b>2.0</b>
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					

**Volunteer Firefighter Retirement Plans**

*Description:* This line item reports the State's contribution to local volunteer firefighter retirement plans, as authorized by Section 31-30-1112 (2), C.R.S. Pursuant to Section 10-3-209, C.R.S., it is funded with revenues from a two percent tax on the gross amount of all insurance premiums collected during the previous calendar year. These moneys are not subject to the annual statutory limit on General Fund appropriations. The General Assembly has identified as least a portion of this appropriation as coming from the General Fund Exempt account in all but one year since FY 2005-06. In FY 2009-10, no portion was identified as coming from the General Fund Exempt account because General Fund revenues fell below the TABOR revenue limit. The line item is continuously funded and is included in the Long Bill for informational purposes only. Eligible entities include:

- Municipalities with a population under 100,000 that maintain a regularly organized volunteer fire department and that offer fire protection services;
- Fire protection districts having volunteers and offering fire protection services;
- County improvement districts having volunteer fire department members and offering fire protection services; and
- Counties contributing to a volunteer pension fund at one of the above.

Eligible entities must have active, pension-eligible volunteer firefighters and have contributed tax revenue to the pension fund in the year previous to the year in which the distribution is made. Municipalities with populations of less than 100,000 may levy a tax of not more than one mill (one percent) on the taxable property in the municipality, county, or district to fund their individual volunteer firefighter pension funds.

Pursuant to Section 31-30-1112 (2), C.R.S., the State payment to any municipality or district that is contributing an amount necessary to pay volunteer firefighter pension plans of \$300 or less per month must equal 90 percent of all amounts contributed by the locality in the previous year. The State payment to localities that contribute an amount necessary to pay pensions in excess of \$300 per month also must equal 90 percent of all amounts contributed by the locality in the previous year, as long as that 90 percent is less than the greater of (1) the contribution actuarially required to pay a pension of \$300 per month or (2) the highest actual contribution received by the municipality during the calendar years 1998, 1999, 2000, or 2001. The State has to contribute an amount equal to the greater of these two categories if such amount is less than 90 percent of municipal or special district contributions in

the previous year. In each case, the State contribution cannot exceed an amount that is equal to a tax of one-half mill (.05 percent) on the total taxable property in the municipality or special district.

The Department conducts an application process in which volunteer firefighting agencies submit an actuarial review of their plans "soundness" over the next 20 years. DOLA uses these studies to determine how much assistance each locality receives. Critically, because of the "greater of" language currently included in statute, any locality which submits a request will be funded at some level, regardless of whether its pension plan requires such funding to meet the \$300 per month pension. DOLA currently distributes moneys to 227 qualified pension plans, 91 of which distribute more than \$300 per month to eligible retirees, and 57 of which pay more than \$300 and whose overall plan has been determined to be actuarially sound per an independent review.

*Request:* The Department's request is based on projected expenditures for FY 2012-13. The Department anticipates contributing \$2,745,706 General Fund to local volunteer firefighter retirement plans in FY 2012-13. The budget request is a decrease of \$1,519,047 from the FY 2011-12 appropriation, reflecting a base reduction request submitted by the Department.

***Base Reduction Request: Reduce General Fund for the Volunteer Firefighter Pension Plan***

*Request:* DOLA is proposing a change in statute to eliminate support for volunteer firefighter pension plans that pay monthly benefits of more than the \$300 per eligible participant per month and are determined to be actuarially sound at a \$300 benefit level for the next 20 years. Those plans paying less than or equal to the benefit of \$300 and those paying more but determined to have a need at the State's \$300 level based on an independent actuarial study, will continue to receive State support.

*Anticipated Impacts:*

The request will result in a General Fund obligation of \$2,745,706 for FY 2012-13. This represents a savings of \$1,519,047, reducing the State's General Fund obligation from \$4,264,753 in FY 2011-12. This statutory change will affect about 19 percent of pension plans with applications for State assistance currently on file with DOLA, or 43 out of a total of 227 plans statewide. Of the 43 plans that will be effected, 28 already contribute local funding above the amount necessary to meet their current plan benefit levels. The State is over funding these 28 plans because they are able to continue at their current benefit level without any state funding. The remaining 15 plans use a portion of the state funds distributed through this line item to meet their current benefit levels and would need to increase their local contribution to maintain their current benefit level (see the table below).

<b>District/Municipal Name</b>	<b>Benefit Level</b>
Animas Fire Protection District	\$750
Basalt and Rural Fire Protection District	543
Delta County Fire Protection District	525
Elizabeth Fire Protection District	750
Elk Creek Fire Protection District	400
Evergreen Fire Protection District	600

Fort Lupton Fire Protection District	850
Golden, City of	615
Grand Fire Protection District 1	700
Lake Dillon Fire Protection District	800
Larkspur Fire Protection District	695
Louisville Fire Protection District	800
Southwest Adams County Fire Protection District	800
Wellington Fire Protection District	700
Wheat Ridge Fire Protection District	555

Pursuant to existing statute, benefit levels are determined by local governments without any consultation with the State. As a result, the loss of State support would not require a reduction of benefit levels for any of these 15 plans. However, because of declining or stagnant property values across Colorado, the removal of State support would require these localities to raise mill rates pursuant to Section 31-30-1110, C.R.S., or risk not being able to maintain their current benefit levels. Essentially, the Department's request would force 15 of 227 plans (6.6%) to either increase their local contribution or see their benefit levels drop. If actual payments are lowered for retired volunteer firefighters, there is a concern that some districts could lose firefighters; however, it is unclear just how large a factor pension benefits are in recruiting and retaining volunteer firefighters.

***Staff Recommendation:* Staff recommends that the JBC sponsor legislation to eliminate State support for volunteer firefighter pension plans that pay monthly benefits of more than \$300 per month and that are determined to be actuarially sound at the \$300 benefit level.**

Since the 1970s, local governments have been concerned with a decline in volunteer firefighters. The U.S. Fire Administration (USFA) has reported a national drop in active volunteer firefighters from 884,600 in 1983 to 768,150 in 2010, a 13 percent decline. Representatives of the Colorado Special Districts Association, the Colorado Fire & Police Pension Association, and local fire districts attributed the decline to difficulties in finding new volunteers and problems with retaining existing volunteers. However, local fire officials informed staff that nonfinancial incentives are more effective at motivating and retaining volunteer firefighters than financial benefits. A common opinion was that financial benefits do not motivate volunteers. Indeed officials reported that time demands, training requirements, and changes in sociological conditions (two-income families and commuting requirements) are making it difficult for volunteers to continue their volunteer service.

Additionally, Section 31-30-1122, C.R.S., requires a volunteer firefighter to earn 10 years of service before he or she becomes eligible for partial benefits and 20 years of service before he or she becomes eligible for full benefits. Because the attrition rates for firefighters reaching the ten years of service earned plateau average greater than 80 percent statewide, staff estimates that only about 100 active firefighters will be affected at either the partial or full benefit levels within the 15 impacted plans. This is about 1.1 percent of the total volunteer force in Colorado (100 out of 9,044) and represents a minimal impact on fire suppression services within the State.

*Recommendation:* **Staff recommends \$4,264,753 for this purpose in FY 2012-13.** Should the Committee sponsor legislation eliminating funding for plans with monthly benefits of more than \$300 per month and that are actuarially sound at the \$300 level, the bill will contain an appropriations clause to reduce General Fund accordingly. Staff has reflected the full amounts as coming from General Fund. The Committee will review all line items impacted by the General Fund Exempt account following the March revenue forecast, and if revenues are in excess of the TABOR revenue cap, these moneys may be identified as coming from the General Fund Exempt account.

**Volunteer Firefighter Death and Disability Insurance**

*Description:* This line item reports the State's contribution to local volunteer firefighter death and disability insurance, as authorized by Section 31-30-1112 (2), C.R.S. This amount is not subject to the limit on General Fund appropriations. It is included in the Long Bill for informational purposes.

*Request:* The Department's request is based on projected expenditures. DOLA anticipates contributing \$30,000 General Fund to disability insurance for FY 2012-13.

*Recommendation:* **Staff recommends approving the Department's request for \$30,000 in FY 2012-13.** Staff has reflected the full amounts as coming from General Fund. The Committee will review all line items impacted by the General Fund Exempt account following the March Legislative Council Staff revenue forecast, and if revenues are in excess of the TABOR revenue cap, then these moneys may be identified as coming from the General Fund Exempt account.

**Environmental Protection Agency Water/Sewer File Project**

*Description:* This is a federally funded project to determine eligibility and credit worthiness of local governments for EPA water and sewer loans.

*Request:* The Department requests \$49,425 federal funds and 0.5 FTE.

*Recommendation:* **Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** Staff's calculations are found in the table below.

Division of Local Governments, Local Government and Community Services, Local Government Services, Environmental Protection Agency Water/Sewer File Project						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$49,425	\$0	\$0	\$0	\$49,425	0.5
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$49,425</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>49,425</b>	<b>0.5</b>
Base Personal Services Reduction	PENDING					
<b>Recommended FY 2012-13 Appropriation</b>	<b>PENDING</b>					

**(3) Community Services**

**Community Services Block Grant**

*Description:* The federal Community Services Block Grant (CSBG) provides funding to local communities to provide services that address the causes of poverty, including employment assistance, education, affordable housing, emergency services, nutrition, counseling, health, transportation, elderly projects, summer youth recreation, and community development. Recipients must be at or below 125 percent of federal poverty guidelines. For calendar year 2012, this is \$11,170 for a family of one, \$15,130 for two, \$19,090 for three, \$23,050 for four, \$27,010 for five, \$30,970 for six, \$34,930 for seven, and \$38,890 for eight. For families/households with more than 8 persons, \$3,960 is added for each additional person. Ninety percent of the funds are allocated by formula to 43 grantees. Five percent is for administration and five percent is reserved for the Governor's discretion.

In order for the State to be eligible to receive federal moneys under the CSDG program, it is required to hold at least one legislative hearing every three years in conjunction with the development of the approved state plan. Historically, the JBC has served as the legislative committee whom has held the required hearing and last did so on November 17, 2011.

*Request:* The Department's request reflects \$6.0 million in federal funding that is anticipated to be available for FY 2012-13.

***Recommendation:* Staff recommends approving the Department's request, based on projected federal funds.**

**(B) Field Services**

**Program Costs**

*Description:* This line funds salaries and associated Medicare and PERA contributions, as well as contractual services, for half of the technical assistance and grants management FTE in the Division (the remaining half are in the Administration, Personal Services line item). It also includes associated operating expenses. The table below details the 27.9 FTE supported by this line item.

<b>Position</b>	<b>FY 2010-11 Actuals</b>	<b>FY 2011-12 Approp.</b>	<b>FY 2012-13 Request</b>	<b>FY 2012-13 Recomm.</b>
Director	0.3	0.0	0.0	0.0
Support/Clerical	2.1	3.2	3.2	3.2
Field Staff	7.0	7.0	7.0	7.0
Office of Smart Growth	1.0	1.0	1.0	1.0
Energy and Mineral Impact Grants Administration	7.9	11.4	11.4	11.4
Limited Gaming Grant Administration	1.0	1.0	1.0	1.0
CDBG Admin. - GF (required to match FF)	3.9	1.4	1.4	1.4
CDBG Admin. - FF	<u>3.9</u>	<u>2.9</u>	<u>2.9</u>	<u>2.9</u>
<b>TOTAL</b>	<b>27.1</b>	<b>27.9</b>	<b>27.9</b>	<b>27.9</b>

The Division's responsibilities and the duties performed by these staff are described below.

- ❑ Field staff provide education and customized assistance for local governments on issues such as budget review, property tax limitations, TABOR, water and sewer financing, election rules, land use planning, and application for federal and state grant funds. Staff is responsible for working with the local governments in their region.
- ❑ The Office of Smart Growth, created by H.B. 00-1427, is responsible for administering the Colorado Heritage Grants program, advising the Governor, the General Assembly, and local governments on growth issues, providing technical assistance to communities dealing with growth, and coordinating mediation of disputes between local governments using professionals from a list of qualified mediators that the Office is required to maintain.
- ❑ Energy and mineral impact funds and limited gaming funds pay salaries for staff to administer the associated grant programs.
- ❑ Federal funds are used to support staff who manage the federal Community Development Block Grant program, but a State match is required for administrative costs. Some of the activities of the Field Staff qualify as a "soft match" of the federal administrative funds, but the Department also uses FTE more specifically to administer the program (see staffing chart above).

*Request:* The Department requests \$2,364,292 in total funds and 27.9 FTE for this program line item. The budget request reflects an increase of \$29,716 total funds, due to the restoration of the PERA adjustment made by S.B. 11-076.

*Recommendation:* **Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** Staff's calculations are summarized in the table below.

Division of Local Governments, Field Services, Program Costs						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$2,364,292	\$0	\$105,778	\$1,962,052	\$296,462	27.9
S.B. 11-076 State PERA 2.5% Employee Contribution	(29,716)	0	(1,975)	(21,250)	(6,491)	0.0
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$2,334,576</b>	<b>\$0</b>	<b>\$103,803</b>	<b>\$1,940,802</b>	<b>289,971</b>	<b>27.9</b>
Reinstate FY 11-12 State PERA Contribution	29,716	0	1,975	21,250	6,491	0.0
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					



### **Community Development Block Grant**

*Description:* The federal Community Development Block Grant (CDBG) provides funding to local communities for housing, public facility, and business assistance projects that benefit primarily low to moderate income individuals through community development efforts. These funds are provided by HUD. While DOLA administers the funds for smaller, "non-entitlement" communities, large metro areas receive their funding directly from the federal government on an entitlement basis. In FY 2009-10, the Department received a one-time increase of \$2,832,608 from ARRA. Three projects were awarded these moneys, including \$1,295,000 for wastewater system improvements in Boone (Pueblo County), \$1,122,608 for wastewater system improvements in Red Cliff (Eagle County), and \$415,000 to expand services at a medical facility in Las Animas (Bent County).

DOLA has historically elected to divide CDBG funds in equal thirds for the following purposes:

- To make discretionary loans to local businesses to promote rural development. Administration of the business development program is coordinated between Department field staff and the Governor's Office of Economic Development and International Trade.
- To provide discretionary grants to local governments for local infrastructure development such as roads, water treatment facilities, and public buildings.
- To provide discretionary grants for affordable housing development. This portion of CDBG funds is shown as part of the Federal Affordable Housing Grants and Loans line item in the Division of Housing section of the Long Bill.

*Request:* The Department's request reflects \$9,697,000 for FY 2012-13 based on estimates of federal funds that will be available to the State.

*Recommendation:* **Staff recommends approving the Department's request.**

### **Local Government Mineral and Energy Impact Grants and Disbursements**

*Description:* This grant program is intended to assist communities that are impacted by the growth and decline of the mineral and energy industries. The Local Government Severance Tax Fund and the Local Government Mineral Impact Fund serve as revenue sources for the program. Fifty percent of total gross receipts realized from the state severance taxes imposed on five types of extracted minerals and mineral fuels, including oil and natural gas, coal, metallic minerals, molybdenum ore, and oil shale, are deposited in the Local Government Severance Tax Fund on a monthly basis. The tax applies for resources that are removed from both privately and publicly owned lands; however, the severance tax is not paid when resources are removed from Tribal lands. Forty percent of the State's share of payments to the federal government for mineral and mineral fuel production on federal lands is deposited to the Local Government Mineral Impact Fund on a quarterly basis.

By statute, a portion of each program's funding is distributed directly back to the local jurisdictions on the basis of the reported residence of mineral production employees (30 percent of severance tax revenues and approximately 50 percent of federal mineral lease revenues). The remaining portion of these funds are distributed through discretionary grants to local jurisdictions.

In administering this grant program, the Department is assisted by the nine-member Energy and Mineral Impact Assistance Advisory Committee. Final funding decisions are made by the Executive Director of the Department. Entities eligible to receive grants and loans include municipalities, counties, school districts, special districts and other political subdivisions, and state agencies for the planning, construction, and maintenance of public facilities and public services. Priority is given to schools and local governments socially or economically impacted by the mineral extraction industry on federal lands.

The interpretation by the executive branch is that these funds are continuously appropriated. The statutory language governing the funds predates the standardized usage by the General Assembly of the term "continuously appropriated." However, there is language saying that the moneys "shall be distributed" by the Department, and it is arguable that the statutory purposes of the money are best served by a continuous appropriation. The General Assembly has never challenged the interpretation.

*Request:* The Department requests continuation funding of \$166.4 million for FY 2012-13.

*Recommendation:* **Staff recommends \$150 million based on the December 2011 Legislative Council revenue projections for FY 2012-13.** Please note that the recommended amount does not take into account the Governor's proposal to transfer \$30 million from the Local Government Severance Tax Fund for the purpose of balancing the General Fund budget in FY 2012-13. This proposal is discussed in Appendix A.

The recommendation also does not relate to the number or dollar amount of grants that will be offered in a given year. DOLA offers grants and negotiates a contract with each local government. Most contracts are signed within one year, but the negotiation process can sometimes take up to four years. Once a contract is signed, not all of the money may be encumbered by the Department. Thus, this line item relates to what will be entered in the State's accounting system in a particular fiscal year and tracks closer to cash flow than the number of new grants that will be awarded.

### **Local Government Limited Gaming Impact Grants**

*Description:* Pursuant to Section 12-47.1-701, C.R.S., the Local Government Limited Gaming Impact Fund receives 15 percent of "any amount of the state share that is greater than nineteen million two hundred thousand dollars but less than or equal to forty-eight million five hundred thousand dollars." The state share is 50 percent of the total gross receipts realized from the tax levied on limited gaming. Two percent of the funds is set aside for gambling addiction counseling and the remainder is used to provide financial assistance to localities for documented gaming impacts.

Eligible recipients include Teller and Gilpin counties, and an eight county area contiguous to these counties, which includes Boulder, Clear Creek, Grand, Jefferson, El Paso, Fremont, Park, and Douglas counties. Archuleta, La Plata, and Montezuma counties are also eligible because they are contiguous to tribal lands where gaming activities are being conducted. Further, municipalities within gaming counties (except for gaming cities of Black Hawk, Central City, and Cripple Creek), and special districts which provide emergency services within eligible counties are permitted to apply.

The General Assembly is required to appropriate moneys that are transferred at the end of each fiscal year for use in the following fiscal year. Based on the December 2011 Legislative Council revenue projections, the Fund is scheduled to receive \$2,897,427 for FY 2012-13. Pursuant to Section 12-47.1-1601 (4) (a), C.R.S., all unexpended and unencumbered moneys remain available for expenditure in subsequent fiscal years without further appropriation by the General Assembly.

*Request:* The Department's request reflects expected revenues of \$4,395,000 cash funds.

***Recommendation:* Staff recommends and appropriation of \$2,897,427 cash funds based on the December 2011 estimates provided by Legislative Council staff for moneys that will be transferred into the Fund at the end of FY 2011-12.**

**Search and Rescue Program**

*Description:* The Search and Rescue Program reimburses political subdivisions for the costs incurred in search and rescue operations, and provides partial funding for search and rescue equipment. The cash fund that supports the program is financed by a statutory \$0.25 surcharge on hunting and fishing licenses, boat registrations, snowmobile registrations, and off-highway vehicle registrations, pursuant to Section 33-1-112.5, C.R.S. The program also receives funding from other outdoor recreational users, such as hikers, bikers, cross country skiers, and climbers who voluntarily purchase a Colorado Outdoor Recreation Search and Rescue Card for \$3 for one year or \$12 for five years.

*Request:* The Department requests \$613,713 cash funds and 1.3 FTE for FY 2012-13. The request reflects an increase of \$1,342 related to the restoration of the FY 2011-12 PERA Adjustment.

***Recommendation:* Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13.** Staff calculations are in the table below.

Division of Local Governments, Field Services, Search and Rescue Program						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$613,713	\$0	\$613,713	\$0	\$0	1.3
S.B. 11-076 State PERA 2.5% Employee Contribution	(1,342)	0	(1,342)	0	0	0.0
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$612,371</b>	<b>\$0</b>	<b>\$612,371</b>	<b>\$0</b>	<b>0</b>	<b>1.3</b>
Reinstate FY 11-12 State PERA Contribution	1,342	0	1,342	0	0	0.0
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					

### **Colorado Heritage Communities Grants**

*Description:* House Bill 00-1427 created the Office of Smart Growth in the Department of Local Affairs. If allocated appropriately, the funds can fill a niche that other grant programs administered by the Department cannot. For example, mineral and energy impact funds and limited gaming funds are both often used for planning, but they are restricted to communities affected by mineral and energy production and limited gaming activities respectively.

Applicants for Colorado Heritage Communities Grants are judged on a number of criteria, including:

- The extent of existing/projected growth-related impacts.
- The extent to which the growth-related problems were regional (multi-jurisdictional) in nature.
- The extent to which the project was multi-objective in nature.
- The extent to which the project was innovative.
- The involvement of private and public partners.
- The amount of funding leveraged by the project.
- The consistency of the project with local/regional plans.
- The overall feasibility of the project.

In FY 2009-10, funding for this line item was eliminated. As a result, the program is now operating on the remaining balance of the Colorado Heritage Communities Fund. The Fund no longer receives reappropriated General Fund moneys. Thus, the line item is funded directly from the balance of the Colorado Heritage Communities Fund as a cash fund source.

*Request:* The Department requests continuation funding of \$100,000 reappropriated funds for FY 2012-13.

*Recommendation:* **Staff recommends approving the Department's request.**

### **(C) Indirect Cost Assessment**

*Description:* This line item currently reflects the amount of indirect cost assessments made against cash, reappropriated funds, and federal funding sources within the Division of Local Government (including local utility management, search and rescue, gaming, lottery proceeds, federal mineral leasing and severance tax revenues that are appropriated to support a portion of this Division's activities, as well as the federal Community Development and Community Services Block Grants). The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services and Operating line items and the Board of Assessment Appeals.

*Request:* The Department requests continuation funding of \$1,060,491 total funds for FY 2012-13.

*Recommendation:* **Staff recommends an appropriation of \$980,573 total funds for this purpose for FY 2012-13.** Of this amount, \$465,368 is reappropriated funds from the Local Government Severance Tax, \$232,684 is reappropriated funds from the Local Government Mineral Impact Fund, \$47,718 is cash funds from the Colorado Water Resource & Power Development Authority, \$51,643 is cash funds from the Conservation Trust Fund, \$27,801 is cash funds from the Local Government

Limited Gaming Fund, \$28,945 is cash funds from the Search & Rescue Fund, \$39,951 is federal funds from the Community Services Block Grant, and \$86,463 is federal funds from the Community Development Block Grant. Staff's recommendation is based on the Department's most recent indirect cost rates for FY 12-13 for both Statewide and internal indirect cost assessments.

**(5) DIVISION OF EMERGENCY MANAGEMENT**

The Division is responsible for the state's comprehensive emergency management program which supports local and State agencies. Activities and services cover the four phases of emergency management: preparedness, prevention, response, and recovery for disasters like flooding, tornadoes, wildfire, hazardous materials incidents, and acts of terrorism.

The Division has four identified operational objectives:

- Increase the number of counties that have a federally approved hazard mitigation plan;
- Identify, mitigate, and measure risk reduction for state high risk hazards (hazards which would threaten public safety beyond the capacity of local governments);
- Improve State level incident response and recovery capability through training exercises based on written plans, procedures, and measured performance standards; and
- Improve the delivery of emergency management services to local governments.

Planning and training services to local governments include financial and technical assistance as well as training and exercise support. Services are made available through local emergency managers supported by Division staff assigned to specific areas of the state.

The Division also maintains the State's Multi-Agency Coordination Center/Emergency Operations Center located in Centennial where representatives from other State departments and agencies come together to coordinate the State response to an emergency situation.

**Administration**

*Description:* This line funds both personal services and operating expenses for Divisional staff to provide technical assistance activities and services for disasters. The table below details the 27.9 FTE currently supported by this line item.

<b>Position</b>	<b>FY 2010-11 Actuals</b>	<b>FY 2011-12 Approp.</b>	<b>FY 2012-13 Request</b>	<b>FY 2012-13 Recomm.</b>
Director	1.0	1.0	1.0	1.0
Support/Clerical	7.8	8.2	8.2	8.2
Preparedness/Disaster Staff	<u>19.4</u>	<u>18.7</u>	<u>18.7</u>	<u>18.7</u>
<b>TOTAL</b>	28.2	27.9	27.9	27.9

*Request:* The Department requests \$2,609,085 total funds (including \$573,913 General Fund) and 27.9 FTE for the personal services and operating expenses of this line item in FY 2012-13. The

budget request reflects an increase of \$45,554 in total funds (including \$14,566 General Fund) related to the restoration of the PERA adjustment required by S.B. 11-076.

**Recommendation:** Staff recommends approving the base request and restoration of the FY 2011-12 PERA reduction. However, the final amount is pending a Committee decision about whether to implement a base personal services adjustment for FY 2012-13. Staff calculations are in the table below.

Division of Emergency Management, Administration						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2011-12 Long Bill	\$2,609,085	\$573,913	\$0	\$66,010	\$1,969,162	27.9
S.B. 11-076 State PERA 2.5% Employee Contribution	(45,554)	(14,566)	0	(877)	(30,111)	0.0
Supplemental adjustments (H.B. 12-1190)	0	0	0	0	0	0.0
<b>Subtotal: FY 2011-12 Appropriation</b>	<b>\$2,563,531</b>	<b>\$559,347</b>	<b>\$0</b>	<b>\$65,133</b>	<b>1,939,051</b>	<b>27.9</b>
Reinstate FY 11-12 State PERA Contribution	45,554	14,566	0	877	30,111	0.0
Base Personal Services Reduction	<i>PENDING</i>					
<b>Recommended FY 2012-13 Appropriation</b>	<b><i>PENDING</i></b>					

**Disaster Response and Recovery**

*Description:* This line item reflects expected payments to local responders for their work in reacting to disasters and expected assistance to communities and individuals to help them recover from disasters. The source of reappropriated funds is the state Disaster Emergency Fund, and the federal funds are generally from the Federal Emergency Management Agency. This appropriation is included for informational purposes and for purposes of tracking actual expenditures.

Section 24-32-2106, C.R.S., asserts the "policy of the state that funds to meet disaster emergencies shall always be available." This provision indicates that first recourse shall be funds regularly appropriated to state and local agencies. In addition, the Governor may (with the concurrence of the Disaster Emergency Council) make funds available from the Disaster Emergency Fund. This Fund consists of moneys appropriated thereto by the General Assembly; and unexpended moneys remain in the Fund at fiscal year-end. If moneys in the Fund are insufficient, the Governor may (again, with the concurrence of the Council) "transfer and expend moneys appropriated for other purposes".

When the Governor transfers funds in order to reimburse local governments or citizens for costs associated with disasters, or to match federal disaster aid, such transfers generally flow through the Disaster Emergency Fund. The following table details authorized transfers of State moneys to the Fund in FY 2010-11. A total of \$13.7 million was authorized and transferred into the Disaster Emergency Fund from the Major Medical Insurance Fund, which is designated to be part of the

TABOR reserve.<sup>3</sup> Please note that the actual amounts transferred may be lower than the amounts authorized. In addition, transfers to the Fund and expenditures from the Fund often occur in two or more fiscal years.

Authorized Transfers to the Disaster Emergency Fund in FY 2010-11					
Executive Order	Nature of Disaster	Authorized Transfer	Total Expenses	Balance	Funding Source
D 2011-08	Indian Gulch Fire	\$1,500,000	\$1,500,000	\$0	Major Medical Insurance Fund
D 2011-10	Crystal Fire	1,700,000	1,700,000	241,122	Major Medical Insurance Fund
D 2011-15	Bear and Pergatoire Fires	2,500,000	2,500,000	0	Major Medical Insurance Fund
D 2010-12	Four Mile Fire	5,000,000	5,000,000	2,109,362	Major Medical Insurance Fund
D 2010-14	Reservoir Fire	3,000,000	3,000,000	655,629	Major Medical Insurance Fund
<b>Total</b>		<b>\$13,700,000</b>	<b>\$13,700,000</b>	<b>\$3,006,113</b>	

*Request:* The Department requests a continuation appropriation of \$4,950,000 for FY 2012-13, including \$4.5 million cash funds from the Disaster Emergency Fund and \$450,000 federal funds. The request for funding from the Disaster Emergency Fund is largely just a place-holder since the Department cannot predict when a disaster will occur.

*Recommendation:* **Staff recommends approving the Department's request.**

In addition, staff believes it is important for the Joint Budget Committee to be apprised of transfers authorized by the Governor, as well as actual transfers and expenditures. **Staff recommends that the Committee continue a written request for information requesting an annual summary related to the Disaster Emergency Fund, including the amount of State funds actually transferred into the Fund and the expenditure of such moneys:**

**N Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Local Affairs, Division of Emergency Management, Disaster Response and Recovery** -- The Division of Emergency Management is requested to work with the Office of State Planning and Budgeting and provide a report to the Joint Budget Committee by November 1, 2011, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in fiscal years 2011-12 and 2012-13 year to date. The report is requested to include the following: (a) amounts authorized to be transferred to the Disaster Emergency Fund, by Executive Order and fund source; (b) amounts actually transferred to the

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<sup>3</sup> Moneys in the State's TABOR reserve may only be used for declared emergencies; "emergency" *excludes* economic conditions or revenue shortfalls.

Fund, by date and fund source; and (c) actual expenditures from the Fund, by date and declared disaster emergency.

### **Preparedness Grants and Training**

*Description:* This line item reflects federal grants received by the Department for equipment, prevention efforts, and training to better prepare the state to respond to disasters. The line item also includes a small amount of cash funds from registration fees paid by participants for conferences and other events sponsored by the Division. The majority of federal funds are from the Homeland Security Grant program, although the line item also includes spending authority for miscellaneous other federal grant programs.

*Request:* The Department requests continuation funding of \$12,010,988, including \$10,988 cash funds from fees paid for emergency training programs. The remainder is federal money.

*Recommendation:* **Staff recommends approving the Department's request.**

### **Indirect Cost Assessment**

*Description:* The line item includes the amount of indirect cost assessments made against reappropriated and federal funding sources within this division. State fund sources include federal mineral leasing and severance tax revenues that are appropriated to support a portion of this Division's activities. The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services and Operating line items and the Board of Assessment Appeals.

*Request:* The Department requests continuation funding of \$332,798 totals funds for FY 2012-13.

*Recommendation:* **Staff recommends an appropriation of \$264,512 total funds for this purpose for FY 2012-13.** Of this amount, \$255,125 is from federal funds, \$6,258 is from reappropriated funds from the Local Government Severance Tax Fund, and \$3,129 is reappropriated funds from the Local Government Mineral Impact Fund. Staff's recommendation is based on the Department's most recent indirect cost rates for FY 12-13 for both Statewide and internal indirect cost assessments.

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**FY 2012-13 FIGURE SETTING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

**DEPARTMENT OF LOCAL AFFAIRS**

**APPENDIX A: PROPOSED CASH FUND TRANSFER, LOCAL GOVERNMENT  
SEVERANCE TAX FUND**

**Background**

The Local Government Severance Tax Fund receives 50.0 percent of total gross receipts realized from the severance taxes imposed on extracted minerals and mineral fuels. The moneys deposited in the Fund provide direct distribution and grant opportunities for county and municipal governments, as well as qualifying political subdivisions, to compensate the entities for the loss of property tax revenue resulting from the deduction of severance taxes paid in the determination of the valuation for assessment of producing mines. Seventy percent of the moneys deposited in the Fund are distributed as grants and loans by the Department and thirty percent are directly distributed by formula to impacted localities, pursuant to Section 39-29-110 (1) (a), C.R.S.

**Governor Request**

The Governor requests that \$30.0 million be transferred from the Local Government Severance Tax Fund to the General Fund in FY 2012-13 for State budget balancing purposes. The amount proposed for transfer does not affect the portion of severance tax revenues that are directly distributed to energy impacted local governments on August 31, 2012. This request would require a bill to implement.

**Legislative Council Local Government Severance Tax Fund Forecast**

The Local Government Severance Tax Fund is slated to receive \$82.6 million in severance tax revenue in FY 2012-13, according to the December 2011 Legislative Council Economic and Revenue Forecast. This is a decrease of about 3.1 percent from FY 2011-12 revenues.

**Local Impact**

The General Assembly transferred \$7.5 million from the Local Government Severance Tax Fund to the General Fund as a part of a budget balancing action for FY 2008-09, \$50.3 million for FY 2009-10, \$10.0 million for FY 2010-11, and \$41 million for FY 2011-12. Because the Department indicates that the State has been able to leverage a three-to-one match with socially or economically impacted political sub-divisions through this program, the request could have a net reduction of approximately \$90 million in moneys that would otherwise be made available for projects related to planning, construction, and maintenance of public facilities and for the provision of public services in mineral-impacted communities. This reduction of DOLA sponsored grants and loans further burdens local governments that are operating in a very difficult budgetary environment.

Based on the December 2011 Legislative Council revenue forecast, the proposal allows for a total of \$10 million to be made available for the Mineral and Energy Impact Grant Program in FY 2012-13. This amount will be comprised of \$5 million from severance revenues and \$5 million from FML revenues. In combination with previously enacted cash transfers, this proposal will retain liquid balances of about \$5.7 million in the Local Government Severance Tax cash fund and \$3.7 million

in the Local Government Mineral Impact Fund. It is also important to note, however, that the amounts already transferred and proposed for transfer affect the grants portion of moneys and not the portion of severance tax revenue for direct distribution to energy impacted local governments. Thus, if the transfer request is approved, these moneys (about \$55 million in FY 2012-13) would remain available to impacted communities.

**State Impact**

At the state level, these moneys would assist the General Assembly with balancing the FY 2012-13 budget. If the transfer request is denied, the General Assembly will have to find a commensurate amount of funding elsewhere to assist with balancing the budget in FY 2012-13.

**Staff Recommendation**

**Staff recommends that the Committee sponsor legislation to transfer \$30 million from the Local Government Severance Tax Fund to the General Fund in FY 2012-13 to assist with balancing the budget.**

**FY 2012-13 FIGURE SETTING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

**DEPARTMENT OF LOCAL AFFAIRS**

**APPENDIX B: INDIRECT COST ASSESSMENTS**

<b>Indirect Cost Assesment Recommendations for FY 2011-12</b>			
<b>Decription</b>	<b>Total Funds</b>	<b>Cash Fund Sources</b>	<b>Federal Fund Sources</b>
<i>Indirect Cost Assessments:</i>			
<b>Division of Property Taxation</b>	<b><u>\$280,725</u></b>	<b><u>\$280,725</u></b>	<b><u>\$0</u></b>
Exemptions	161,157	161,157	0
State severance tax revenues	79,712	79,712	0
Federal mineral lease revenues	39,856	39,856	0
<b>Division of Housing</b>	<b><u>477,793</u></b>	<b><u>182,187</u></b>	<b><u>295,606</u></b>
HUD Programs	295,606	0	295,606
Manufactured Buildings Program	125,194	125,194	0
State severance tax revenues	37,995	37,995	0
Federal mineral lease revenues	18,998	18,998	0
<b>Division of Local Governments</b>	<b><u>980,573</u></b>	<b><u>854,159</u></b>	<b><u>126,414</u></b>
State severance tax revenues	465,368	465,368	0
Federal mineral lease revenues	232,684	232,684	0
Community Development Block Grant	86,463	0	86,463
Community Services Block Grant	39,951	0	39,951
Local Utility Management	47,718	47,718	0
Conservation Trust Fund	51,643	51,643	0
Gaming revenues	27,801	27,801	0
Search and Rescue fees	28,945	28,945	0
<b>Division of Emergency Management</b>	<b><u>264,512</u></b>	<b><u>9,387</u></b>	<b><u>255,125</u></b>
Various federal grants	255,125	0	255,125
State severance tax revenues	6,258	6,258	0
Federal mineral lease revenues	3,129	3,129	0
<b>Total Indirect Cost Assessments</b>	<b><u>\$2,003,603</u></b>	<b><u>\$1,326,458</u></b>	<b><u>\$677,145</u></b>

**FY 2012-13 FIGURE SETTING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

**DEPARTMENT OF LOCAL AFFAIRS**

**APPENDIX C: COMMITTEES OF REFERENCE SMART ACT RECOMMENDATION  
LETTERS FOR THE DEPARTMENT**

State Representative  
LIBBY SZABO  
Colorado State Capitol  
200 East Colfax Avenue, Room 271  
Denver, Colorado 80203  
Capitol: 303-866-2962  
Business: 720-260-4722  
E-mail: libby.szabo.house@state.co.us



Chairman:  
Local Government Committee  
Member:  
Economic and Business  
Development Committee

**COLORADO**  
**HOUSE OF REPRESENTATIVES**  
STATE CAPITOL  
DENVER  
80203

January 30, 2012

Representative Cheri Gerou  
Chair, Joint Budget Committee  
200 East 14th Avenue, Third Floor  
Denver, Colorado 80203

Dear Representative Gerou:

The SMART Act allows a committee of reference to make formal recommendations to the Joint Budget Committee (JBC) regarding state departments' budgets, based on the committee's hearings with their assigned departments. The House Local Government Committee met on January 30, 2012, to discuss recommendations to the JBC per the SMART Act. At its meeting, the committee did not make any recommendations regarding the Department of Local Affairs.

Sincerely,

Representative Libby Szabo, Chair  
House Local Government Committee

- c: Joint Budget Committee Members  
House Local Government Committee Members  
Reeves Brown, Executive Director, Department of Local Affairs  
Bruce Eisenhauer, Legislative Liaison, Department of Local Affairs  
John Ziegler, Staff Director, Joint Budget Committee  
Raegan Robb, Legislative Council Staff



Senate  
State of Colorado  
Denver

**JOYCE FOSTER**  
SENATE DISTRICT 35

STATE CAPITOL BUILDING  
200 E. COLFAX AVENUE  
DENVER, COLORADO 80203  
CAPITOL: 303-866-4875  
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Email: [joyce.foster.senate@state.co.us](mailto:joyce.foster.senate@state.co.us)

**COMMITTEES**

LOCAL GOVERNMENT  
CHAIR

HEALTH AND HUMAN SERVICES  
MEMBER

January 27, 2012

Representative Cheri Gerou  
Chair, Joint Budget Committee  
200 East 14th Avenue, Third Floor  
Denver, Colorado 80203

Dear Representative Gerou:

The SMART Act allows committees of reference to make formal recommendations to the Joint Budget Committee (JBC) regarding state departments' budgets, based on the committee's hearings with their assigned departments. The Senate Local Government Committee met on January 24, 2012, to discuss recommendations to the JBC per the SMART Act. At its meeting, the committee made two recommendation regarding the Department of Local Affairs.

The committee recommends that the JBC explore alternative funding for the essential services provided for wildfire mitigation than has been the current practice. The committee also recommends that the JBC help to identify unfunded mandates to state and local governments.

Sincerely,

Senator Joyce Foster, Chair  
Senate Local Government Committee

c: Joint Budget Committee Members  
Senate Local Government Committee Members  
Reeves Brown, Executive Director, Department of Local Affairs  
Bruce Eisenhauer, Legislative Liaison, Department of Local Affairs  
John Ziegler, Staff Director, Joint Budget Committee  
Erin Vanderberg, Legislative Council Staff

9-Feb-12

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