

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF BUDGET BRIEFING**

**DEPARTMENT OF NATURAL RESOURCES**

**(Executive Director's Office, Division of Parks and Wildlife,  
Colorado Water Conservation Board, and Water Resources Division)**

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

**Prepared By:  
Viktor Bojilov, JBC Staff  
November 27, 2012**

For Further Information Contact:

Joint Budget Committee Staff  
200 E. 14th Avenue, 3rd Floor  
Denver, Colorado 80203  
Telephone: (303) 866-2061  
TDD: (303) 866-3472

*JBC Staff Budget Briefing – FY 2013-14*  
*Staff Working Document – Does Not Represent Committee Decision*

---

**TABLE OF CONTENTS**

Department Overview .....	1
Department Budget: Recent Appropriations.....	1
Department Budget: Graphic Overview .....	2
General Factors Driving the Budget .....	4
Summary: FY 2012-13 Appropriation & FY 2013-14 Request .....	10
Issues:	
Water Supply Needs in the State of Colorado .....	14
Wildlife Cash Fund Performance Audit .....	20
Division of Parks and Wildlife Merger and Cost Savings .....	26
Water Resources Division Budget Re-Organization and Funding Request .....	31
Appendices:	
A - Numbers Pages .....	37
B - Recent Legislation Affecting Department Budget.....	56
C - Update on Long Bill Footnotes & Requests for Information .....	61
D - Indirect Cost Assessment Methodology .....	71
E - Change Requests' Relationship to Performance Measures .....	74
F - Change Request R-3, Water Resources Division Line Item Consolidation.....	75

## DEPARTMENT OF NATURAL RESOURCES

(Executive Director's Office, Division of Parks and Wildlife,  
Colorado Water Conservation Board, and Water Resources Division only)

### Department Overview

The Department is responsible for developing, protecting and enhancing Colorado's natural resources for the use and enjoyment of the State's present and future residents and visitors. The Department is comprised of the following divisions:

- The **Executive Director's Office** develops policy on matters that overlap divisional responsibilities. The office also provides budget and planning coordination, accounting, financial management support, human resources services, public information and environmental education coordination, and other services to the divisions.
- The **Division of Reclamation, Mining, and Safety** (*this division will be discussed in a separate briefing*).
- The **Colorado Geological Survey** (*this division will be discussed in a separate briefing*).
- The **Oil and Gas Conservation Commission** (*this division will be discussed in a separate briefing*).
- The **State Board of Land Commissioners** (*this division will be discussed in a separate briefing*).
- The Division of **Parks and Wildlife** consists of two sub-divisions, **State Parks** manages recreational opportunities in 42 state parks and **Wildlife** manages the state's 960 game and non-game wildlife species through the issuance of hunting and fishing licenses, the enforcement of wildlife regulations, and the administration of more than 295 state wildlife areas.
- The **Colorado Water Conservation Board** promotes conservation of the state's water resources to ensure maximum use and flood prevention.
- The **Water Resources Division** ("State Engineer's Office") administers and enforces water rights throughout the state.

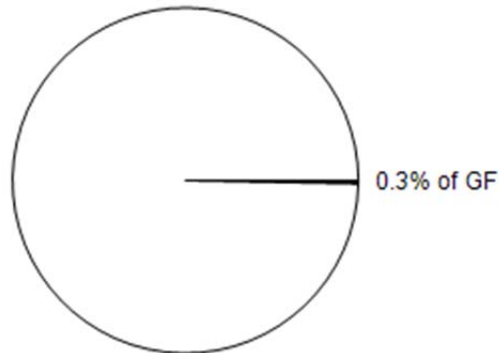
### Department Budget: Recent Appropriations

Funding Source	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 *
General Fund	\$26,201,062	\$23,429,407	\$23,740,163	\$24,089,080
Cash Funds	191,792,929	190,187,713	209,496,335	179,771,768
Reappropriated Funds	7,972,361	8,480,565	8,636,648	9,333,473
Federal Funds	<u>19,729,069</u>	<u>19,884,955</u>	<u>20,744,426</u>	<u>29,493,933</u>
<b>Total Funds</b>	<b>\$245,695,421</b>	<b>\$241,982,640</b>	<b>\$262,617,572</b>	<b>\$242,688,254</b>
Full Time Equiv. Staff	1,474.8	1,466.1	1,464.1	1,452.1

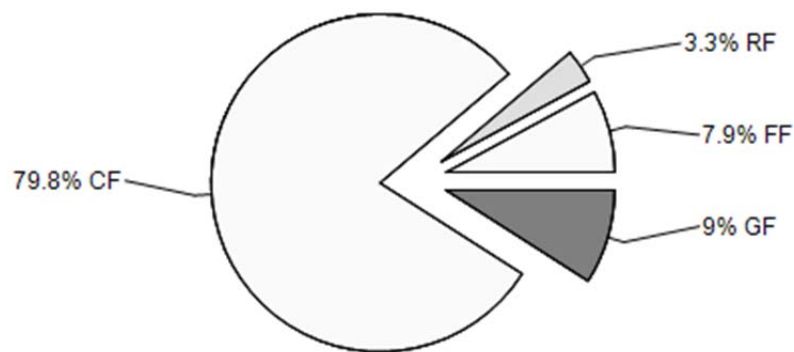
\*Requested appropriation.

## Department Budget: Graphic Overview

**Department's Share of Statewide  
General Fund**

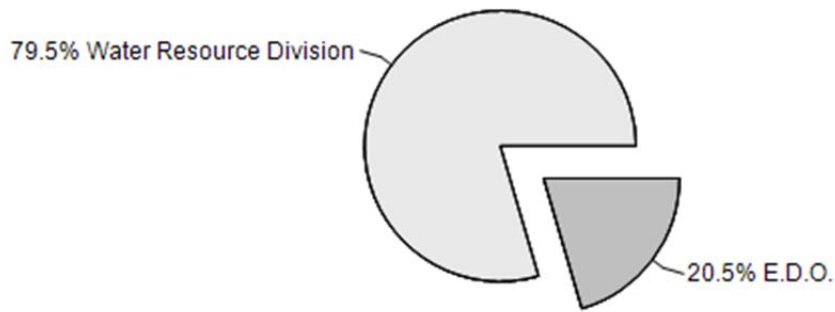


**Department Funding Sources**

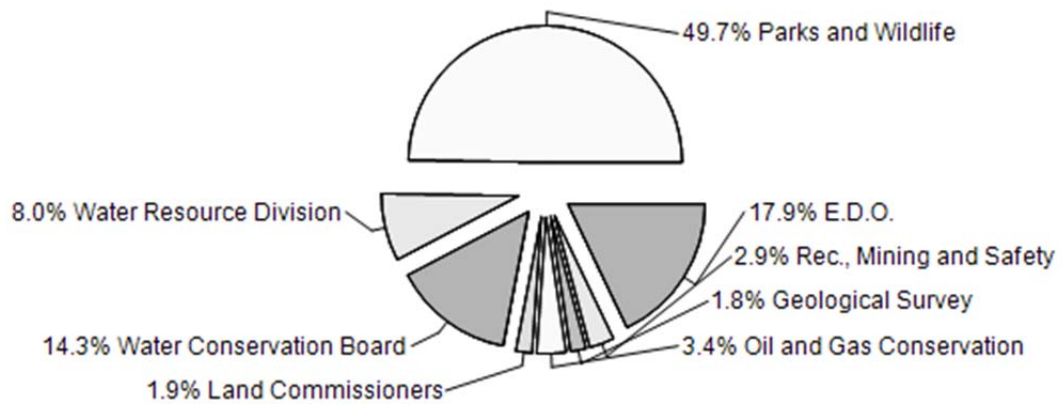


All charts are based on the FY 2012-13 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



## General Factors Driving the Budget

Funding for this department in FY 2012-13 consists of 9.0 percent General Fund, 79.8 percent cash funds, 3.3 percent reappropriated funds, and 7.9 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Funding for the divisions covered in this packet (Executive Director's Office, Parks and Wildlife, the Colorado Water Conservation Board, and the Water Resources Division) consists of 10.0 percent General Fund, 79.9 percent cash funds, 3.2 percent reappropriated funds, and 6.9 percent federal funds. Some of the most important factors driving the budget of the divisions covered in this briefing presentation are reviewed below.

### **Division of Parks and Wildlife**

Senate Bill 11-208 merged the Division of Parks and Outdoor Recreation and the Division of Wildlife into a new division titled Division of Parks and Wildlife, effective July 1, 2011. The bill did not merge the appropriations of the two former divisions for FY 2011-12, but allowed the new Division of Parks and Wildlife to expend appropriations to the former Division of Wildlife and the former Division of Parks and Outdoor Recreation contained in the 2011 general appropriations act (Senate Bill 11-209).

#### ***State Parks***

The State Parks sub-division manages 42 parks and several special purpose programs including the snowmobile program, the off-highway vehicle program, river outfitters regulation, federal grants, aquatic nuisance species control and prevention, and the distribution of trails grants.

The level of services at existing state parks as well as the acquisition and development of new parks' properties is driven by available funding sources. Workload, and some revenue, is driven by visitation. State Parks are estimated to have approximately 12.6 million visitors in FY 2012-13.

State Parks Visitation	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Estimate
State Parks Visitation	12,295,354	12,338,520	12,233,271	12,355,603
<i>Percent Change</i>	<i>n/a</i>	<i>0.4%</i>	<i>-0.9%</i>	<i>1.0%</i>

Revenues for State Parks include fees, lottery funds, and other state and federal funds. Over the past several years, General Fund support for State Parks has declined and was completely eliminated starting with FY 2011-12. For FY 2011-12, the last year actual data is available; State Parks received \$63.0 million in total revenue. Of this amount, a total of \$28.6 million is estimated to come from park passes and entry fees, permits and user fees, and various other fees; \$22.4 million from Lottery and Great Outdoors Colorado (GOCO) funds; \$6.5 million from severance tax funding; \$2.5 million from federal funds; and \$3.0 million from other various sources.

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>State Park Revenues</b>				
	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>
Lottery 10 % Distribution	\$11,294,157	\$11,336,100	\$12,324,948	\$11,651,735
GOCO Parks Grants	7,752,646	11,272,557	10,029,139	9,684,781
Parks Passes and Entry Fees	9,304,125	11,421,860	11,397,645	10,514,380
Permits and User Fees	7,364,829	8,330,543	8,628,471	7,662,456
State Funds (Severance Tax and Species Conservation Trust Fund)	7,464,583	7,795,775	6,483,459	4,383,042
Federal Funds	4,010,696	6,127,566	2,543,865	4,227,376
Registration Fees - Other	5,148,523	5,058,151	5,115,783	5,197,956
Registration Fees - Boats	3,425,120	3,400,940	3,441,330	2,764,857
General Fund	2,373,023	2,286,833	0	0
Other <sup>1</sup>	<u>3,311,397</u>	<u>3,284,526</u>	<u>3,021,983</u>	<u>3,245,786</u>
<b>Total State Parks Revenues</b>	<b>\$61,449,099</b>	<b>\$70,314,851</b>	<b>\$62,986,623</b>	<b>\$59,332,369</b>

<sup>1</sup> Includes concession / lease income, interest, sale of goods and services, and other various sources.

**Great Outdoors Colorado (GOCO) Board Grants**

This section provides information on grants awarded by GOCO to the Division of Parks and Wildlife. GOCO also makes grants to local governments and for open space that are not reflected in the state budget. Pursuant to Article XXVII of the Colorado Constitution, GOCO grants are not subject to legislative appropriation authority and thus are reflected for information only. The GOCO grants to State Parks are used for developing new parks (capital) as well as enhancing and maintaining existing parks (operating). The GOCO grants to Wildlife are used for species protection, habitat development, watchable wildlife, and wildlife education.

<b>Great Outdoors Colorado (GOCO) Board Grants</b>					
	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
	<b>Award</b>	<b>Award</b>	<b>Award</b>	<b>Award</b>	<b>Estimate</b>
Parks Capital Budget	\$2,200,000	\$21,881,500	\$4,399,360	\$2,047,548	\$6,976,952
Parks Operating Budget	<u>8,139,000</u>	<u>4,375,000</u>	<u>4,998,382</u>	<u>4,459,207</u>	<u>6,506,755</u>
<b>Total GOCO Grants to State Parks</b>	<b>\$10,339,000</b>	<b>\$26,256,500</b>	<b>\$9,397,742</b>	<b>\$6,506,755</b>	<b>\$13,483,707</b>
Wildlife Base Capital Budget	\$2,361,651	\$2,442,183	\$2,494,966	\$2,528,173	\$4,628,173
Wildlife Legacy Capital Grants <sup>1</sup>	0	4,000,000	10,000,000	8,300,000	0
Wildlife Operating Budget	<u>6,200,000</u>	<u>6,300,000</u>	<u>6,300,000</u>	<u>6,273,000</u>	<u>6,273,000</u>
<b>Total Grants to Wildlife</b>	<b>\$8,561,651</b>	<b>\$12,742,183</b>	<b>\$18,794,966</b>	<b>\$17,101,173</b>	<b>\$10,901,173</b>

<sup>1</sup> Wildlife Legacy Capital Grants represent funding made available in 2-3 year intervals prior to FY 2012-13.

**Wildlife**

The Wildlife sub-division manages the state's 960 game and non-game wildlife species by issuing fishing and hunting licenses, enforcing wildlife regulations, protecting habitat and native wildlife populations, and managing approximately 1,500,000 acres including 352 state wildlife areas. Funding for the Wildlife sub-division is a mixture of cash funds from license fees, federal funds, Great Outdoors Colorado funds, and various other sources. Hunting and fishing license sales, approximately 2.3 million licenses sold in FY 2011-12, provide more than half of the funding for wildlife. Approximately 67.4 percent of total hunting and fishing license sales are

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

from big game species (mainly elk and deer), and about half of all revenues from hunting and fishing license sales come from the sale of non-resident big game hunting licenses. The table below shows Wildlife revenues by category.

	<b>Wildlife Revenues</b>			
	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Estimate</b>
Big Game Hunting <sup>1</sup>	\$50,107,619	\$50,805,076	\$48,939,062	\$49,583,882
Small Game Hunting	2,117,836	1,681,489	1,389,963	1,427,744
Fishing	13,646,074	13,419,193	12,196,964	11,382,031
Habitat Stamp	3,564,254	5,465,205	6,563,936	6,270,303
Other Licenses <sup>2</sup>	<u>5,192,651</u>	<u>3,674,460</u>	<u>3,529,326</u>	<u>3,442,322</u>
<b>Subtotal: License Revenues by Species</b>	<b>\$74,628,434</b>	<b>\$75,045,423</b>	<b>\$72,619,251</b>	<b>\$72,106,282</b>
Federal Funds	24,204,131	24,236,684	24,083,154	24,100,000
Great Outdoors Colorado Grants	11,155,219	22,053,229	13,651,460	13,700,000
State Funds (Severance Tax and Species Conservation Trust Fund)	3,039,946	3,562,358	2,907,019	2,400,000
Other License Revenues <sup>3</sup>	0	1,525,284	3,337,366	3,300,000
Wildlife Management Surcharge	0	865,302	905,935	906,000
Other <sup>4</sup>	<u>4,629,696</u>	<u>4,153,744</u>	<u>4,862,477</u>	<u>4,900,000</u>
<b>Total Wildlife Revenues</b>	<b>\$117,657,426</b>	<b>\$131,442,024</b>	<b>\$122,366,662</b>	<b>\$121,412,282</b>

<sup>1</sup> Big Game Hunting includes Elk, Deer, Pronghorn, Bear, Sheep, Goat, Lion, Moose, and Desert Sheep.

<sup>2</sup> Other Licenses includes combination, turkey, and miscellaneous (include non-resident off-highway vehicle permits and hunter education card replacements).

<sup>3</sup> Limited license application fees, hunter education cards, and landowner and preference point fees.

<sup>4</sup> Includes goods sold, rent, fines, interest, donations, and other grants.

**Water Resources Division (State Engineer's Office)**

The Water Resources Division (WRD) receives approximately 90.0 percent of its appropriations from the General Fund. The Division is responsible for the supervision and control of water resources in the state of Colorado (Section 37-80-102 (1) (h), C.R.S.), which includes administration and operation of over 154,000 surface and ground water rights. This includes daily oversight of water allocation to farmers, industries, municipalities, and all other water users within the state. This allocation system is performed in accordance with the Doctrine of Prior Appropriation (*i.e.*, those that put the water to use first are entitled to get their water first during periods of water shortage), Colorado Supreme Court decisions, water court decrees, and rules and regulations issued by the State Engineer. The WRD has contractual water delivery obligations for each of its nine compacts, two United States Supreme Court decrees, and interstate water allocation agreements.

The WRD also safeguards the public health of the people of Colorado and protects the ground water in Colorado by setting and enforcing minimum standards through permit applications and inspections for the construction and repair of wells. The WRD oversees approximately 312,000 permitted and decreed wells. Additionally, the dam safety program protects public safety through the regulation of approximately 1,880 dams, including 530 dam inspections annually. The WRD staff also maintains 530 stream flow, ditch and reservoir gages used for administration of water rights and reservoir operations. In order to accomplish these and other work duties, the WRD staff drives approximately 2.1 million miles annually.



## **Colorado Water Conservation Board**

### ***Colorado Water Conservation Board Construction Fund***

The Colorado Water Conservation Board (CWCB) Construction Fund, created in Section 37-60-121 (1) (a), C.R.S., provides loans and grants for projects that will increase the beneficial consumptive use of Colorado's undeveloped compact entitled waters. Section 37-60-121 (1) (b) (IV), C.R.S., instructs the Colorado Water Conservation Board (CWCB) to participate in only those projects that can repay the CWCB's investment, unless specifically authorized by the legislature through a bill. Section 37-60-122 (1) (b), C.R.S., authorizes the CWCB to make loans without General Assembly approval in amounts not to exceed ten million dollars, and the unappropriated balance of moneys in the CWCB Construction Fund and the Severance Tax Trust Fund Perpetual Base Account are continuously appropriated for this purpose. The CWCB Construction Fund receives revenues from the return of principal and interest on outstanding loans, interest earned on the cash balance of the Fund through investments by the State Treasurer, transfers from the Perpetual Base Account, and federal mineral lease (FML) fund distributions (10.0 percent of non-bonus FML revenue, up to a statutory cap that grows by four percent). For FY 2012-13, S.B. 12S-002 appropriated \$28.4 million from the CWCB Construction Fund for various water-related projects including \$12.0 million for the purchase of all or a portion of Colorado's allotment of water from the Animas-La Plata Project. S.B. 12S-002 also transferred a total of \$43.0 million from the Perpetual Base Account of the Severance Tax Trust Fund to the CWCB Construction Fund over three fiscal years (FY 2012-13, FY 2013-14, and FY 2014-15). The CWCB Construction Fund also pays for the administrative expenses of the CWCB.

<b>Colorado Water Conservation Board Construction Fund</b>				
<b>Cash Flow Summary Report</b>				
<b>Based on September 2012 Legislative Council Staff Revenue Estimate</b>				
	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
Interest (Loans, Treasury, Miscellaneous)	\$12,331,782	\$10,093,843	\$9,513,188	\$9,549,549
Federal Mineral Lease (FML) Revenues	14,722,345	15,748,096	13,656,478	15,222,142
Other Revenues (including pass-through)	9,622,128	9,880,027	3,194,238	2,844,238
Animas-La Plata Project	12,000,000	12,000,000	12,000,000	0
Rio Grande Cooperative Project	0	0	15,000,000	15,000,000
Chatfield Reservoir Reallocation Project	<u>0</u>	<u>0</u>	<u>5,000,000</u>	<u>0</u>
<b>Total Revenues</b>	<b>\$48,676,255</b>	<b>\$47,721,966</b>	<b>\$58,363,904</b>	<b>\$42,615,929</b>
CWCB Operating Costs	10,523,242	8,477,462	6,287,246	6,263,647
Non-Reimbursable Expenditures	3,314,720	6,001,119	7,122,377	3,965,000
Transfer to Other CWCB Funds	2,480,277	841,882	900,000	900,000
Water Supply Reserve Account and Other Pass-Through	4,883,119	3,473,078	0	0
Animas-La Plata Project Expenditure	0	12,000,000	24,000,000	0
Rio Grande Cooperative Project Expense	<u>0</u>	<u>0</u>	<u>5,000,000</u>	<u>0</u>
<b>Total Expenditures</b>	<b>\$21,201,358</b>	<b>\$30,793,541</b>	<b>\$43,309,623</b>	<b>\$11,128,647</b>
<b>Net Cash Flow</b>	<b>\$27,474,897</b>	<b>\$16,928,425</b>	<b>\$15,054,281</b>	<b>\$31,487,282</b>

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>Colorado Water Conservation Board Construction Fund</b>				
<b>Fund Balance Report</b>				
<b>Based on September 2012 Legislative Council Staff Revenue Estimate</b>				
	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
Net Cash Assets <u>Less</u> Loan and Non-Reimbursable Obligations	\$41,202,668	\$66,076,312	\$50,181,703	\$46,596,564
Estimated New Project Loans	N/A	N/A	\$34,000,000	\$30,000,000

***Perpetual Base Account of the Severance Tax Trust Fund***

The Severance Tax Trust Fund Perpetual Base Account, authorized in Section 39-29-109 (2) (a), C.R.S., is used for purposes similar to the CWCB Construction Fund. Specifically, this account is used to fund directly or provide loans for construction, rehabilitation, enlargement, or improvement of water projects. The Perpetual Base Account receives half of receipts to the Severance Tax Trust Fund (one fourth of all severance tax income). This fund is a revolving loan account, and as such no permanent programs depend on this fund.

<b>Perpetual Base Account of the Severance Tax Trust Fund</b>				
<b>Cash Flow Summary Report</b>				
<b>Based on September 2012 Legislative Council Staff Revenue Estimate</b>				
	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
Severance Tax Revenues	\$35,005,279	\$49,859,296	\$22,814,332	\$44,014,106
Interest (Loans and Treasury)	<u>6,538,389</u>	<u>6,738,136</u>	<u>4,780,207</u>	<u>4,901,964</u>
<b>Total Revenues</b>	<b>\$41,543,668</b>	<b>\$56,597,432</b>	<b>\$27,594,539</b>	<b>\$48,916,070</b>
Animas-La Plata Project Transfer	12,000,000	12,000,000	12,000,000	0
General Fund Transfers	16,000,000	48,100,000	0	0
Agriculture Emergency Drought Grants	0	0	1,000,000	1,000,000
Rio Grande Cooperative Project	0	0	15,000,000	15,000,000
Chatfield Reservoir Reallocation Project	0	0	5,000,000	0
Governor's Energy Office	<u>0</u>	<u>67,843</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<b>\$28,000,000</b>	<b>\$60,167,843</b>	<b>\$33,000,000</b>	<b>\$16,000,000</b>
<b>Net Cash Flow</b>	<b>\$13,543,668</b>	<b>(\$3,570,411)</b>	<b>(\$5,405,461)</b>	<b>\$32,916,070</b>

<b>Perpetual Base Account of the Severance Tax Trust Fund</b>				
<b>Fund Balance Report</b>				
<b>Based on September 2012 Legislative Council Staff Revenue Estimate</b>				
	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
Net Cash Assets <u>Less</u> Loan and Non-Reimbursable Obligations	\$22,321,041	\$48,423,975	\$3,018,514	\$934,583
Estimated New Project Loans	N/A	N/A	\$40,000,000	\$35,000,000

***Operational Account of the Severance Tax Trust Fund***

The CWCB also receives funding from the Operational Account. The Operational Account faces significant revenue shortfall and proportional reductions to Tier II programs in FY 2012-13.

***Water Supply Reserve Account***

The Water Supply Reserve Account (Account), created in Section 39-29-109 (2) (a), C.R.S., receives moneys from Tier II of the Operational Account of the Severance Tax Trust Fund. The CWCB must allocate moneys by grant or loan from the Account only for water activities approved by a roundtable pursuant to Section 37-75-101, C.R.S., through Section 37-75-107, C.R.S., also known as the "Colorado Water for the 21st Century Act" (H.B. 05-1177; Rep. Penry/Sen. Isgar). The Water Supply Reserve Account is set to receive through a statutory allocation \$10.0 million in FY 2012-13. However, based on September 2012 revenue estimates for the Operational Account, the actual transfer in FY 2012-13 will be reduced to \$5.9 million.

***Severance Tax Fund***

The CWCB is authorized pursuant to Section 39-29-109.3 (1) (d), C.R.S., to receive up to 5.0 percent of Operational Account Tier I funding for programs within the CWCB and for purposes of Interbasin Compacts (Section 37-75-101, C.R.S.). This funding is annually appropriated in the Special Purpose section, "Severance Tax Fund" line item. The FY 2012-13 appropriation and FY 2013-14 request totals \$1,319,250 or 1.0 percent of Tier I appropriations.

***Water Efficiency Grant Program***

The Water Efficiency Grant Program was created in Section 37-60-126 (12), C.R.S., to provide state funding to aid in the planning and implementation of water conservation plans. The Water Efficiency Grant Program is scheduled to receive \$550,000 from Tier II of the Operational Account in FY 2012-13 pursuant to Section 39-29-109.3 (2) (c), C.R.S. However, based on September 2012 revenue estimates for the Operational Account, the actual transfer in FY 2012-13 will be reduced to \$325,245.

***Interbasin Compacts***

In addition, the "Interbasin Compacts" line item receives \$745,067 annually from Tier II of the Operational Account pursuant to Section 37-75-107, C.R.S., and Section 39-29-109.3 (2) (i), C.R.S. However, based on September 2012 revenue estimates for the Operational Account, the actual transfer in FY 2012-13 will be reduced to \$440,598.

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

**Summary: FY 2012-13 Appropriation & FY 2013-14 Request**

<b>Department of Natural Resources</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2012-13 Appropriation:</b>						
HB 12-1335 (Long Bill)	\$229,122,404	\$23,512,116	\$176,229,214	\$8,636,648	\$20,744,426	1,464.1
HB 12-1349 SCTF	4,000,000		4,000,000	0	0	0.0
SB 12S-002 CWCB Projects Bill	28,350,857		28,350,857	0	0	0.0
Other legislation	<u>1,144,311</u>	<u>228,047</u>	<u>916,264</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$262,617,572</b>	<b>\$23,740,163</b>	<b>\$209,496,335</b>	<b>\$8,636,648</b>	<b>\$20,744,426</b>	<b>1,464.1</b>
<b>FY 2013-14 Requested Appropriation:</b>						
FY 2012-13 Appropriation	\$262,617,572	\$23,740,163	\$209,496,335	\$8,636,648	\$20,744,426	1,464.1
R-1 OGCC Field Inspectors	571,702	0	571,702	0	0	5.0
R-2 SLB Minerals Coordinator	82,382	0	82,382	0	0	1.0
R-3 WRD Line Item Consolidation	0	0	0	0	0	0.0
R-4 WRD Satellite Monit. System	100,000	0	100,000	0	0	0.0
R-5 DRMS E-Permitting	0	0	0	0	0	0.0
R-6 EDO Legal Services	123,600	0	123,600	0	0	0.0
R-7 SLB Strat. Business Initiatives	399,881	0	399,881	0	0	2.0
R-8 DPW Merger Cost Savings	0	0	0	0	0	(20.0)
R-9 DPW Wildlife Refinance	5,626,760	0	(3,000,000)	0	8,626,760	0.0
R-10 EDO OIT Staffing Correction	0	0	0	0	0	0.0
R-11 EDO Leased Space	58,844	985	54,286	0	3,573	0.0
NP-1 EDO Employee Survey	12,673	2,173	9,846	362	292	0.0
NP-2 EDO OIT Ent. Asset Mgt.	36,526	4,687	30,450	774	615	0.0
NP-3 Capitol Comp. Buildings	72,887	15,869	36,765	12,465	7,788	0.0
Base Common Policy Adjustments	5,807,406	2,128,663	4,548,959	(892,189)	21,973	0.0
Base Indirect Costs Adjustments	688,809	0	627,303	0	61,506	0.0
Base Federal Funds Adjustments	27,000	0	0	0	27,000	0.0
Base Fund Source Adjustments	0	(1,575,413)	0	1,575,413	0	0.0
Base Annualization S.B. 12S-002	(28,350,857)	0	(28,350,857)	0	0	0.0
Base Annualization H.B. 12-1349	(4,000,000)	0	(4,000,000)	0	0	0.0
Base Annualization H.B. 12-1278	(910,900)	0	(910,900)	0	0	0.0
Base Annualization Other Bills	(249,216)	(228,047)	(21,169)	0	0	0.0
Base Annualization FY 13 DI #1	<u>(26,815)</u>	<u>0</u>	<u>(26,815)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$242,688,254</b>	<b>24,089,080</b>	<b>\$179,771,768</b>	<b>\$9,333,473</b>	<b>\$29,493,933</b>	<b>1,452.1</b>
<b>Increase/(Decrease)</b>	(\$19,929,318)	\$348,917	(\$29,724,567)	\$696,825	\$8,749,507	(12.0)
Percentage Change	(7.6%)	1.5%	(14.2%)	8.1%	42.2%	(0.8%)

\* The highlighted rows above indicate that Requests 1, 2, 5, and 7, as well as Base Annualization FY 13 DI #1, will be discussed as part of a separate briefing document.

**Description of Requested Changes**

**Change requests that are highlighted will be discussed as part of a separate briefing document.**

*JBC Staff Budget Briefing – FY 2013-14*  
*Staff Working Document – Does Not Represent Committee Decision*

---

**R-1 OGCC Additional Field Inspectors, Environmental, and Engineering Staff:** The Department requests a total increase of \$571,702 cash funds from the Oil and Gas Conservation and Environmental Response Fund (supported by a mil levy on oil and gas production) and 5.0 FTE to expand the Oil and Gas Conservation Commission's inspection, environmental, and engineering staff. The request responds to increasing agency workload resulting from both growth in oil and gas development statewide and the movement of development into increasing populated areas of the state.

**R-2 SLB Minerals Field Coordinator:** The Department requests an increase of \$82,382 cash funds and 1.0 FTE to hire a field coordinator to improve management and oversight of oil and gas development on State Trust Lands. The request responds to an ongoing increase in oil and gas development and the associated workload for the State Land Board staff. The proposed position would assist in siting, approving, and monitoring development and reclamation activities, including compliance with stipulations established by the State Land Board.

**R-3 WRD Line Item Consolidation:** The request seeks to consolidate the 12 line items that the Water Resources Division is currently funded through into eight total line items organized in two sub-divisions: Operations and Special Purpose. For FY 2013-14, the Department has re-submitted essentially the same decision item as was requested, but not approved, in FY 2012-13.

**R-4 WRD Satellite Monitoring System:** The request seeks \$100,000 cash funds from the Satellite Monitoring System Cash Fund to meet increasing operational expenses including maintenance, technological improvements, and possibly and expansion of the Satellite Monitoring System.

**R-5 DRMS Reappropriation of Severance Tax Funds to E-Permitting System:** The Department requests a one-year reallocation of \$99,850 cash funds from the Operational Account of the Severance Tax Trust Fund to support the development of an electronic permitting system for the Division of Reclamation, Mining, and Safety. The request would eliminate state funding for the Inactive Mines, Abandoned Mine Safety line item (which safeguards abandoned mine openings) in FY 2013-14 and reallocate those funds to the Minerals, Program Costs line item to support system development. The request also reallocates 0.2 FTE associated with the Abandoned Mine Safety line item to the Inactive Mines, Program Costs line item to assist with federally-funded projects supported by that line item.

**R-6 EDO Legal Services Adjustments:** The request seeks \$123,600 cash funds to fund a permanent increase in legal services costs in the Division of Parks and Wildlife (DPW) and the Oil and Gas Conservation Commission (OGCC). The Department estimates that DPW is likely to see an increase of 1,800 legal services hours related to water and water rights, and the OGCC is already experiencing an increase of 800 legal services hours related to the overall increase in oil and gas activity in the state.

**R-7 SLB Strategic Business Initiatives:** The Department requests a total increase of \$399,881 cash funds and 2.0 FTE to allow the State Land Board to hire additional staff to both expand existing and develop new sources of revenue for the State Land Board. The request focuses on four potential sources of revenue growth from state trust lands: 1) ecosystem services payments;

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

2) recreation leases; 3) renewable energy; and 4) solid minerals. The request is designed to increase revenues, diversify revenue sources, and provide additional sustainable/ongoing revenues.

**R-8 DPW Merger Cost Savings and FTE Reduction:** The request seeks to reduce various Division of Parks and Wildlife appropriations to capture anticipated cost savings from the merger of the Division of Parks and Outdoor Recreation and the Division of Wildlife in S.B. 11-208 (Merge Parks and Wildlife Divisions). The exact amount of the reduction and number of FTE is still being determined and will be provided in January 2013, as part of the annual report to the General Assembly identifying opportunities for efficiencies, disposition of assets, and cost savings per H.B. 12-1317 (Creation of the Parks and Wildlife Commission). The Division anticipates a reduction of at least 20.0 FTE and \$1,000,000 to \$2,000,000.

**R-9 DPW Wildlife Management Refinance:** The request seeks an increase of \$5,626,760 total funds in the Division of Parks and Wildlife to re-align appropriations in the Wildlife Sub-division. The request seeks to reduce \$3.0 million cash funds (Wildlife Cash Fund) and increase \$8.6 million federal funds. The Department seeks this request to align the Long Bill appropriation with the Division's spending and financing structure.

**R-10 EDO OIT Staffing Correction:** The request seeks to correct two errors made during the FY 2010-11 Office of Information Technology (OIT) consolidation. The Department seeks to transfer one position from the OIT to the Water Resources Division and transfer one position from the Division of Parks and Wildlife to OIT.

**R-11 EDO Adjustments to Leased Space:** The request seeks an increase of \$58,844 total funds (including \$985 General Fund) to account for adjustments in various leased space contracts throughout the Department.

**NP-1 Employee Engagement Survey Adjustment:** The request includes an increase of \$12,673 total funds (including \$2,173 General Fund) for FY 2013-14 to fund the Department's share of a survey to gauge employees' attitudes towards their work, their work environment, overall satisfaction, and trends developing within the workforce. *This request will be addressed in a separate staff briefing for the Department of Personnel.*

**NP-2 OIT Enterprise Asset Management:** The request includes an increase of \$36,526 total funds (including \$4,687 General Fund) to fund the Department's share of an executive branch information technology asset management program and corresponding data system. *This request will be addressed in a separate staff briefing for the Governor's Office of Information Technology.*

**NP-3 Capitol Complex Building Upgrade, Repair, and Replacement:** The request includes an increase of \$72,887 total funds (including \$15,869 General Fund) for FY 2013-14 to fund the Department's share of building maintenance and upgrades in the State Capitol Complex. *This request item will be addressed in a separate staff briefing for the Department of Personnel.*

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

**Base Common Policy Adjustments:** The request includes adjustments to centrally appropriated line items totaling \$6,064,638 (including \$1,775,280 General Fund) for the following: health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary increases; shift differential; workers' compensation; payment to risk management and property funds; and capitol complex leased space. The request also includes adjustments to information technology (IT) centrally appropriated line items totaling a reduction of \$257,232 (including a General Fund increase of \$353,383) for the following: purchase of services from computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communications services payments.

**Base Indirect Costs Adjustments:** The request includes an increase of \$688,809 total funds for the Department's FY 2013-14 indirect cost assessment. For additional information on the Department's indirect cost assessment methodology see *Appendix D*.

**Base Federal Funds Adjustments:** The request includes an anticipated increase of \$27,000 federal funds from grants in the Water Resources Divisions.

**Base Fund Source Adjustments:** The request includes various funding source adjustments including for indirect cost recoveries.

**Base Annualization S.B. 12S-002:** The request includes a reduction for S.B. 12S-002 CWCB Construction Fund Projects totaling \$28,350,857 CWCB Construction Fund.

**Base Annualization H.B. 12-1349:** The request includes a reduction for H.B. 12-1349 Species Conservation Trust Fund totaling \$4,000,000 cash funds.

**Base Annualization H.B. 12-1278:** The request includes a reduction for H.B. 12-1278 South Platte Groundwater Study Augmentation totaling \$910,900 CWCB Construction Fund.

**Base Annualization Other Bills:** The request includes a reduction for H.B. 12-1246 Reverse Payday Shift for Bi-Weekly Employees totaling \$228,047 General Fund, and a reduction for H.B. 12-1330 Hunting Fishing License Suspension Hearing totaling \$21,169 cash funds.

**Base Annualization FY 13 DI #1:** The Department's request eliminates one-time funding appropriated to the OGCC through FY 2012-13 decision item #1 (OGCC Field and Technical Staff).

## **Issue: Water Supply Needs in the State of Colorado**

The State of Colorado has experienced drought conditions over the past several years. The forecasters predict that drought conditions may continue well into 2013. The current conditions in the State re-emphasize the importance of the conclusions of the Statewide Water Supply Initiative (SWSI 2010) that Colorado faces a shortage of water for meeting the State's consumptive and non-consumptive water needs and that in order to meet Colorado's future water needs, a mix of local water projects, conservation, reuse, agricultural transfers, and the development of new water supplies should be pursued concurrently.

### **SUMMARY:**

- Forecasters predict that Colorado and much of the western U.S. will remain in a persistent drought through early next year.
- The Department of Natural Resources' strategic plan lists water supply as challenge #1 facing the Department and the State.
- SWSI 2010 concluded that Colorado faces a shortage of water for meeting the state's consumptive and non-consumptive water needs and that in order to meet Colorado's future water needs, a mix of local water projects, conservation, reuse, agricultural transfers, and the development of new water supplies should be pursued concurrently.
- Between revenues from the CWCB Construction Fund and the Perpetual Base Account of the Severance Tax Trust Fund, the Colorado Water Conservation Board (CWCB) intends to issue up to \$74 million in new water project loans in FY 2012-13 and up to \$65.0 million in FY 2013-14. In addition, the CWCB has identified \$123.5 million in additional water project loans.

### **RECOMMENDATION:**

Staff recommends the Committee discuss the current status of the State's drought mitigation and response plan and the impact wildfires are having on watersheds and the threat for floods. Discuss how the drought over the past several years may impact projections in the State Water Supply Initiative (SWSI). Staff also recommends the Committee discuss the status of the CWCB Construction Fund and the Perpetual Base Account of the Severance Tax Trust Fund, in particular potential loan candidates that may receive moneys earmarked for loans in FY 2012-13 and FY 2013-14.

### **DISCUSSION:**

#### *Current Drought Status, Implications and Short-term Projections*

Governor Hickenlooper activated Phase 2 of the State's Drought Mitigation and Response Plan and the Agricultural Impact Task Force in May 2011 due to the Deteriorating drought conditions



**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

in the Arkansas (southeast) and Rio Grande River Basins (south central). On August 10, 2012, Governor Hickenlooper elevated activation to Phase 3 of the Agricultural Impact Task Force for the entire state. Throughout the late spring and summer, drought conditions throughout the east and northwest parts of the state deteriorated to "exceptional" drought levels as classified by the US Drought Monitor. Forecasters predict that Colorado and much of the western U.S. will remain in a persistent drought through early next year.

The recent wildfires have created conditions that will be conducive to significant flooding and debris flows for the next 5-7 years. In particular, the Fourmile Canyon Fire in Boulder County, the High Park Fire in Larimer County, and the Waldo Canyon Fire in El Paso and Teller Counties have impacted watersheds in relatively populated areas that could see significant impact to flood risks. These risks, in addition to basic flood risks, include significant erosion, high maintenance needs associated with state and county roads crossing waterways of various sizes, and water quality associated with raw water systems. The CWCB is working with various federal, state, and local agencies for public outreach regarding the increased flood threat, development of threat detection networks and response plans, and watershed restoration to mitigate the new hazard.

Colorado is a relatively dry state when it comes to precipitation, receiving an average annual precipitation of 15.47 inches (Nevada ranks as the driest state with an average annual precipitation of 9.5 inches and Hawaii is the wettest, with 70.3 inches). The majority of Colorado's water supplies are primarily from snow melt runoff from the mountain ranges along the Continental Divide. Colorado's river systems generate, on average, 16.0 million acre-feet of renewable water each year. On average, about two-thirds of this water is obligated to leave the state under various interstate compacts and agreements. Of the 16.0 million acre-feet, about 80.0 percent is on the west slope (20.0 percent on the east), while about 80.0 percent of the population is on the east slope (20.0 percent on the west). In addition, most of the irrigated agricultural lands are on the east slope.

*Long-Term Water Supply and Water Use Projections (SWSI 2010)*

The Department of Natural Resources' strategic plan lists water supply as challenge #1 facing the Department and the State.

In 2004, the Colorado Water Conservation Board (CWCB) completed the Statewide Water Supply Initiative (SWSI) Phase 1 Study. One of the key findings of the study was that while SWSI evaluated water needs and solutions through 2030, very few municipal and industrial (M&I) water providers have identified supplies beyond 2030. Beyond 2030, growing demands may require more aggressive solutions. Since the SWSI Phase 1 Study was completed, the General Assembly established the Water for the 21<sup>st</sup> Century Act (H.B. 05-1177). This act established an Interbasin Compact Process that provides a permanent forum for broad-based water discussions in the state. It created two new structures: 1) the Basin Roundtables, and 2) the Interbasin Compact Committee (IBCC). There are nine basin roundtables based on Colorado's eight major river basins and the Denver metro area. The Act charged the Basin Roundtables to develop their consumptive and non-consumptive needs assessments and to propose projects and methods to meet those needs.

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

These needs assessments are the basis for the CWCB's SWSI 2010 update, making SWSI 2010 the first comprehensive update to incorporate the needs assessment work of the Basin Roundtables. SWSI 2010 is intended to be a comprehensive picture of Colorado's current and future water needs. The CWCB intends on updating and refining the SWSI every few years.

SWSI 2010 concluded that Colorado faces a shortage of water for meeting the state's consumptive and non-consumptive water needs. SWSI 2010 also concluded that in order to meet Colorado's water needs, a mix of local water projects, conservation, reuse, agricultural transfers, and the development of new water supplies should be pursued concurrently. SWSI 2010 also found that Colorado's municipal and industrial water supply need continue to grow and that Colorado will need an additional 600,000 to 1,000,000 acre feet of municipal and industrial water by the year 2050. Funding the infrastructure to meet these water needs will cost billions of dollars. Additional Moneys will be needed to develop, study, and design projects and solutions to meet these water needs.

- 2050 Population Projections – between 8.6 and 10.5 million people.
- 2050 Municipal and Industrial (M&I) Projected Water Use – in 2008 M&I water use was just under 1.0 million acre-feet/year. The 2050 projection is for between 1.5 and 1.8 million acre-feet/year. M&I demand is defined as all the water uses of typical municipal systems, including residential, commercial, industrial, irrigation, and firefighting.
- 2050 Self-Supplied Industrial (SSI) Demands – in 2008 SSI use is just under 200,000 acre-feet/year. The 2050 projection is for between 230,000 and 325,000 acre-feet/year. SSI demand is defined as large industrial water uses that have their own water supplies or lease raw water from others. SSI sub-sectors include large industry, snowmaking, thermoelectric, and energy development.

In addition, the CWCB has prepared a 2050 agricultural demand projections report. Colorado has 3,466,000 acres of irrigated farmland across the state. The table below shows the breakdown between basins:

<b>Basin</b>	<b>Irrigated Acres</b>
Arkansas	428,000
Colorado	268,000
Gunnison	272,000
Metro and South Platte	831,000
North Platte	117,000
Republican River	550,000
Rio Grande	622,000
Southwest	259,000
Yampa-White	119,000
<b>Statewide Total</b>	<b>3,466,000</b>

Based on different scenarios, the table below shows the CWCB estimate of irrigated agricultural acres in 2050.

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

Basin	Irrigated Acres	Decrease in Irrigated Acres due to Urbanization		Decrease in Irrigated Acres due to Other Reasons	Decrease in Irrigated Acres from Planned Agricultural to Municipal Transfers	Decrease in Irrigated Acres from Agriculture to Municipal Transfers to Address M&I Gap		Estimated 2050 Irrigated Acres	
		Low	High			Low	High	Low	High
Arkansas	428,000	2,000	3,000	0	7,000	26,000	63,000	355,000	393,000
Colorado	268,000	40,000	58,000	0	200	11,000	19,000	190,800	216,800
Gunnison	272,000	20,000	26,000	0	0	1,000	2,000	244,000	251,000
Metro and South Platte	831,000	47,000	58,000	14,000	19,000	100,000	176,000	564,000	651,000
North Platte Republican River	117,000							117,000	117,000
Rio Grande	550,000	300	600	109,000	0	0	0	440,400	440,700
Southwest	622,000	800	1,000	81,000	0	2,000	3,000	537,000	538,200
Yampa-White	259,000	4,000	6,000	0	0	3,000	7,000	246,000	252,000
<b>Statewide Total</b>	<b>3,466,000</b>	<b>115,100</b>	<b>154,600</b>	<b>204,000</b>	<b>26,200</b>	<b>160,000</b>	<b>334,000</b>	<b>2,747,200</b>	<b>2,960,700</b>

*CWCB Funding for Water Project Loans and Grants*

A total of \$173.4 million was transferred out of the CWCB Construction Fund and the Perpetual Base Account of the Severance Tax Trust Fund and into the General Fund during Fiscal Years 2009, 2010, 2011, and 2012. In addition, the Governor transferred \$1.6 million out of the Perpetual Base Account into the Disaster Emergency Fund in 2012 to be used for the Flagstaff fire. In the Governor's November 1, 2012, budget transmittal letter, he states that he intends to request a law change to repay the Perpetual Base Account for any amounts transferred to the Disaster Emergency Fund to fight the devastating wildfires in 2012.

Based on CWCB estimates, between the CWCB Construction Fund and the Perpetual Base Account of the Severance Tax Trust Fund, the CWCB intends to issue up to \$74 million in new water project loans in FY 2012-13 and up to \$65.0 million in FY 2013-14. In addition, the CWCB has identified \$123.5 million in additional water project loans. The table below shows the basins that represent the identified new water loans.

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>CWCB Identified New Water Project Loan Applicants</b>			
South Platte	Applicant	Project Description	Total
	B.H. Eaton Ditch Co (Windsor)	Pipeline & Diversion Structure	\$1,000,000
	Louden Irrigation & Reservoir Co	Ditch Improvements	\$500,000
	Greeley –Loveland Irrigation Co.	Augmentation Structure	\$500,000
	No Poudre Irrigation Co	Pump Station	\$5,000,000
	Town of Byers	Well & Pipeline	\$700,000
	Town of Johnstown	Kauffman Reservoir Purchase	\$5,000,000
	Boulder Left Hand Irrigation. Co	Ditch Piping (2012)	\$300,000
	Bergen Ditch Company	Dam Rehabilitation	\$2,000,000
	East Larimer County Water District	Rigdon Storage Project	\$3,000,000
	NISP Participants	NISP	\$30,000,000
	Chatfield Reallocation Participants	Chatfield Reallocation Participants	\$40,000,000
	Pinehurst Country Club	Harriman Reservoir	\$500,000
	McKay Lateral	Ditch Lining Project	\$50,000
	Foothills Park & Recreation	Reservoir Expansion	<u>\$900,000</u>
			<b>\$89,450,000</b>
<b>Arkansas</b>			
	Upper Arkansas WCD	Trout Creek Reservoir	\$3,000,000
	Cherokee Metro District	Wells and Pipelines	\$800,000
	Ditch and Reservoir company	Big Johnson Reservoir	\$8,000,000
	Town of Ordway	Reservoir Rehab	\$2,000,000
	Lower Arkansas Water Mgmt Association	Water Rights Purchase	\$7,500,000
	Highline Canal Company	Water Rights Purchase	\$4,100,000
	Colorado City Metro District	Beckwith Dam Repair	<u>\$500,000</u>
			<b>\$25,900,000</b>
<b>San Miguel/Juan</b>			
	Farmers Water Development Co	Gurley Reservoir Enlargement	\$5,000,000
	City of Ouray	Red Mountain Ditch Rehabilitation	<u>\$200,000</u>
			<b>\$5,200,000</b>
<b>Colorado</b>			
	Lateral MC070 Inc.	NRCS Ditch Rehabilitation	\$140,000
	Highland Ditch Co	Ditch Rehabilitation Project	\$200,000
	Ian Carney - Felix Tornare	Polaris Reservoir Rehabilitation	<u>\$500,000</u>
			<b>\$840,000</b>
<b>Gunnison</b>			
	Fire Mountain Canal & Reservoir Co.	New Reservoir	\$500,000
	Hinsdale County/Lake City	Lake San Cristobal Dam/Spillway	<u>\$500,000</u>
			<b>\$1,000,000</b>
<b>Rio Grande</b>			
	Fuchs Reservoir Company	Reservoir Rehabilitation	\$100,000
	San Luis Valley Water Conservancy District	Water Rights Purchase	\$500,000
	Rio Grande Water Conservation District	Water Rights Purchase	<u>\$500,000</u>
			<b>\$1,100,000</b>
		<b>Total</b>	<b>\$123,490,000</b>

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

This issue relates to the Departments *Overarching Objective 5, Water Supply: Meet the current and future water supply needs of the State*. In addition, this issue relates to CWCB *Objective 1, Instream Flows: Protect additional miles of decreed instream flow water rights resulting in enhanced protection of Colorado's environment* and CWCB *Objective 3, Flood Protection: Protect Colorado's citizens from financial hardship associated with natural hazards*.

## **Issue: Wildlife Cash Fund Performance Audit**

A report submitted by the State Auditor in May 2012 found that the Division of Wildlife did not follow the Wildlife Commission's policy on how to calculate the Wildlife Cash Fund unobligated reserve, did not report accurate information to the Wildlife Commission, and as a result underreported Wildlife Cash Fund expenditures totaling \$32.4 million.

### **SUMMARY:**

- The State Auditor published a report in May 2012 reviewing the Division of Wildlife's financial recordkeeping practices, including calculations of the Wildlife Cash Fund unobligated reserve balance.
- The Division of Wildlife did not follow the Wildlife Commission's policy of maintaining no less than 10.0 percent unobligated reserve in the Wildlife Cash Fund for FY 2009-10 and FY 2010-11.
- Expense information provided by the Division of Wildlife to the Wildlife Commission for Fiscal Years 2008 through 2010 contained \$32.4 million in financial reporting errors resulting in the delay or elimination of capital construction projects.

### **RECOMMENDATION:**

Staff recommends the Committee discuss the progress the Division of Parks and Wildlife has achieved since the May 2012 audit report in training Division staff and ensuring the accuracy of balance calculated for Division cash funds.

### **DISCUSSION:**

In May 2012, the State Auditor's Office published an audit report covering financial activities at the Division of Wildlife prior to July 1, 2011. The report addressed concerns that the Division of Wildlife had not followed the Wildlife Commission's policy when calculating the unobligated reserve amount for the Wildlife Cash Fund. In addition, there was a concern that the Division of Wildlife had omitted \$32.4 million of expenses from financial information it presented to the Wildlife Commission for Fiscal Years 2008 through 2011.

#### *Key Facts and Findings of the Audit Report*

- The only years in which clear evidence existed that the Division provided the Commission the required annual unobligated reserve calculation were Fiscal Years 2007 and 2011.
- The 2007 and 2011 calculations of the Wildlife Cash Fund unobligated reserve amounts did not comply with the formula specified in the Wildlife Commission policy.

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

- For FY 2007, the unobligated reserve was calculated using revenues and expenses rather than current assets and liabilities.
- For FY 2011, the calculation included only revenue from hunting and fishing license sales rather than total annual revenue. In addition, the Division of Wildlife excluded financial data for an entire enterprise fund from the year's unobligated reserve calculation.
  
- The Division of Wildlife's July 2011 recalculations of the Fiscal Years 2008 through 2010 unobligated reserve amounts were not based on the formula in the Wildlife Commission's policy. The Auditor's analysis, which followed the policy, identified 2 years, Fiscal Years 2010 and 2011, in which the unobligated reserve amounts were less than the required 10.0 percent of annual Division revenue.
  
- As of July 2011, the Division of Wildlife's actual unobligated reserve balance had been depleted to \$5.7 million – 4.0 percent of the Division's Fiscal Year 2011 revenue.
  
- The Auditor verified that the expense information provided by the Division to the Wildlife Commission for Fiscal Years 2008 through 2010 contained \$32.4 million in financial reporting errors. As a result, several capital projects were delayed or eliminated.

*Background*

In 2006, the Wildlife Commission adopted a policy to maintain an unobligated reserve amount in the Wildlife Cash Fund equal to or greater than 10.0 percent of the Division of Wildlife's annual revenue. The policy was readopted in February 2007 and was retained by the Parks and Wildlife Board (Board) after the July 2011 merger (H.B. 12-1317 replaced the Parks and Wildlife Board with the Parks and Wildlife Commission). The policy requires the calculation of the unobligated reserve using the following formula:

	Current Assets
Less	<u>Current Liabilities</u>
	Gross Reserve
	Gross Reserve
Less	<u>Unspent appropriated capital construction spending authority</u>
	Unobligated Reserve

Since 2001, the Division of Wildlife and the Wildlife Commission have been designated as enterprises pursuant to Section 20 of Article X of the State Constitution. The Division of Wildlife is largely cash funded and receives a portion of its revenue from sales of hunting and fishing licenses and permits for the use of wildlife areas in the state. In addition, the Division receives federal funding and distributions of state lottery proceeds from the Great Outdoors Colorado (GOCO) Trust Fund. The trust fund revenue is not recognized until expenditures are made from it. This timing difference, coupled with \$16.0 million in additional GOCO legacy funding for land acquisitions that was made available during the time-frame covered by the scope of the audit, caused revenue to fluctuate. The Division of Wildlife also receives revenue

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

from various other sources, such as donations, fines, and damage awards against individuals who violate state wildlife laws and regulations, and the sale of wildlife-related merchandise. The Division of Wildlife has 17 separate funds in which it records its revenues and expenses. The largest of these funds is the Wildlife Cash Fund, in FY 2011, 83 percent of the Division's revenue was recorded in this fund.

**Recommendation No. 1:**

*"The Division of Parks and Wildlife (the Division) should work with the Parks and Wildlife Board (the Board) – the successor to the Wildlife Commission – to train key Division of Parks and Wildlife staff on requirements of the Board's policy. (The Board has retained the former Commission's policy.)"*

The audit concluded that the Wildlife Commission made decisions about overall spending based on inaccurate presentation of the unobligated reserve for Fiscal Years 2008 through 2010. As a result, the Wildlife Commissioners could not fulfill their policy objective of ensuring that the Division remain on "solid financial footing".

The Division agreed with this recommendation and established a four member finance committee in the fall of 2011 to make sure that the Board receives adequate financial information. The Department stated that key financial staff were trained on the required calculations. In addition, the Board has created a standing agenda item during its board meetings where financial staff provide ongoing financial updates including training of staff on the reserve calculation.

*Wildlife Cash Fund Unobligated Reserve Balance*

The audit found three problems related to the calculation of the Wildlife Cash Fund unobligated Reserve balance calculation: (1) the Division's unobligated reserve calculations for Fiscal Years 2007 and 2011, (2) the accuracy of the Division's July 2011 calculation of Fiscal Years 2008 through 2010 unobligated reserve balances, and (3) the accuracy of the Fiscal Years 2008 through 2010 expense data that the Division provided to the Commission.

Unobligated Reserve Calculations

Two problems were found with the unobligated reserve calculation. For FY 2007, the Division calculated the unobligated reserve using revenue and expenses rather than current assets and liabilities. For FY 2011, the Division included only revenue from hunting and fishing license sales rather than total annual revenue.

The table below shows a side-by-side comparison of unobligated reserve calculations done by the Division of Wildlife and the State Auditor.



**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>Comparison of Division of Wildlife (DOW) Calculations to Office of the State Auditor (OSA) Calculations<sup>1</sup></b>											
<b>Of Wildlife Cash Fund Unobligated Reserve Amounts</b>											
<b>Fiscal Years 2007 through 2011 (Dollars in Millions)</b>											
	FY 2006-07		FY 2007-08		FY 2008-09		FY 2009-10		FY 2010-11		
	DOW	OSA	DOW	OSA	DOW	OSA	DOW	OSA	DOW	OSA	
Current Assets	101.0	114.3	93.3	105.8	77.3	93.0	67.1	82.4	74.0	74.0	
Current Liabilities	<u>59.7</u>	<u>61.2</u>	<u>56.2</u>	<u>58.2</u>	<u>52.9</u>	<u>55.2</u>	<u>49.0</u>	<u>51.0</u>	<u>50.7</u>	<u>50.7</u>	
Gross Reserve	\$41.3	\$53.1	\$37.1	\$47.6	\$24.4	\$37.8	\$18.1	\$31.4	\$23.3	\$23.3	
Less: Unspent Appropriated Capital Construction Spending Authority	<u>\$0.0</u>	<u>\$19.5</u>	<u>\$21.3</u>	<u>\$21.4</u>	<u>\$21.2</u>	<u>\$20.4</u>	<u>\$26.6</u>	<u>\$26.5</u>	<u>\$15.8</u>	<u>\$17.6</u>	
<b>Unobligated Reserve</b>	<b>\$41.3</b>	<b>\$33.6</b>	<b>\$15.8</b>	<b>\$26.2</b>	<b>\$3.2</b>	<b>\$17.4</b>	<b>(\$8.5)</b>	<b>\$4.9</b>	<b>\$7.5</b>	<b>\$5.7</b>	
Annual Revenue <sup>2</sup>	\$73.6	\$118.2	\$73.6	\$135.5	\$73.6	\$139.4	\$73.6	\$151.4	\$77.4	\$137.6	
<b>Unobligated Reserve as a Percentage of Annual Revenue</b>	<b>N/A<sup>3</sup></b>	<b>28.4%</b>	<b>N/A</b>	<b>19.3%</b>	<b>N/A</b>	<b>12.5%</b>	<b>N/A</b>	<b>3.2%<sup>4</sup></b>	<b>N/A</b>	<b>4.1%</b>	

Source: Information Provided by the Division of Wildlife and Office of State Auditor's analysis of data from the Colorado Financial Reporting System (COFRS).

<sup>1</sup> This calculation includes "all division enterprise funds combined (i.e., all division's funds except for principal trust funds and fiduciary donation fund), as of the end of the fiscal year."

<sup>2</sup> The Division determined annual revenue amounts based only on estimated revenue from "annual license revenue." The OSA determined annual revenue amounts based on the actual total of all Division enterprise revenue sources.

<sup>3</sup> N/A denotes that the Division did not calculate the percentage of unobligated reserve to annual revenue, as required by Wildlife Commission policy.

<sup>4</sup> The Wildlife Commission policy states that the unobligated reserve shall not drop below 10.0 percent.

Division Expense Information

The audit concluded that the financial errors report in Fiscal Years 2008 through 2010 underreported \$32.4 million in Division expenses. The audit concluded that these errors occurred due to the following:

- **Exclusion of Financial Data:** Accounting staff inappropriately excluded expense data related to vendor commissions for fishing and hunting license sales and certain expenses capitalized by the Department, such as capital construction costs. In its July 2011 presentation, Division staff listed \$5.3 million in unreported GOCO capital expenditures, \$10.6 million in unreported Division of Wildlife capital expenditures, and \$16.5 million (over 3-years) of Wildlife Cash Fund commissions/fees for non-draw licenses that were not included in the expenditures, for a total of \$32.4 million.
- **Unclear Commission Policy:** The Wildlife Commission's policy for calculating the Wildlife Cash Fund "unspent appropriated capital construction spending" is not clearly defined. The policy also does not provide definitions for every component of the

unobligated reserve balance formula in a way that would be understandable to anyone performing the calculation.

- **Turnover and Lack of Supervisory Review:** The Division of Wildlife experienced turnover and vacancies in high-level positions from Fiscal Years 2007 through 2010, including the division director, controller, and chief financial officer. The chief financial officer position was vacant from March 2008 to March 2009, and again from November 2009 to April 2010. The controller position was vacant for the entire FY 2009-10. The audit found that the Division had not conducted succession planning to establish a process to ensure that unobligated reserve amounts are calculated on an annual basis when there is accounting staff turnover.
- **Lack of a Standard Process for Calculating Unobligated Reserve Amounts:** The Division does not have policies or procedures in place to ensure consistency and continuity in performing the annual unobligated reserve calculation. Specifically, the Division has not defined a clear process to ensure that all staff that perform the unobligated reserve calculation input the same data components into the unobligated reserve calculation formula.
- **Lack of Clear Communication to the Commission:** Wildlife Commission members stated that Division staff did not clearly communicate the financial information. As a result, some Commissioners believed that other financial data they were receiving was the unobligated reserve calculation. In July 2011, Division staff presented the facts and circumstances surrounding these errors to the Wildlife Commission (which became the Parks and Wildlife Board in July 2011). In response, the Parks and Wildlife Board created a finance subcommittee to determine the best option to pursue to reduce expenditures given that \$32.4 million in expenses were underreported. The finance subcommittee will also be responsible for determining if there is a more appropriate way to calculate and keep track of the unobligated reserve amount in the Wildlife Cash Fund and to ensure that the Division remains on a solid financial footing in the future.

**Recommendation No. 2:**

*"The Division of Parks and Wildlife (the Division) should ensure the accuracy of its annual unobligated reserve balance calculation as well as other accounting information it provides to the Parks and Wildlife Board (Board)"*

The recommendation addressed the five issues discussed above with five specific recommendations as part of Recommendation No. 2. The Division and the Wildlife Commission agreed to implement all recommendations. The Department also responded that it is considering the specific audit recommendations in terms of how they will ultimately reflect within the operations of the newly merged Division of Parks and Wildlife and how specific policies and regulations will impact managing and reporting on the Parks Cash Fund as well as the Wildlife Cash Fund. As such, the Division responded that a number of additional merger implementation decisions will need to be completed before an appropriate policy can be formulated. The Division stated that a new reserve policy will be developed to address the many issues discussed in the audit and will be presented for Commission approval by September 2013. Similarly, the Division of Parks and Wildlife will likely change the structure, staffing, and reporting relationships with the finance unit as part of the merger and anticipates developing a cross-training succession plan for all financial staff.

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

As a result of the over-commitment of the Wildlife Cash Fund, the Division of Parks and Wildlife had to review all prior year (FY 2010-11) capital appropriations and eliminate \$16.0 million in prior-year capital projects, maximize the use of other funding sources in FY 2011-12 to reduce expenditures of Wildlife Cash, freeze FY 2011-12 capital construction projects, except controlled maintenance, dam safety and 6060 boiler replacement, land and water acquisition, and motorboat access.

*Staff Concerns*

The Department reports the status of the Wildlife Cash Fund to the General Assembly and the public in the cash fund report (Schedule 9) submitted with its budget request each year. The report provides information on the fund balance of the Wildlife Cash Fund, including current assets and current liabilities. However, the report does not provide information on the "unspent appropriated capital construction spending authority", thus, the Division does not provide in the cash fund report, or in any of its other budget documents, the unobligated reserve of the Wildlife Cash Fund.

The OSPB budget instructions for FY 2013-14 state that the "Schedule 9 is used to detail the actual and anticipated balances in a fund, and to demonstrate that a cash fund's net cash assets are adequate to support current and requested budgetary action." The instructions go on to state that "Departments may modify the Schedule 9 template as appropriate to address the unique needs of cash funds with multiple parts". Staff believes that the Division should start reporting on the Wildlife Cash Fund unobligated reserve balance in its Schedule 9.

Furthermore, the Wildlife Cash Fund is listed as part of the State FY 2012-13 budget (H.B. 12-1335) emergency reserve up to a maximum of \$34,000,000.

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

The Department's number one overarching performance measure is species conservation with an objective to protect the diversity of Colorado's wildlife resources. The Division of Parks and Wildlife number one objective is to protect wildlife habitat. Managing the Wildlife Cash Fund is critical in allowing the Department to achieve its objectives related to wildlife preservation.

## **Issue: Division of Parks and Wildlife Merger and Cost Savings**

The Division of Parks and Wildlife is in the process of implementing a Merger Implementation Plan required by S.B. 11-208 in order to successfully implement the consolidation of operations, address outstanding issues, and identify increased efficiencies and cost savings. The Division intends to submit a detailed request in January 2013 to reduce at least 20.0 FTE and \$1.0 to \$2.0 million in appropriations.

### **SUMMARY:**

- In its strategic plan submission, the Department has listed as Challenge #2 efficiently operating the Division of Parks and Wildlife. The Merger of the Division of Parks and Wildlife through S.B. 11-208 provides an opportunity to operate more efficiently.
- Change Request R-8, Merger Cost Savings and FTE Reduction, promises to identify in January 2013, as part of an annual report to the General Assembly, efficiencies, disposition of assets, and cost savings of at least 20.0 FTE and \$1,000,000 to \$2,000,000 in the Division of Parks and Wildlife. This request is part of a larger evaluation of the Division of Parks and Wildlife as a result of H.B. 11-208 (Merger of State Parks and Wildlife) and a Merger Implementation Plan adopted by the Parks and Wildlife Commission in February of 2012.
- House Bill 12-1317 requires that the Parks and Wildlife Commission formulate a five-year strategic plan and identify increased efficiencies and cost savings that may be realized from the 2011 merger of the Division of Parks and Wildlife by December 31, 2013.
- Change Request R-9, Wildlife Management Refinance, requests the increase in federal funds appropriations totaling \$8.6 million and the reduction of \$3.0 million in cash fund appropriations for FY 2013-14 as part of a broader adjustment of appropriations

### **RECOMMENDATION:**

Staff recommends that the Committee discuss with the Division of Parks and Wildlife specifics of the Division of Parks and Wildlife Merger Implementation Plan adopted by the Parks and Wildlife Commission in February 2012 and how its recommendations will translate into specific recommendations under Request 8 and future Division of Parks and Wildlife transition implementation plans.

### **DISCUSSION:**

The Department submitted request **R-8 Merger Cost Savings and FTE Reduction** to reduce various Division of Parks and Wildlife appropriations. The Department did not provide the exact amount of the reduction, but intends to submit a separate detailed request in January 2013 as part of the annual report to the General Assembly identifying opportunities for efficiencies,

*JBC Staff Budget Briefing – FY 2013-14*  
*Staff Working Document – Does Not Represent Committee Decision*

---

disposition of assets, and cost savings per H.B. 12-1317. The Department anticipates a reduction of at least 20.0 FTE and \$1.0 to \$2.0 million. House Bill 11-208 requires the Director of the Department of Natural Resources, beginning in 2013, to report annually to the House Agriculture Committees of the General Assembly regarding the administration of the Division of Parks and Wildlife as well as an identification of any opportunities for efficiencies. House Bill 12-1317 also required the new Parks and Wildlife Commission to formulate a five-year strategic plan and identify increased efficiencies and cost savings that may be realized from the 2011 merger of the Division of Parks and Wildlife. House Bill 12-1317 requires the Commission to finalize the strategic plan by December 31, 2013.

The Department listed four key challenges facing the Department in its FY 2013-14 strategic plan. Challenge #2 is related to the efficient operation of the Division of Parks and Wildlife. The Department stated that recommendations from working groups, division managers, stakeholders, and the transition team resulted in a transition report (Merger Implementation Plan) that identified opportunities to explore ideas to help improve the financial standing and operation of both parks and wildlife programs.

Challenge #3 is to find alternative revenue sources for parks and wildlife programs. The Parks and Wildlife Commission identified financial sustainability and recruitment and retention of parks and wildlife customers as strategic priorities for the Division. The Department points to the elimination of General Fund support for parks, the volatility and decline of severance tax revenues, and the decline of people hunting across the United States as serious challenges to the financial sustainability of the Division.

*Merger Implementation Plan*

In February 2012, the Division of Parks and Wildlife published a Merger Implementation Plan. The Transition Team included Division of Parks and Wildlife staff representing various facets of each of the two agencies. Ten working groups were created and provided reports in the areas of:

- Biology and Science.
- Capital Development.
- Customer Service.
- Field Operations.
- Financial Services.
- Invasive Species.
- Marketing, Branding, and Public Information.
- Property Evaluation.
- Volunteers, Education, Interpretation.
- Water and Real Estate.

The reports were used by the Transition Team to create a comprehensive transition plan that was approved by the Commission in February 2012. Since the approval, the Division's leadership team has worked to implement the merger by establishing guiding principles and roles and responsibilities documents as well as a desired future organizational structure.

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

As an example, the Customer Service working group evaluated the fact that both State Parks and Wildlife offer a variety of products to their customer base, including licenses, passes, reservations, registrations, and retail merchandise. Wildlife manages the Total Licensing System (TLS) as a user interface to sell wildlife licenses. State Parks operates its own year-round campground reservation system. Wildlife manages its customer information in one primary database, State Parks captures data from lifetime passes, Columbine passes and internet retail sales, other passes/products are not tracked anywhere else. Both agencies use external agents to sell some of their products requiring training and management of these external agents. As a result, the Customer Service transition team recommended that licensing and registration functions, call center functions, retail functions and reservation functions be combined and that there is the potential of temporary FTE savings by combining these functions.

Similarly, the Financial Services working group evaluated the Parks and Wildlife accounting, budgeting, grants, and procurement functions. The working group identified three specific efficiencies and enhancements that could be achieved: (a) combining staff in the four functional areas could achieve efficiencies due to economies of scale, specialization of staff, standardization of procedures, and cross training/ backup support, (b) Efficiencies in the areas of accounting and procurement could come from shifting emphasis away from multiple reviews and approvals to providing clear direction, guidance, training and monitoring, (c) at least three positions could be eliminated by having one CFO, controller and GOCO liaison.

*R-8 Merger Cost Savings and FTE Reduction*

Change Request 8 is a placeholder in anticipation of a January 2013 proposal to reduce at least 20.0 FTE and \$1.0 to \$2.0 million in associated funding. The Department proposes cost savings and FTE reductions from the Division of Parks and Wildlife's focus on three primary objectives:

1. Eliminating unnecessary duplication, including consolidation of work units performing similar functions with duplicate supervisory/managerial positions. Examples include division administration, region management, budget and accounting;
2. Identifying the means to achieve the greatest possible efficiencies in the delivery of products and services, including leveraging of existing knowledge and expertise across a broader range of activities, consolidating databases, standardizing and streamlining administrative processes, and;
3. Identifying strategies to enhance the effectiveness of programs and operations while fulfilling the new joint mission.

The Department proposes reducing the number of FTE and funds appropriated to the Division of Parks and Wildlife based on the implementation of strategies identified through the work groups, transition team, and leadership team to meet the objectives of the merger. The Department states that the proposed cost savings and FTE reductions will be achieved through attrition.

*R-9 Wildlife Management Refinance*

Request 9 seeks to increase the Division of Parks and Wildlife – Wildlife sub-section appropriation by a total of \$5.6 million federal funds. This will be achieved by increasing federal funds appropriations by \$8.6 million and decreasing cash funds appropriations from the Wildlife Cash Fund by \$3.0 million.

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

The Department states that over the years the Long Bill appropriations for the Wildlife Operations section have diverged from the actual funding of programs for three main reasons:

- 1) The Division has seen a significant increase in federal grant funds over the appropriated amount; however, no attempt was made to align the appropriations with actual federal funds revenues. The table below shows the level of actual federal funds received by the Division over the last five federal fiscal years compared to the appropriation.

<b>Federal Fiscal Year</b>	<b>Amount Received</b>
2008	\$17,206,662
2009	\$18,105,248
2010	\$23,026,861
2011	\$19,775,201
2012	\$18,702,470
FY 2012-13 Federal Funds Appropriation	\$10,075,710
<b>Requested Increase</b>	<b>\$8,626,760</b>

As the table above shows, the amount of federal funds (Pittman-Robertson Wildlife Restoration Act of 1937 and Dingell-Johnson Sport Fish Restoration Act of 1950) has fluctuated over the last several years. The Department states that Colorado's apportionment has ranged from as low as \$9.5 million in FFY 2000 to a high of \$23.0 million in FFY 2010. The federal funds must be obligated within two years from the date of the apportionment or the funds will revert to the federal government.

- 2) The Division has utilized the additional federal funds to leverage cash funds to support wildlife programs that were previously financed purely with cash funds. The Division reports that in FY 2009-10 the Wildlife Commission approved reducing cash funds in the Division Operations Long Bill group. The Division reports that it has refinanced \$1.5 million of cash funded programs with federal funds.
- 3) In response to declining cash funds, the Division has reduced cash funded expenditures. The Division reports that it has reduced \$1.0 million in cash fund personal services and \$500,000 in cash fund operating expenses. Combined with the \$1.5 million in cash fund refinance described above, the Division proposes the reduction of \$3.0 million in cash fund appropriations.

## **RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

The successful re-organization and financial sustainability of the Division has a direct impact on the Department's number one overarching key performance measure, species conservation, by protecting the diversity of Colorado's wildlife resources and also impacts all 6 objectives contained in the Division of Parks and Wildlife Strategic Plan.

*Objective 1: Habitat.* Protect wildlife habitat;

*Objective 2: Public Awareness.* Raise public awareness of the nature and purpose of wildlife management;

*Objective 3: Park Acres.* Provide sustainable outdoor recreation settings, statewide programs and education opportunities to keep pace with the rising demands, needs, and diversity of Colorado citizens and visitors;

*Objective 4: Campsite Usage.* Retain current and acquire new customers through exceptional service and by improving State Parks' visibility with innovative marketing.

*Objective 5: Park Stewardship.* Improve and sustain the ecological, scenic and scientific assets in and around state parklands through proactive stewardship.

*Objective 6: Customer Satisfaction.* Apply effective, accurate and reliable information for the analysis, planning, and implementation of all decisions.



## **Issue: Water Resources Division Budget Re-Organization and Funding Request**

The Water Resources Division is proposing re-organizing its Long Bill line item budget structure by reducing its 12 line items into 8 in order to allow the Division to manage its budget in a more flexible manner.

### **SUMMARY:**

- The Water Resources Division proposes consolidating its budget structure in the Long Bill by reducing the total number of lines in the Division from 12 to 8.
- The Division submitted a similar proposal with its FY 2012-13 budget request. The proposal was not approved.
- The Water Resources Division also submitted a change request proposal for \$100,000 cash funds (Satellite Monitoring System Cash Fund) in order to be able to improve the maintenance and replacement of satellite monitoring system equipment.

### **RECOMMENDATION:**

Staff recommends the Committee discuss the Department's proposal to merge and re-organize line items in the Water Resources Division. In particular, the efficiencies that the Department anticipates achieving through the new Long Bill budget structure.

### **DISCUSSION:**

#### **Request-3, Water Resources Division Line Item Consolidation**

The Water Resources Division (WRD) is re-submitting a request from FY 2012-13 that was not approved to consolidate its budget appropriation and re-organize the structure of the budget. The Division is currently funded through 12 line items and proposes consolidating its budget into 8 total line items, organized in two groups. The Division believes that this consolidation will allow it to manage its budget in a more efficient and flexible manner, without a loss to budgetary transparency.

The Department states that the 12 line items currently appropriated to DWR have evolved historically as specific programmatic responsibilities have been added over time to the Division's overall statutory mission. The Division feels that the duties and oversight responsibilities embodied by the existing lines can be represented by a slightly smaller group of line items.

Please see the table below for a detailed layout of the Department proposal.

Division of Water Resources  
FY 2013-14 Request-3  
Line Item Consolidation

1) Current Line Items	FY 13-14 Base Request	→	2) Proposed Consolidation	Adjusted Base Request	→	3) Proposed Final Long Bill Format	Adjusted Base Request
Personal Services	17,488,503	}	Water Administration	19,098,709	}		
Operating Expenses	1,530,824						
Interstate Compacts	76,002					<u>Division Operations</u>	
Republican River Compact Compliance	316,364					Water Administration	19,098,709
Augmentation for Sand/Gravel Extraction	44,400					Well Inspection	358,873
SB 04-225 Well Enforcement	1,489					Satellite Monitoring Systems	399,857
		New Line	Well Inspection	358,873		Federal Grant	167,260
Satellite Monitoring Systems	399,857	→	Satellite Monitoring Systems	399,857	→	River Decision Support Systems	206,232
Federal Grant	167,260	→	Federal Grant	167,260			
River Decision Support Systems	206,232	→	River Decision Support Systems	206,232		<u>Special Purpose</u>	
Dam Emergency Repair	50,000	→	Dam Emergency Repair	50,000		Dam Emergency Repair	50,000
HB 03-1334 Temp Water Supp Agreements	61,589	→	HB 03-1334 Temp Water Supp Agreements	61,589		HB 03-1334 Temp Water Supp Agreements	61,589
Indirect Cost Assessment	29,598	→	Indirect Cost Assessment	29,598		Indirect Cost Assessment	29,598
<b>Total Appropriations:</b>	<b>20,372,118</b>		<b>Total Appropriations:</b>	<b>20,372,118</b>		<b>Total Appropriations:</b>	<b>20,372,118</b>
<b>Total FTE:</b>	<b>251.1</b>		<b>Total FTE:</b>	<b>251.1</b>		<b>Total FTE:</b>	<b>251.1</b>

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

The Division proposes the following adjustments to its existing line items:

- 1) Consolidating the existing Personal Services, Operating Expenses, Interstate Compacts, Republican River Compact Compliance, Augmentation for Sand and Gravel Extraction, and SB04-225 Well Enforcement line items into a proposed new line item called Water Administration. The Department states that the activities covered by these current line items all fall within the definition of Water Administration.
- 2) Creating a new Well Inspection line item. The inspection of groundwater wells is one of the four core responsibilities of the Division, along with water right administration, dam safety inspection, and intrastate compact compliance. This program is 100% cash funded, in the form of fees collected for well inspections statewide. This cash funding was previously intermingled with General Fund in the Personal Services and Operations lines. Reorganizing the program into its own line item will help clearly delineate it as a key program area.
- 3) The Federal Grants, Satellite Monitoring System, River Decision Support System, Temporary Interruptible Water Supply Agreements, Dam Emergency Repair, and Indirect Cost Assessment line items will remain fundamentally unchanged, but will be reorganized into new Long Bill groups.
- 4) The 8 resulting lines will then be organized into two main Long Bill groups: Division Operations and Special Purpose.

*House Bill 10-1119 (SMART Act)*

The SMART Act states that if a department submits a plan approved by the Office of State Planning and Budgeting to consolidate line items, the JBC "shall consider" such plan. The allowable purposes for proposed consolidations pursuant to H.B. 10-1119 are, "to improve budgetary efficiency or administrative flexibility". The SMART Act does not require the Joint Budget Committee to recommend such plans to the General Assembly.

All other things being equal, the JBC staff typically recommend options that preserve legislative control over the budget, most clearly express legislative intent, and maximize the transparency of the legislative budget process. In his analysis, JBC staff will be looking for a clear case that: (1) Consolidation is necessary; and (2) The benefits outweigh the loss of legislative control, expression of legislative intent, and transparency.

A desire by the executive branch for consistent treatment of line items in a department, division, or program is not sufficient justification for consolidating line items. There is great diversity in how line items are treated in the budget bill, this indicates that the General Assembly has historically decided whether to consolidate or separate line items on a case by case basis.

Following are common questions that JBC staff will consider in deciding whether to recommend consolidating line items:

- 1) Has the department demonstrated a problem with the current appropriations that results in inefficiencies?

*JBC Staff Budget Briefing – FY 2013-14*  
*Staff Working Document – Does Not Represent Committee Decision*

---

- 2) Has the department made a business case that greater administrative flexibility will improve operations?
- 3) Has the department identified strong performance measures by which the effectiveness of the program can be assessed?
- 4) Is there a known reason why the line items were separated in the first place?
- 5) How big are the line items that will be consolidated, and what are the fund sources?
- 6) Will detailed information about expenditure patterns still be available after the consolidation?
- 7) Have there been large reversions from the line items?

*Staff Analysis*

One of the Department's Main objectives is to achieve more funding flexibility without requiring additional funding sources. The easiest way to achieve that is to merge line items with similar purposes.

Another of the Department's main stated objectives is to consolidate lines that, over time, were added as separate line items as new responsibilities were added to the Division of Water Resources. The Division feels that the duties and oversight responsibilities embodied by the existing lines can be presented by a smaller group of lines.

Merging water administration lines into one program line will provide flexibility for the department to target its budget for the most pressing needs in water administration. The Department states that water management can be as unpredictable as the weather. The ability to allocate funding in direct response to changing circumstances and emerging priorities will increase DWR's efficiency. The Division gives two particular examples:

- 1) In years in which Colorado experiences heavy precipitation, DWR frequently hires additional temporary water commissioners to help manage the higher-than-usual workload. Currently, this increased cost can come out of the Division's existing Personal Services line. However, recent cuts to this have limited this as an option. The Department points to a FY 10 cut that reduced water commissioner staff by 5.3 positions and reduced \$413,000 General Fund from the Division's budget, in addition to several other smaller operating cuts. Under the proposed new scenario, DWR leadership could choose to prioritize water commissioner duties over other planned expenditures and allocate funding as needed.
- 2) Vehicles are critical for several of the Division's core functions, including water right administration by water commissioners, dam safety inspection, and well inspection and administration. State-owned vehicles are used by approximately 100 DWR staff in the routine performance of job duties. In order to accomplish these and other work duties, the DWR staff drives approximately 2.1 million miles annually. The Department states that the continuing escalation in fuel prices, coupled with rising vehicle maintenance and self-insurance costs, have

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

resulted in a significant increase to the Division's variable operating expenses for state-owned vehicles. It is unlikely that the Division will receive increased General Fund appropriations in the current budget environment. Under the proposed new scenario, Division leadership would have the flexibility to allocate funding within the Water Administration line as needed to provide sufficient vehicle operating costs.

The major change to the layout of the Division of Water Resources is the proposal to merge all water administration related lines, including the personal services and operating expenses line items into one water administration line. This will provide the Division the flexibility to spend approximately \$19.2 million on priorities as mentioned above.

The Department's third most important overarching objective in its strategic plan involves maximizing the efficient use of Colorado's water resources in compliance with interstate compacts. In addition, the Division has four additional objectives in its Division strategic plan, these objectives are:

- 1) Optimize the availability of water supplies in time, place and amount by successive reuse of water;
- 2) Assure the effective distribution and compliance with applicable water laws;
- 3) Inspect dams using the risk-based profiling system. Maintain emergency action plans for all high and significant hazard dams; and
- 4) Assure proper well construction via a robust inspection program.

In addition to re-submitting the request, the Department has provided answers to five questions asked by the Committee during FY 2012-13 figure setting process. These responses are attached as *Appendix F* at the end of this briefing document.

**Request-4, Water Resources Division Satellite Monitoring System**

The Water Resources Division requests \$100,000 cash funds (Satellite Monitoring System Cash Fund) for maintenance, technological improvements, and possibly an expansion of the system.

The Satellite Monitoring System (SMS) supports satellite linked water resources monitoring stations throughout the state. The system provides real-time stream flow information that is used by the Division, consumptive water users, and other interested persons such as rafters and anglers. The information is accessible via computer, telephone, and internet. The program is funded through voluntary fees from local water conservancy districts, water users, user associations, and municipalities pursuant to Section 37-80-111.5, C.R.S.

Over the years, the cash fund has started to accrue a balance as a result of an effort by the Division to increase the number of cooperators paying to voluntary fees. The Division is estimating an end of year cash balance for FY 2013-14 of \$125,000 (if the request for additional funding is not approved).

The Division will use the additional funds to pay for operations and maintenance on the system. This includes spare inventory for gage failures, repair discharge hydraulic measurement equipment, and additional mileage to service the added gages. Stage sensing equipment using

older technology will be replaced with newer technology (radar water level sensors). The Division states that similar replacements have resulted in improved stage data at mainstream South Platte and Arkansas River gages in eastern Colorado. In addition, the Division anticipates replacing older data collection platforms on current schedules (8-10 years) rather than forcing the use of older technology platforms that do not operate reliably.

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

This briefing issue relates to the Department of Natural Resources *Overarching Objective 3, Compact Compliance - Maximize efficient use of Colorado's water resources in compliance with interstate compacts*. The issue also relates to all four Water Resources Division objectives.

*Objective 1, Efficiency of Water Use – Optimize the availability of water supplies in time, place, and amount by successive reuse of water.*

*Objective 2, Water Administration and Enforcement – Assure the effective distribution and compliance with applicable water laws.*

*Objective 3, Dam Safety – Inspect jurisdictional dams using the risk-based profiling system. Maintain emergency action plans for all high and significant hazard dams. Prevent jurisdictional dam failures by conducting inspections and issuing restrictions.*

*Objective 4, Well Inspection – Assure the protection of the groundwater resources and public health through enforcement of minimum well construction and pump installation requirements.*

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Number Pages**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
--	------------------------------	------------------------------	-------------------------------------	-------------------------------	--------------------------------------

**DEPARTMENT OF NATURAL RESOURCES**  
**Mike King, Executive Director**

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

This division provides budgeting, accounting, financial management, human resources, information technology, public information, and environmental education coordination for all divisions. Cash fund sources include various funds as reflected in individual division descriptions. Reappropriated funds is comprised of statewide and departmental indirect cost recoveries.

Personal Services	<u>3,693,818</u>	<u>3,579,197</u>	<u>3,724,837</u>	<u>3,724,837</u>	
FTE	42.2	39.4	41.8	41.8	
Reappropriated Funds	3,693,818	3,579,197	3,724,837	3,724,837	
Health, Life, and Dental	<u>8,607,587</u>	<u>9,005,212</u>	<u>10,007,209</u>	<u>11,143,151</u>	*
General Fund	1,762,355	1,531,020	963,577	818,991	
Cash Funds	5,554,144	5,733,551	6,215,329	7,301,870	
Reappropriated Funds	283,926	374,263	1,069,178	1,437,218	
Federal Funds	1,007,162	1,366,378	1,759,125	1,585,072	
Short-term Disability	<u>131,014</u>	<u>154,967</u>	<u>155,493</u>	<u>177,712</u>	*
General Fund	25,925	27,743	26,141	30,041	
Cash Funds	89,956	103,755	102,043	116,997	
Reappropriated Funds	3,915	5,731	5,494	5,731	
Federal Funds	11,218	17,738	21,815	24,943	
S.B. 04-257 Amortization Equalization Disbursement	<u>2,023,033</u>	<u>2,446,227</u>	<u>3,185,576</u>	<u>3,786,444</u>	*
General Fund	395,845	433,645	473,384	576,485	
Cash Funds	1,392,875	1,641,325	2,157,966	2,581,186	
Reappropriated Funds	60,612	90,652	102,945	109,157	
Federal Funds	173,701	280,605	451,281	519,616	

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>1,472,224</u>	<u>1,963,386</u>	<u>2,735,659</u>	<u>3,418,317</u>	*
General Fund	285,733	346,132	404,868	520,438	
Cash Funds	1,015,638	1,318,922	1,854,503	2,330,237	
Reappropriated Funds	44,196	72,846	88,469	98,544	
Federal Funds	126,657	225,486	387,819	469,098	
Salary Survey	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,854,937</u>	
General Fund	0	0	0	249,484	
Cash Funds	0	0	0	1,503,260	
Reappropriated Funds	0	0	0	50,839	
Federal Funds	0	0	0	51,354	
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,572,342</u>	
General Fund	0	0	0	277,904	
Cash Funds	0	0	0	1,193,807	
Reappropriated Funds	0	0	0	54,728	
Federal Funds	0	0	0	45,903	
Shift Differential	<u>24,774</u>	<u>17,732</u>	<u>31,242</u>	<u>25,546</u>	
General Fund	4,650	0	0	0	
Cash Funds	20,124	17,732	31,242	25,546	
Workers' Compensation	<u>1,722,323</u>	<u>1,403,091</u>	<u>1,607,888</u>	<u>1,554,085</u>	
General Fund	301,919	199,253	62,350	69,610	
Cash Funds	1,367,147	1,148,866	1,497,832	1,459,084	
Reappropriated Funds	24,913	24,310	8,348	0	
Federal Funds	28,344	30,662	39,358	25,391	



**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Operating Expenses	<u>1,143,986</u>	<u>1,208,860</u>	<u>1,250,438</u>	<u>1,250,438</u>	
Cash Funds	978,842	1,028,596	1,060,977	1,060,977	
Reappropriated Funds	159,807	174,927	184,124	184,124	
Federal Funds	5,337	5,337	5,337	5,337	
Legal Services	<u>3,309,452</u>	<u>3,365,661</u>	<u>3,510,951</u>	<u>3,631,523</u> *	
General Fund	804,794	832,731	850,052	850,052	
Cash Funds	2,422,081	2,467,150	2,568,924	2,689,496	
Reappropriated Funds	38,299	36,687	40,324	40,324	
Federal Funds	44,278	29,093	51,651	51,651	
Purchase of Services from Computer Center	<u>5,007,603</u>	<u>5,411,608</u>	<u>5,220,852</u>	<u>5,796,319</u> *	
General Fund	654,114	471,648	394,170	343,308	
Cash Funds	3,020,033	3,314,076	3,573,812	3,814,819	
Reappropriated Funds	1,216,646	1,521,241	1,042,475	1,479,241	
Federal Funds	116,810	104,643	210,395	158,951	
Multiuse Network Payments	<u>1,962,865</u>	<u>2,186,240</u>	<u>2,274,071</u>	<u>1,569,280</u>	
General Fund	238,620	130,554	334,341	212,795	
Cash Funds	1,080,259	1,375,172	1,607,007	1,239,051	
Reappropriated Funds	535,856	569,738	313,778	105,195	
Federal Funds	108,130	110,776	18,945	12,239	
Management and Administration of OIT	<u>480,635</u>	<u>549,913</u>	<u>290,806</u>	<u>183,268</u>	
General Fund	10,881	1,517	41,187	23,516	
Cash Funds	229,513	297,502	182,263	152,786	
Reappropriated Funds	234,566	244,797	62,038	3,882	
Federal Funds	5,675	6,097	5,318	3,084	

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
Payment to Risk Management and Property Funds	<u>351,612</u>	<u>760,527</u>	<u>789,421</u>	<u>836,750</u>	*
General Fund	42,552	68,601	63,094	88,257	
Cash Funds	298,971	670,925	707,268	722,229	
Reappropriated Funds	6,317	11,964	10,986	14,836	
Federal Funds	3,772	9,037	8,073	11,428	
Vehicle Lease Payments	<u>3,306,953</u>	<u>2,774,311</u>	<u>3,103,483</u>	<u>3,111,503</u>	*
General Fund	433,059	300,382	331,892	331,892	
Cash Funds	2,814,767	2,420,249	2,720,167	2,728,187	
Federal Funds	59,127	53,680	51,424	51,424	
Information Technology Asset Maintenance	<u>268,652</u>	<u>245,718</u>	<u>266,989</u>	<u>266,989</u>	
General Fund	53,746	31,628	31,628	31,628	
Cash Funds	112,132	123,552	144,823	144,823	
Reappropriated Funds	90,538	90,538	90,538	90,538	
Federal Funds	12,236	0	0	0	
Leased Space	<u>1,245,988</u>	<u>1,344,308</u>	<u>1,345,882</u>	<u>1,413,726</u>	*
General Fund	508,481	536,714	531,230	532,215	
Cash Funds	711,243	779,813	784,539	847,825	
Reappropriated Funds	0	0	0	0	
Federal Funds	26,264	27,781	30,113	33,686	
Capitol Complex Leased Space	<u>851,397</u>	<u>872,671</u>	<u>865,372</u>	<u>1,232,959</u>	*
General Fund	241,965	217,856	216,033	268,438	
Cash Funds	325,018	376,772	373,616	621,915	
Reappropriated Funds	166,960	171,126	169,701	210,866	
Federal Funds	117,454	106,917	106,022	131,740	

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Integrated Resource Services	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>250,000</u>	
Reappropriated Funds	0	0	250,000	250,000	
Communication Services Payments	<u>981,206</u>	<u>1,060,571</u>	<u>1,039,294</u>	<u>1,056,951</u>	
General Fund	110,050	0	0	0	
Cash Funds	871,156	1,060,571	1,039,294	1,056,951	
COFRS Modernization	<u>0</u>	<u>0</u>	<u>1,390,968</u>	<u>1,390,968</u>	
General Fund	0	0	134,326	134,326	
Cash Funds	0	0	1,148,689	1,148,689	
Reappropriated Funds	0	0	68,112	68,112	
Federal Funds	0	0	39,841	39,841	
Species Conservation Trust Fund	<u>4,100,118</u>	<u>3,789,572</u>	<u>4,000,000</u>	<u>0</u>	
Cash Funds	4,100,118	3,789,572	4,000,000	0	
<b>TOTAL - (1) Executive Director's Office</b>	40,685,240	42,139,772	47,046,431	49,248,045	4.7%
<i>FTE</i>	<u>42.2</u>	<u>39.4</u>	<u>41.8</u>	<u>41.8</u>	0.0%
General Fund	5,874,689	5,129,424	4,858,273	5,359,380	10.3%
Cash Funds	26,404,017	27,668,101	31,770,294	32,739,735	3.1%
Reappropriated Funds	6,560,369	6,968,017	7,231,347	7,928,172	9.6%
Federal Funds	1,846,165	2,374,230	3,186,517	3,220,758	1.1%

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

**(6) DIVISION OF PARKS AND WILDLIFE**

This division manages Colorado's 43 State Parks, the State's wildlife resources, and various special purpose programs. Primary funding for the Division comes from parks passes and fees, hunting and fishing licenses, Great Outdoors Colorado Board grants, federal funds, severance tax funds, and various other cash funds.

**(A) Parks and Outdoor Recreation**

**(I) State Park Operations**

State Park Operations	22,484,109	23,300,543	27,837,381	27,760,023	*
FTE	229.3	225.6	266.3	255.3	
General Fund	1,630,733	0	0	0	
Cash Funds	20,417,013	22,919,118	27,398,673	27,321,315	
Federal Funds	436,363	381,425	438,708	438,708	

<b>SUBTOTAL - (I) State Park Operations</b>	22,484,109	23,300,543	27,837,381	27,760,023	(0.3%)
<i>FTE</i>	<u>229.3</u>	<u>225.6</u>	<u>266.3</u>	<u>255.3</u>	(4.1%)
General Fund	1,630,733	0	0	0	0.0%
Cash Funds	20,417,013	22,919,118	27,398,673	27,321,315	(0.3%)
Federal Funds	436,363	381,425	438,708	438,708	0.0%

**(II) Great Outdoors Colorado Board Grants**

Land and Water Protection	514,378	445,703	0	0	
FTE	2.0	1.3	0.0	0.0	
Cash Funds	514,378	445,703	0	0	
Operations and Maintenance	1,993,781	2,052,133	0	0	
FTE	12.1	11.1	0.0	0.0	
Cash Funds	1,993,781	2,052,133	0	0	

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Statewide Programs	<u>1,376,831</u>	<u>1,380,931</u>	<u>0</u>	<u>0</u>	
FTE	4.8	4.8	0.0	0.0	
Cash Funds	1,376,831	1,380,931	0	0	
<b>SUBTOTAL - (II) Great Outdoors Colorado Board</b>					
<b>Grants</b>	3,884,990	3,878,767	0	0	0.0%
FTE	<u>18.9</u>	<u>17.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	3,884,990	3,878,767	0	0	0.0%
<b>(III) Special Purpose</b>					
Snowmobile Program	<u>838,433</u>	<u>818,886</u>	<u>1,000,924</u>	<u>1,000,924</u>	
FTE	1.0	1.2	1.3	1.3	
Cash Funds	838,433	818,886	1,000,924	1,000,924	
River Outfitters Regulation	<u>71,027</u>	<u>103,988</u>	<u>142,966</u>	<u>142,966</u>	
FTE	0.0	0.4	0.5	0.5	
Cash Funds	71,027	103,988	142,966	142,966	
Off-highway Vehicle Program	<u>532,000</u>	<u>423,540</u>	<u>532,501</u>	<u>532,501</u>	
FTE	3.0	3.0	3.0	3.0	
Cash Funds	532,000	423,540	532,501	532,501	
Off-highway Vehicle Grants	<u>3,114,056</u>	<u>3,240,154</u>	<u>4,000,000</u>	<u>4,000,000</u>	
Cash Funds	3,114,056	3,240,154	4,000,000	4,000,000	
Federal Grants	<u>624,221</u>	<u>719,084</u>	<u>750,000</u>	<u>750,000</u>	
Federal Funds	624,221	719,084	750,000	750,000	

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
S.B. 03-290 Enterprise Fund	<u>340,531</u>	<u>276,746</u>	<u>200,000</u>	<u>200,000</u>	
Cash Funds	340,531	276,746	200,000	200,000	
Information Technology	<u>0</u>	<u>0</u>	<u>1,301,500</u>	<u>1,301,500</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	0	1,301,500	1,301,500	
System Operations and Support	<u>540,591</u>	<u>732,605</u>	<u>0</u>	<u>0</u>	
Cash Funds	540,591	732,605	0	0	
Connectivity at State Parks	<u>149,309</u>	<u>219,644</u>	<u>0</u>	<u>0</u>	
Cash Funds	149,309	219,644	0	0	
Asset Management	<u>279,017</u>	<u>159,316</u>	<u>0</u>	<u>0</u>	
Cash Funds	279,017	159,316	0	0	
Natural Resource Protection	<u>382,691</u>	<u>593,852</u>	<u>600,000</u>	<u>600,000</u>	
Cash Funds	242,802	571,394	150,000	150,000	
Federal Funds	139,889	22,458	450,000	450,000	
Miscellaneous Small Projects	<u>2,330,756</u>	<u>2,356,479</u>	<u>2,000,000</u>	<u>2,000,000</u>	
Cash Funds	2,330,756	2,356,479	2,000,000	2,000,000	
Trails Grants	<u>1,792,566</u>	<u>1,264,283</u>	<u>2,200,000</u>	<u>2,200,000</u>	
Cash Funds	1,441,535	643,743	1,800,000	1,800,000	
Federal Funds	351,031	620,540	400,000	400,000	

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
S.B. 08-226 Aquatic Nuisance Species	<u>2,067,497</u>	<u>1,969,487</u>	<u>2,684,673</u>	<u>2,684,673</u>	
FTE	6.0	4.8	7.0	7.0	
Cash Funds	2,067,497	1,969,487	2,684,673	2,684,673	
Indirect Cost Assessment	<u>1,559,067</u>	<u>1,811,853</u>	<u>1,630,331</u>	<u>1,777,457</u>	
Cash Funds	1,273,641	1,583,099	1,585,363	1,739,891	
Federal Funds	285,426	228,754	44,968	37,566	
<b>SUBTOTAL - (III) Special Purpose</b>	<b>14,621,762</b>	<b>14,689,917</b>	<b>17,042,895</b>	<b>17,190,021</b>	<b>0.9%</b>
<i>FTE</i>	<u>10.0</u>	<u>9.4</u>	<u>11.8</u>	<u>11.8</u>	<u>0.0%</u>
Cash Funds	13,221,195	13,099,081	15,397,927	15,552,455	1.0%
Federal Funds	1,400,567	1,590,836	1,644,968	1,637,566	(0.4%)
<b>SUBTOTAL - (A) Parks and Outdoor Recreation</b>	<b>40,990,861</b>	<b>41,869,227</b>	<b>44,880,276</b>	<b>44,950,044</b>	<b>0.2%</b>
<i>FTE</i>	<u>258.2</u>	<u>252.2</u>	<u>278.1</u>	<u>267.1</u>	<u>(4.0%)</u>
General Fund	1,630,733	0	0	0	0.0%
Cash Funds	37,523,198	39,896,966	42,796,600	42,873,770	0.2%
Federal Funds	1,836,930	1,972,261	2,083,676	2,076,274	(0.4%)

**(B) Wildlife**

**(1) Division Operations**

Director's Office	<u>1,429,786</u>	<u>1,157,253</u>	<u>2,046,314</u>	<u>2,028,173</u>	
FTE	11.9	10.0	18.0	18.0	
Cash Funds	1,300,051	1,063,236	1,926,735	1,908,594	
Federal Funds	129,735	94,017	119,579	119,579	

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
Wildlife Management	<u>66,231,312</u>	<u>66,252,468</u>	<u>64,251,096</u>	<u>69,877,856</u> *	
FTE	570.6	567.2	553.4	543.4	
Cash Funds	51,720,460	49,958,829	54,175,386	51,175,386	
Federal Funds	14,510,852	16,293,639	10,075,710	18,702,470	
Technical Services	<u>5,855,370</u>	<u>5,729,703</u>	<u>6,488,352</u>	<u>6,488,352</u>	
FTE	52.6	52.5	60.0	60.0	
Cash Funds	5,855,370	5,843,835	6,473,086	6,473,086	
Federal Funds	0	(114,132)	15,266	15,266	
Information Technology	<u>899,597</u>	<u>1,010,426</u>	<u>1,580,395</u>	<u>1,580,395</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	899,597	1,010,426	1,580,395	1,580,395	
<b>SUBTOTAL - (1) Division Operations</b>	<b>74,416,065</b>	<b>74,149,850</b>	<b>74,366,157</b>	<b>79,974,776</b>	<b>7.5%</b>
FTE	<u>635.1</u>	<u>629.7</u>	<u>631.4</u>	<u>621.4</u>	<b>(1.6%)</b>
Cash Funds	59,775,478	57,876,326	64,155,602	61,137,461	<b>(4.7%)</b>
Federal Funds	14,640,587	16,273,524	10,210,555	18,837,315	<b>84.5%</b>
<b>(2) Special Purpose</b>					
Wildlife Commission Discretionary Fund	<u>0</u>	<u>0</u>	<u>160,000</u>	<u>160,000</u>	
Cash Funds	0	0	160,000	160,000	
Game Damage Claims and Prevention	<u>937,337</u>	<u>1,282,500</u>	<u>1,282,500</u>	<u>1,282,500</u>	
Cash Funds	937,337	1,282,500	1,282,500	1,282,500	
Instream Flow Program	<u>296,027</u>	<u>296,027</u>	<u>296,027</u>	<u>296,027</u>	
Cash Funds	296,027	296,027	296,027	296,027	



**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
Habitat Partnership Program	<u>2,341,575</u>	<u>2,484,123</u>	<u>2,500,000</u>	<u>2,500,000</u>	
Cash Funds	2,341,575	2,484,123	2,500,000	2,500,000	
S.B. 08-226 Aquatic Nuisance Species	<u>1,705,519</u>	<u>1,830,888</u>	<u>1,304,544</u>	<u>1,304,544</u>	
Cash Funds	1,705,519	1,830,888	1,304,544	1,304,544	
Grants and Habitat Partnerships	<u>179,773</u>	<u>216,733</u>	<u>1,625,000</u>	<u>1,625,000</u>	
Cash Funds	179,773	216,733	1,625,000	1,625,000	
Asset Maintenance and Repairs	<u>211,125</u>	<u>441,705</u>	<u>606,880</u>	<u>606,880</u>	
Cash Funds	211,125	441,705	606,880	606,880	
Indirect Cost Assessment	<u>3,891,428</u>	<u>3,430,878</u>	<u>3,556,991</u>	<u>3,979,346</u>	
Cash Funds	2,946,661	2,737,869	2,970,528	3,349,809	
Federal Funds	944,767	693,009	586,463	629,537	
<b>SUBTOTAL - (2) Special Purpose</b>	9,562,784	9,982,854	11,331,942	11,754,297	3.7%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	8,618,017	9,289,845	10,745,479	11,124,760	3.5%
Federal Funds	944,767	693,009	586,463	629,537	7.3%
<b>SUBTOTAL - (B) Wildlife</b>	83,978,849	84,132,704	85,698,099	91,729,073	7.0%
<i>FTE</i>	<u>635.1</u>	<u>629.7</u>	<u>631.4</u>	<u>621.4</u>	<u>(1.6%)</u>
Cash Funds	68,393,495	67,166,171	74,901,081	72,262,221	(3.5%)
Federal Funds	15,585,354	16,966,533	10,797,018	19,466,852	80.3%

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

---

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
<b>TOTAL - (6) Division of Parks and Wildlife</b>	124,969,710	126,001,931	130,578,375	136,679,117	4.7%
<i>FTE</i>	<u>893.3</u>	<u>881.9</u>	<u>909.5</u>	<u>888.5</u>	<u>(2.3%)</u>
General Fund	1,630,733	0	0	0	0.0%
Cash Funds	105,916,693	107,063,137	117,697,681	115,135,991	(2.2%)
Federal Funds	17,422,284	18,938,794	12,880,694	21,543,126	67.3%

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

**(7) COLORADO WATER CONSERVATION BOARD**

This division is responsible for water conservation, development, protection, planning, and management. The primary cash fund source is the Colorado Water Conservation Board Construction Fund.

**(A) Administration**

Personal Services	<u>2,493,004</u>	<u>2,587,818</u>	<u>2,886,953</u>	<u>2,886,953</u>	
FTE	28.4	28.6	30.0	30.0	
Cash Funds	2,196,977	2,291,791	2,595,366	2,595,366	
Reappropriated Funds	296,027	296,027	291,587	291,587	
Operating Expenses	<u>94,740</u>	<u>449,750</u>	<u>472,761</u>	<u>472,761</u>	
Cash Funds	94,740	449,750	472,761	472,761	
River Decision Support Systems	<u>452,782</u>	<u>446,218</u>	<u>456,784</u>	<u>456,784</u>	
FTE	4.0	4.0	4.0	4.0	
Cash Funds	452,782	446,218	456,784	456,784	
Interstate Compacts	<u>349,962</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	349,962	0	0	0	
Western States Water Council Dues	<u>27,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	27,500	0	0	0	

<b>SUBTOTAL - (A) Administration</b>	3,417,988	3,483,786	3,816,498	3,816,498	0.0%
FTE	<u>32.4</u>	<u>32.6</u>	<u>34.0</u>	<u>34.0</u>	<u>0.0%</u>
Cash Funds	3,121,961	3,187,759	3,524,911	3,524,911	0.0%
Reappropriated Funds	296,027	296,027	291,587	291,587	0.0%

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
<b>(B) Special Purpose</b>					
Intrastate Water Management and Development	<u>414,892</u>	<u>392,165</u>	<u>470,464</u>	<u>470,464</u>	
Cash Funds	414,892	392,165	470,464	470,464	
Federal Emergency Management Assistance	<u>85,767</u>	<u>111,143</u>	<u>143,928</u>	<u>143,928</u>	
FTE	1.5	1.9	2.0	2.0	
Cash Funds	0	0	13,732	13,732	
Federal Funds	85,767	111,143	130,196	130,196	
Weather Modification	<u>11,170</u>	<u>6,495</u>	<u>25,000</u>	<u>25,000</u>	
Cash Funds	11,170	6,495	25,000	25,000	
Water Conservation Program	<u>269,484</u>	<u>254,026</u>	<u>285,166</u>	<u>285,166</u>	
FTE	3.5	3.3	4.0	4.0	
Cash Funds	269,484	254,026	285,166	285,166	
Water Efficiency Grant Program	<u>562,602</u>	<u>379,375</u>	<u>598,788</u>	<u>598,788</u>	
FTE	1.0	1.0	1.0	1.0	
Cash Funds	562,602	379,375	598,788	598,788	
Severance Tax Fund	<u>1,256,402</u>	<u>1,268,180</u>	<u>1,275,500</u>	<u>1,275,500</u>	
Cash Funds	1,256,402	1,268,180	1,275,500	1,275,500	
Interbasin Compacts	<u>1,259,368</u>	<u>820,727</u>	<u>1,141,167</u>	<u>1,141,167</u>	
FTE	3.7	4.0	3.7	3.7	
Cash Funds	1,259,368	820,727	1,141,167	1,141,167	

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Platte River Basin Cooperative Agreement	<u>144,392</u>	<u>183,489</u>	<u>231,534</u>	<u>231,534</u>	
FTE	0.8	1.0	1.0	1.0	
Cash Funds	144,392	183,489	231,534	231,534	
S.B. 02-87 Colorado Watershed Protection Fund	<u>127,407</u>	<u>54,221</u>	<u>119,942</u>	<u>119,942</u>	
Cash Funds	127,407	54,221	119,942	119,942	
H.B. 12-1278 South Platte Alluvial Aquifer Study	<u>0</u>	<u>0</u>	<u>910,900</u>	<u>0</u>	
Cash Funds	0	0	910,900	0	
Indirect Cost Assessment	<u>535,510</u>	<u>618,785</u>	<u>529,663</u>	<u>501,575</u>	
Cash Funds	501,706	577,833	514,757	491,158	
Federal Funds	33,804	40,952	14,906	10,417	
Water Construction Fund Bill	<u>1,322,685</u>	<u>1,745,931</u>	<u>27,975,000</u>	<u>0</u>	
Cash Funds	1,322,685	1,745,931	27,975,000	0	
<b>SUBTOTAL - (B) Special Purpose</b>	5,989,679	5,834,537	33,707,052	4,793,064	(85.8%)
FTE	10.5	11.2	11.7	11.7	(0.0%)
Cash Funds	5,870,108	5,682,442	33,561,950	4,652,451	(86.1%)
Federal Funds	119,571	152,095	145,102	140,613	(3.1%)
<b>TOTAL - (7) Colorado Water Conservation Board</b>	9,407,667	9,318,323	37,523,550	8,609,562	(77.1%)
FTE	42.9	43.8	45.7	45.7	0.0%
Cash Funds	8,992,069	8,870,201	37,086,861	8,177,362	(78.0%)
Reappropriated Funds	296,027	296,027	291,587	291,587	0.0%
Federal Funds	119,571	152,095	145,102	140,613	(3.1%)

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

**(8) WATER RESOURCE DIVISION**

This division is responsible for the supervision and control of water resources in the State. The division is funded primarily by the General Fund but also includes various cash funds deposited in the Water Resources Cash Fund, CWCB Construction funds, well inspection and satellite monitoring system funds, as well as some federal funds.

**Existing Structure**

Personal Services	<u>17,123,610</u>	<u>16,871,311</u>	<u>17,792,407</u>	<u>0</u> *
FTE	233.4	232.0	242.1	0.0
General Fund	16,920,509	16,871,311	17,203,240	0
Cash Funds	203,101	0	589,167	0
Operating Expenses	<u>1,316,401</u>	<u>1,165,106</u>	<u>1,530,824</u>	<u>0</u> *
General Fund	960,466	1,165,106	1,091,316	0
Cash Funds	355,935	0	439,508	0
Interstate Compacts	<u>73,896</u>	<u>62,590</u>	<u>76,002</u>	<u>0</u> *
General Fund	73,896	62,590	76,002	0
Republican River Compact Compliance	<u>309,346</u>	<u>294,771</u>	<u>316,364</u>	<u>0</u> *
FTE	4.7	3.6	5.0	0.0
General Fund	309,346	294,771	316,364	0
Satellite Monitoring System	<u>367,207</u>	<u>396,259</u>	<u>399,857</u>	<u>0</u> *
FTE	1.5	2.0	2.0	0.0
General Fund	192,142	191,371	194,968	0
Cash Funds	175,065	204,888	204,889	0
Augmentation of Water for Sand and Gravel Extraction	<u>20,121</u>	<u>41,148</u>	<u>44,400</u>	<u>0</u> *
Cash Funds	20,121	41,148	44,400	0

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Dam Emergency Repair	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	*
Cash Funds	0	0	50,000	0	
Federal Grant	<u>155,705</u>	<u>237,332</u>	<u>167,260</u>	<u>0</u>	*
Federal Funds	155,705	237,332	167,260	0	
River Decision Support Systems	<u>205,371</u>	<u>141,186</u>	<u>206,232</u>	<u>0</u>	*
FTE	2.0	2.0	2.0	0.0	
Cash Funds	205,371	141,186	206,232	0	
H.B. 03-1334 Temporary Interruptible Water Supply					
Agreements	<u>0</u>	<u>0</u>	<u>61,589</u>	<u>0</u>	*
Cash Funds	0	0	61,589	0	
S.B. 04-225 Well Enforcement	<u>0</u>	<u>0</u>	<u>1,489</u>	<u>0</u>	*
Cash Funds	0	0	1,489	0	
Indirect Cost Assessment	<u>35,042</u>	<u>44,732</u>	<u>29,598</u>	<u>0</u>	*
Cash Funds	35,042	43,947	25,120	0	
Federal Funds	0	785	4,478	0	
Water Construction Fund Bill	<u>295,576</u>	<u>357,854</u>	<u>300,000</u>	<u>0</u>	
Cash Funds	295,576	357,854	300,000	0	
<b>SUBTOTAL - Existing Structure</b>	19,902,275	19,612,289	20,976,022	0	(100.0%)
<b>FTE</b>	<u>241.6</u>	<u>239.6</u>	<u>251.1</u>	<u>0.0</u>	<u>(100.0%)</u>
General Fund	18,456,359	18,585,149	18,881,890	0	(100.0%)
Cash Funds	1,290,211	789,023	1,922,394	0	(100.0%)
Federal Funds	155,705	238,117	171,738	0	(100.0%)

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
<b>(A) Division Operations</b>					
Water Administration	<u>0</u>	<u>0</u>	<u>0</u>	19,174,566	*
FTE	0.0	0.0	0.0	245.1	
General Fund	0	0	0	18,534,732	
Cash Funds	0	0	0	639,834	
Well Inspection	<u>0</u>	<u>0</u>	<u>0</u>	358,873 3.0	*
Cash Funds	0	0	0	358,873	
Satellite Monitoring System	<u>0</u>	<u>0</u>	<u>0</u>	499,857 2.0	*
General Fund	0	0	0	194,968	
Cash Funds	0	0	0	304,889	
Federal Grants	<u>0</u>	<u>0</u>	<u>0</u>	194,260	*
Federal Funds	0	0	0	194,260	
River Decision Support Systems	<u>0</u>	<u>0</u>	<u>0</u>	206,232 2.0	*
Cash Funds	0	0	0	206,232	
<b>SUBTOTAL - (A) Division Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,433,788</b>	<b>0.0%</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>252.1</u>	<u>0.0%</u>
General Fund	0	0	0	18,729,700	0.0%
Cash Funds	0	0	0	1,509,828	0.0%
Federal Funds	0	0	0	194,260	0.0%
<b>(B) Special Purpose</b>					
Dam Emergency Repair	<u>0</u>	<u>0</u>	<u>0</u>	50,000	*
Cash Funds	0	0	0	50,000	



**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
H.B. 03-1334 Temporary Water Supply Agreements	<u>0</u>	<u>0</u>	<u>0</u>	61,589 *	
Cash Funds	0	0	0	61,589	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>0</u>	27,619 *	
Cash Funds	0	0	0	25,379	
Federal Funds	0	0	0	2,240	
<b>SUBTOTAL - (B) Special Purpose</b>	0	0	0	139,208	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	0	0	0	136,968	0.0%
Federal Funds	0	0	0	2,240	0.0%
<b>TOTAL - (8) Water Resource Division</b>	19,902,275	19,612,289	20,976,022	20,572,996	(1.9%)
<i>FTE</i>	<u>241.6</u>	<u>239.6</u>	<u>251.1</u>	<u>252.1</u>	<u>0.4%</u>
General Fund	18,456,359	18,585,149	18,881,890	18,729,700	(0.8%)
Cash Funds	1,290,211	789,023	1,922,394	1,646,796	(14.3%)
Federal Funds	155,705	238,117	171,738	196,500	14.4%
<b>TOTAL - Department of Natural Resources</b>	194,964,892	197,072,315	236,124,378	215,109,720	(8.9%)
<i>FTE</i>	<u>1220.0</u>	<u>1204.7</u>	<u>1248.1</u>	<u>1228.1</u>	<u>(1.6%)</u>
General Fund	25,961,781	23,714,573	23,740,163	24,089,080	1.5%
Cash Funds	142,602,990	144,390,462	188,477,230	157,699,884	(16.3%)
Reappropriated Funds	6,856,396	7,264,044	7,522,934	8,219,759	9.3%
Federal Funds	19,543,725	21,703,236	16,384,051	25,100,997	53.2%

## **Appendix B:** **Recent Legislation Affecting Department Budget**

### **2011 Session Bills**

**S.B. 11-024 (Veterans State Parks Admission):** Authorizes the Board of Parks and Outdoor Recreation in the Department of Natural Resources to promulgate rules to allow members of the armed forces wounded warriors programs, and caretakers accompanying them, free entrance to any state park or recreation area. Wounded warriors are individuals who have been severely injured in military operations undertaken since September 11, 2001, and require years of intense, ongoing care or assistance. Wounded warriors who are residents of, or are stationed in Colorado, would be eligible for free entrance. The bill also authorizes the board to promulgate rules to allow all veterans free entrance to any state park on one day each year of the board's choosing.

**S.B. 11-076 (PERA Contribution Rates):** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$2,209,502 total funds, of which \$384,244 is General Fund, \$1,478,456 is cash funds, \$74,295 is reappropriated funds, and \$272,507 is federal funds.

**S.B. 11-090 (Sunset Weather Modification Act of 1972):** Continues the "Weather Modification Act of 1972" until September 1, 2018. Requires the Executive Director of the Department of Natural Resources to ensure that all rules related to weather modification are updated by June 30, 2012.

**S.B. 11-092 (Sunset Vessel Registration Program):** Extends the vessel registration laws set to expire on July 1, 2011 until September 1, 2016. Requires State Parks to report to the President of the Senate and the Speaker of the House of Representatives if federal funding for recreational boating safety are expected to cease for any reason.

**S.B. 11-164 (General Fund Augmentation):** Transfers \$5.0 million from the Perpetual Base Account of the Severance Tax Trust Fund to the General Fund on June 30, 2011.

**S.B. 11-203 (Species Conservation Trust Fund):** Appropriates \$4,500,000 from the Capital Account of the Species Conservation Trust Fund (Capital Account) and \$2,100,000 from the Operation and Maintenance Account of the Species Conservation Trust Fund (Operation and Maintenance Account) to the Department of Natural Resources for programs to conserve native species that have been listed as threatened or endangered under state or federal law, or are candidate species or are likely to become candidate species as determined by the United States Fish and Wildlife Service. Also adjusts existing appropriations for projects beginning in FY 2000-01 to reflect the amount actually spent by the Department.

**S.B. 11-208 (Merge Parks and Wildlife):** Combines the following:

- the Wildlife Commission and the Board of Parks and Outdoor Recreation into a new Parks and Wildlife Board, and
- the Division of Wildlife and the Division of Parks and Outdoor Recreation into a new Division of Parks and Wildlife.

The new Board and new Division will assume all of the duties, powers, responsibilities, obligations, and functions that were previously exercised by their predecessor entities. Specifies that the new Board and Division shall constitute an enterprise for the purposes of Article X, Section 20 of the State Constitution. Additionally, specifies that all funds and expenditures will continue unaltered and does not merge the appropriations of the two divisions for FY 2011-12, but allows the new Division of Parks and Wildlife to expend appropriations to the former Division of Wildlife and the former Division of Parks and Outdoor Recreation contained in the 2011 general appropriations act (S.B. 11-209). Requires the consolidation of the boards and divisions to take place within existing appropriations. Reaffirms the state's assent to the federal Pittman-Robertson and Dingell-Johnson acts.

In addition to all of the duties and functions of the two predecessor boards, requires the new board to develop an implementation plan in order to:

- address outstanding issues and to identify increased efficiencies and cost savings that may be realized from merging the divisions;
- consolidate the operations and programs of the two divisions in order to allocate costs over a reasonable period of time and within existing budget levels;
- use the identified cost savings to finance the implementation plan and transition; and
- include recommendations for restructuring the board.

Requires the new board to schedule monthly meeting dates through the 2011 calendar year beginning in July 2011 in order to develop the implementation plan. All meetings are to be open to the public and the board is required to solicit public input. Additionally, requires the Board to hold workshops at least every two months.

Authorizes the Board to raise or lower park fees or other charges if the Board anticipates that the total annual revenues realized from the change will not increase by more than 20 percent over the annual amount earned from fees and charges as of July 1, 2011. Additionally, when considering rules to increase or decrease a park fee or other charge, requires the Board to consider the effect that the change will have on park use and the demand for the service and to consider opportunities for differential pricing.

Requires the Executive Director to report to the House Agriculture, Livestock, and Natural Resources Committee and the Senate Agriculture, Natural Resources, and Energy Committee on the activities of the Board, the implementation plan, and expected cost savings to result from the merger, and any recommendations for further legislation on or before February 29, 2012. Also requires the Executive Director to submit an informal progress report by November 30, 2011 that provides an update on the development of an implementation plan and any outstanding issues.

**S.B. 11-226 (General Fund Augmentation):** Transfers: \$25.0 million from the Perpetual Base Account of the Severance Tax Trust Fund to the General Fund on July 1, 2011; transfers \$23.1 million from the Perpetual Base Account of the Severance Tax Trust Fund to the General Fund on June 30, 2012; and transfers \$3.95 million from the Operational Account of the Severance Tax Trust Fund to the General Fund on June 30, 2012. For additional information on this bill, see the "Recent Legislation" section for the Department of Education.

**H.B. 11-1274 (Water Conservation Board Construction Fund Projects):** Appropriates \$13,925,000 cash funds from the Colorado Water Conservation Board (CWCB) Construction Fund to the Department of Natural Resources in FY 2011-12 for various water-related projects. Transfers \$300,000 from the CWCB Construction Fund to the Flood Response Fund in FY 2011-12. Transfers \$700,000 from the CWCB Construction Fund to the Litigation Fund in FY 2011-12.

**H.B. 11-1286 (Clarify State Engineer Nontributary Rule Authority):** Clarifies the State Engineer's rule-making authority regarding dewatering geologic formations for mining operations. Specifies that the State Engineer can make rules to determine which ground water in the formations or basins is determined to be nontributary, and can establish rule-making and adjudicatory procedures for nontributary determinations after the initial rule-making. Specifies that the courts must presume that any applicable nontributary determination made by the State Engineer is valid, subject to rebuttal.

## **2012 Session Bills**

**S.B. 12-009 (Consolidate Water Resources Division Funds):** Creates the Water Resources Cash Fund, intended primarily for administrative uses by the Division of Water Resources (DWR). Consolidates into the Water Resources Cash Fund six existing cash funds—the Water Data Bank Cash Fund, the Division of Water Resources Publication Cash Fund, the Division of Water Resources Groundwater Management Cash Fund, the Groundwater Publication Fund, the Gravel Pit Lakes Augmentation Fund, and the Well Enforcement Cash Fund—eliminating those existing cash funds.

**H.B. 12-1246 (Reverse Payday Shift Biweekly State Employees):** Appropriates \$228,000 General Fund to the Division of Water Resources to reverse the annual payday shift as it applies to state employees paid on a bi-weekly basis.

**H.B. 12-1278 (South Platte Groundwater Study):** Appropriates \$910,900 cash funds (Colorado Water Conservation Board Construction Fund) to the Colorado Water Conservation Board (CWCB). Requires the CWCB in consultation with the State Engineer and the Colorado Water Institute, to conduct a comprehensive study to compile and evaluate available historical hydrologic data in the South Platte River Basin. Directs the CWCB to contract with the Colorado Water Institute to conduct the study.

**H.B. 12-1317 (Parks and Wildlife Commission Composition and Terms):** Replaces the Parks and Wildlife Board in the Department of Natural Resources with the Parks and Wildlife Commission and specifies the responsibilities of the new commission. Reduces appropriations to the Division of Parks and Wildlife by \$18,055 cash funds.

**H.B. 12-1330 (Hunting Fishing License Suspension Hearing):** Allows a person whose hunting or fishing license has been suspended for two years or more to petition the Parks and Wildlife Commission in the Department of Natural Resources once every five years to end the suspension after half of the suspension of at least 10 years has elapsed or after 15 years of a lifetime suspension. A person can petition the commission three times. Upon receiving a fourth or subsequent petition, the commission may deny the petition without a hearing. The commission may end the suspension if:

- the person is unlikely to offend again;
- the person has not violated the wildlife statutes again; and
- the suspension is the person's first in Colorado.

The commission is authorized to order the person to pay a reinstatement fee of up to \$300, perform up to 40 hours of service on wildlife or park projects, or attend hunting education courses. Appropriates \$23,419 cash funds to the Department of Natural Resources for additional hearing costs. Out of the appropriation to the Department, appropriates \$3,028 reappropriated funds to the Department of Law for the provision of legal services.

**H.B. 12-1349 (Species Conservation Trust Fund):** Combines the Operation and Maintenance Account and the Capital Account of the Species Conservation Trust Fund into the Species Conservation Trust Fund (SCTF). Appropriates \$4,000,000 from the Species Conservation Trust Fund to the Department of Natural Resources in FY 2012-13 for programs to conserve native species that have been listed as threatened or endangered under state or federal law, or are candidate species or are likely to become candidate species as determined by the United States Fish and Wildlife Services. Also reduces existing appropriations by \$500,000 for projects in FY 2011-12 to reflect the amount actually required by the Department.

**H.B. 12-1353 (Mitigation of Proportional Reductions to Tier 2 Operational Account of the Severance Tax Trust Fund):** Modifies the statutory provisions relating to proportional reductions of Tier 2 transfers from the Operational Account of the Severance Tax Trust Fund (Operational Account). Statute allows for transfers to Tier 2 programs in three installments: on July 1, January 1, and April 1 of each fiscal year. Prior law allowed for proportional reductions, as necessary to balance the Operational Account, to the January 1 and April 1 installments but did not provide for reductions to the July 1 installment. The bill allows for reductions to July 1 installments as necessary based on the June Legislative Council Staff Revenue Forecast from the preceding fiscal year. The bill specifies that the reductions in each installment be sufficient to cover the following percentages of the projected shortfall: 40.0 percent in July; 70.0 percent in January; and 100 percent in April of a given fiscal year.

Also allows the April installment to increase to offset proportional reductions made in July and January if revenue is anticipated to be sufficient to cover such an increase while still meeting the

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

reserve requirement. The bill also reduces the required Tier 1 reserve for FY 2012-13 by \$1 million. Finally, the bill clarifies that the Tier 2 reserve may be used as follows:

- up to one-third of the reserve to offset July 1 proportional reductions;
- up to one-third of the reserve to offset January 4 proportional reductions; and
- any amount remaining to offset April 1 proportional reductions.

**H.B. 12-1355 (Transfer of Geological Survey to School of Mines):** Transfers the powers, duties, and functions of the Colorado Geological Survey and the Office of the State Geologist from the Department of Natural Resources (DNR) to the Colorado School of Mines (Mines) on January 31, 2013, providing the president of the university and the executive director of the DNR enter into a memorandum of understanding (MOU) concerning the transfer by December 31, 2012. Requires the MOU to address the:

- functions and objectives of the geological survey;
- transfer of employees;
- transfer of real and personal property;
- existing contracts of the DNR; and
- existing appropriations allocated to the Geological Survey Cash Fund.

Requires the president of the Colorado School of Mines to report to the Joint Budget Committee and the House and Senate Agriculture Committees regarding the status of the MOU by December 1, 2012. If the DNR and Mines do not enter into a MOU by December 31, 2012, the transfer will not occur.

**S.B. 12S-002 (Water Conservation Board Construction Fund Projects):** Appropriates \$28,350,857 cash funds from the Colorado Water Conservation Board (CWCB) Construction Fund to the Department of Natural Resources in FY 2012-13 for various water-related projects. Transfers a total of \$43.0 million from the Perpetual Base Account of the Severance Tax Trust Fund to the CWCB Construction Fund over three fiscal years (FY 2012-13, FY 2013-14, and FY 2014-15) and transfers \$300,000 from the CWCB Construction Fund to the Flood and Drought Response Fund in FY 2012-13.

## **Appendix C: Update on Long Bill Footnotes & Requests for Information**

### **Long Bill Footnotes**

Footnotes 41, 42, 43, and 44 will be addressed in a separate Department briefing discussion.

- 45 **Department of Natural Resources, Division of Parks and Wildlife, Parks and Outdoor Recreation, Special Purpose, Off-highway Vehicle Grants** -- It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project or the close of FY 2014-15, whichever comes first.
- 46 **Department of Natural Resources, Division of Parks and Wildlife, Wildlife, Special Purpose, Grants and Habitat Partnerships** -- It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project or the close of FY 2014-15, whichever comes first.
- 47 **Department of Natural Resources, Division of Parks and Wildlife, Wildlife, Special Purpose, Asset Maintenance and Repairs** -- It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project or the close of FY 2014-15, whichever comes first.

**Comment:** The General Assembly approved a Department request with the FY 2010-11 budget to re-organize the capital construction budgets in Parks and Wildlife and move part of the re-organized capital construction line items into the operating side of the budget. For three of the line items, the Department requested, and the General Assembly approved, footnotes stating that the specific funding stream appropriated in one fiscal year would remain available for expenditure for up to three fiscal years.

For the "Off-Highway Vehicle Grants" line item in the Parks and Outdoor Recreation budget, the General Assembly approved a footnote that authorizes three year spending authority in order to allow the Division enough time to select grant recipients and to account for weather events that may extend the project completion time to more than a year.

For the "Grants and Habitat Partnerships" and "Asset Maintenance and Repairs" line items in the Wildlife budget, the General Assembly approved footnotes that authorize three year spending authority in order to allow the Division enough time to select grant recipients and to account for weather events that may extend the project completion time to more than a year.

## Requests for Information

### Requests Affecting Multiple Departments

- 4 All Departments, Totals --** Every department is requested to submit to the Joint Budget Committee, by November 1, 2012, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2011-12. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2012-13.

Comment: The Department included this information in the FY 2013-14 budget request.

### Requests Affecting the Department of Natural Resources

Requests for Information 2 and 3 will be addressed in a separate Department briefing discussion.

- 1 Department of Natural Resources, Executive Director's Office, Integrated Resources Services –** The Department of Natural Resources is requested to provide a report, by November 1, 2012, listing the number of projects funded through the Integrated Resource Services line item and the cost of each project. The report should provide information for the most recent year actual expenditures, the current year estimated expenditures, and the request year estimated expenditures.

Comment: The Department submitted the requested information on November 6, 2012. The tables below summarize the Department response.

<b>FY 2011-12 Actual Projects</b>	<b>Description</b>	<b>FY 2011-12 Expenditures</b>
N/A	This line was a new appropriation to the Department in FY 2012-13. As such, no expenditures were possible in FY 2011-12	\$0
<b>Total Expenditures</b>		<b>\$0</b>

<b>FY 2012-13 Estimated Projects</b>	<b>Description</b>	<b>FY 2012-13 Estimate</b>
N/A	The State Board of Land Commissioners is considering one or more potential small contracts with its sister divisions in order to better understand and manage its portfolio of water rights. No expenditures have been made in the first four months of the fiscal year.	Unknown
<b>Total Expenditures</b>		<b>Unknown</b>



**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

<b>FY 2013-14 Actual Projects</b>	<b>Description</b>	<b>FY 2013-14 Request</b>
N/A	The Department is still in the planning stages of potential projects for the FY 2013-14 request year. No firm plans have yet been made for this year.	Unknown
<b>Total Expenditures</b>		<b>Unknown</b>

- 2 Department of Natural Resources, Division of Parks and Wildlife, Parks and Outdoor Recreation, and Wildlife** – The Division of Parks and Wildlife is requested to provide the Joint Budget Committee with a report on Parks and Outdoor Recreation and Wildlife sources of revenue as well as the expenditures of revenues by revenue type. The report should include an analysis of lottery funds and Great Outdoors Colorado Board Grants used for operations and capital projects. The report is requested to be submitted by November 1, 2012.

Comment: The Department submitted a response to the requested information on November 7, 2012. The Department provided tables summarizing Parks revenues and expenditures and Wildlife revenues and expenditures.

**COLORADO DEPARTMENT OF NATURAL RESOURCES  
COLORADO PARKS AND WILDLIFE - FY 2012-13 RFI #4**

**FY2011-12 State Parks Revenues and Expenditures - Consolidated**

		<b>FY2011-12</b>
<b>Revenues</b>		
Parks Passes and Entry Fees		11,397,645
Permits and User Fees		8,628,471
Sale of Goods, Services		691,719
Concession / Lease Income		1,274,016
Registration Fees - Boats		3,441,330
Registration Fees - Other		5,115,783
Federal Funds		2,543,865
State Funds (STAX, SCTF)		6,483,459
GOCO Parks Purpose		10,029,139
GOCO Other Purpose		-
Lottery 10% Distribution		12,324,948
Interest Income		613,893
Other Revenues		442,355
Subtotal, Earned Revenue		<u>62,986,623</u>
General Fund		-
Total Revenues		<u><u>62,986,623</u></u>
<b>Expenditures</b>		
Personal Services		
Permanent Salaries/Benefits		18,744,386
Temporary Employee Wages		5,685,659
Contract Personal Services		1,308,804
Operating Expenses		
Supplies		1,716,928
Maintenance and Cleaning Services		3,127,336
Purchased Services		4,043,530
Travel / Vehicles		1,959,999
Utilities / Communications		2,027,221
Information Technology		1,118,207
Equipment		954,036
Cost of Goods Sold		600,978
Grants		4,603,592
Other		1,282,148
Transfers Out (Intergovernmental)		3,179,959
Subtotal, Operating		<u>24,613,934</u>
Capital Construction		
Land, Water Acquisition		154,840
Contract Construction Services		8,287,165
Capital Improvements		-
Other Capital Construction		-
Subtotal Capital Construction		<u>8,442,005</u>
Total Expenditures		<u><u>58,794,788</u></u>
Net Income		<u><u>4,191,835</u></u>

**COLORADO DEPARTMENT OF NATURAL RESOURCES  
COLORADO PARKS AND WILDLIFE - FY 2012-13 RFI #4**

**Source and Use of Funds  
for State Parks FY 2011-12**

	Park Revenue	Registration <sup>1</sup>	Federal	State <sup>2</sup>	Lottery	GOCO	GF	Other <sup>3</sup>	TOTAL Uses
<b>Expenditures</b>									
Personal Services									
Permanent Salaries/Benefits	12,018,840	384,896	180,790	452,232	0	5,707,630	0	0	18,744,386
Temporary Employee Wages	4,218,057	167,221	37,999	1,251,572	0	10,810	0	0	5,685,659
Contract Personal Services	246,865		44,397	25,160	912,553	78,438	0	1,390	1,308,804
Operating									
Supplies	933,558	89,473	169,625	57,944	403,347	35,406	0	27,576	1,716,928
Maintenance and Cleaning Services	859,294	13,278	24,900	11,513	1,730,823	477,983	0	9,544	3,127,336
Purchased Services	0	335,444	0	3,708,086	0	0	0	0	4,043,530
Travel / Vehicles	1,729,624	120,186	52,874	54,663	2,651	0	0	0	1,959,999
Utilities / Communications	1,844,115	10,911	8,642	26,515	105,696	30,652	0	690	2,027,221
Information Technology	0	1,650	0	79	1,106,246	10,233	0	0	1,118,207
Equipment	17,240	97,118	340,350	140	499,188	0	0	0	954,036
Cost of Goods Sold	0	0	0	0	0	0	0	600,978	600,978
Grants	478,753	3,076,453	298,064	216,260	38,573	495,489	0	0	4,603,592
Other	1,097,689	49,154	11,647	932	111,555	10,620	0	550	1,282,148
Transfers Out (Intergovernmental)	3,039,771	2,000	138,189	0	0	0	0	0	3,179,959
Subtotal, Operating	26,483,806	4,347,783	1,307,478	5,805,096	4,910,632	6,857,260	0	640,728	50,352,783
Capital Construction									
Land, Water Acquisition	0	0	0	15,000	0	139,840	0	0	154,840
Contract Construction Services	0	0	490,016	0	4,760,621	3,036,529	0	0	8,287,165
Capital Improvements	0	0	0	0	0	0	0	0	0
Other Capital Construction	0	0	0	0	0	0	0	0	0
Subtotal Capital Construction	0	0	490,016	15,000	4,760,621	3,176,369	0	0	8,442,005
In/ Out of Fund Equity <sup>4</sup>	8,757,700	603,146	746,372	663,364	2,653,695	(4,491)	0	105,790	13,525,576
<b>Total Sources</b>	<b>35,241,506</b>	<b>4,950,928</b>	<b>2,543,865</b>	<b>6,483,460</b>	<b>12,324,948</b>	<b>10,029,139</b>	<b>0</b>	<b>746,518</b>	<b>72,320,364</b>

**COLORADO DEPARTMENT OF NATURAL RESOURCES  
COLORADO PARKS AND WILDLIFE - FY 2012-13 RFI #4**

**Source and Use of Funds  
for State Parks FY 2011-12**

- 1 - Registrations include expenditures out of Snowmobile, River Outfitters and OHV funds. Boat registrations are part of State Park Revenues.
- 2 - State Funds include Severance Tax, Species Conservation Trust Funds, and miscellaneous state and local grants.
- 3 - Other Funds are Parks Stores Revolving Fund, Emergency Reserve Fund and Donations.
- 4 - This line shows overall increase/(decrease) to Fund Equity for the fiscal year.

COLORADO DEPARTMENT OF NATURAL RESOURCES  
 COLORADO PARKS AND WILDLIFE  
 Request for Information # 4  
 FY 2011-12 WILDLIFE REVENUE AND EXPENDITURES - CONSOLIDATED

	Detail	Notes	FY 11-12
<b>Revenues</b>			
Licenses, Passes, Fees and Permits	[1]		\$76,862,552
Federal and State Grants	[2]		\$25,237,148
Lottery and Great Outdoors Colorado Registrations			\$13,651,460
			\$0
Sale of Goods, Services, and Assets			\$795,850
Donations	[3]		\$1,432,276
Interest Income			\$452,420
Other Revenues			\$1,027,937
General Fund and Severance Tax	[4]		\$2,907,020
<b>Revenues Before Transfers</b>			<b>\$122,366,663</b>
Intra-Agency, Inter-Fund Transfers	[5]	[A]	\$4,888,582
<b>Total Revenues</b>			<b>\$127,255,245</b>
<b>Expenditures</b>			
Operating			
Personal Services	[6]		\$57,940,070
Operating	[7]		\$38,564,796
Grants to Others	[8]		\$7,561,294
Payments to Other Agencies	[9]		\$8,199,004
Subtotal, Operating			\$112,265,164
Capital			
Capital Equipment	[10]		\$1,292,644
Capital Improvements			\$3,606,594
Capital Acquisitions			\$7,781,562
Subtotal, Capital			\$12,680,800
<b>Expenditures Before Transfers</b>			<b>\$124,945,964</b>
Intra-Agency, Inter-Fund Transfers	[11]	[A]	\$4,888,582
<b>Total Expenditures</b>			<b>\$129,834,546</b>
<b>Revenues Minus Expenditures</b>			<b>(\$2,579,301)</b>

[A] Transfers to the Habitat Partnership Fund, Federal Indirect, and Inter-Fund Inventory Adjustment

COLORADO DEPARTMENT OF NATURAL RESOURCES  
 COLORADO PARKS AND WILDLIFE  
 Request for Information # 4  
 FY 2011-12 WILDLIFE REVENUE AND EXPENDITURES - CONSOLIDATED

		FY 11-12	
		Dollars	Volume
<b>[1] Licenses, Passes, Fees and Permits</b>			
Hunting and Fishing Licenses			
Big Game			
Elk Resident		5,835,463	146,315
Elk Non-Resident		32,852,343	68,768
Elk Exchange/Replacement		42,698	-
Deer Resident		1,742,690	64,420
Deer Non-Resident		5,199,839	16,294
Deer Exchange/Replacement		8,099	-
Pronghorn Resident		949,542	35,348
Pronghorn Non-Resident		446,508	1,431
Pronghorn Exchange/Replacement		1,163	-
Lion		153,064	1,830
Bighorn Sheep	[a]	198,131	484
Desert Sheep		6,984	20
Goat	[a]	169,454	438
Moose	[a]	138,677	359
Bear		1,194,407	15,521
Fishing			
Fishing Resident		8,246,586	689,464
Fishing Non-Resident		3,933,670	361,257
Fishing Exchange/Replacement		16,708	-
Other			
Combination		2,709,961	74,049
Small Game		1,389,963	131,361
Turkey		348,550	19,182
Prairie Chicken		-	-
Total, Hunting and Fishing Licenses		65,584,500	1,626,541
Non-Refundable Fees	[b]	3,301,159	
Habitat Stamp		6,563,936	657,199
PEAC- Public Education Surcharge		905,935	
Miscellaneous	[c]	470,815	42,939
		11,241,845	700,138
Reconcile to General Ledger		36,207	
Total, Licenses, Passes, Fees and Permits		76,862,552	2,326,679

[a]	Revenue from auction/raffle licenses appears under the "Donation" line in the Statement of Revenues and Expenditures
[b]	Includes Limited License application fee, Landowner and Preference Point fees
[c]	Includes SWA Use Permits, Access Permits, Hunter Education Cards, and Special Permissions

COLORADO DEPARTMENT OF NATURAL RESOURCES  
 COLORADO PARKS AND WILDLIFE  
 Request for Information # 4  
 FY 2011-12 WILDLIFE REVENUE AND EXPENDITURES - CONSOLIDATED

	FY 11-12	
	Dollars	Volume
<b>[2] Federal and State Grants</b>		
US Dept of Interior		
USFWS - PR - Wildlife Restoration	11,580,948	
USFWS - DJ - Sportfish Restoration	8,934,176	
USFWS - SWG - State Wildlife Grants	1,004,824	
USFWS - Section 6 T & E Species	131,259	
USFWS - Other	98,901	
Bureau of Land Mgmt	448,624	
Bureau of Reclamation	415,489	
US Dept of Agriculture	923,659	
Environmental Protection Agency	123,502	
Other Federal	421,772	
State Grants	1,153,994	
Total Federal and State Grants	25,237,148	
<b>[3] Donations</b>		
Income Tax Non-Game Check-off Donations	172,658	
Sheep & Goat Donations	506,545	
Other Donations	753,073	
Total Donations	1,432,276	
<b>[4] General Fund / Severance Tax</b>		
Severance Tax		
Species Conservation Trust Fund	1,602,475	
Aquatic Nuisance Species (S.B. 08-226)	1,304,544	
Total General Fund / Severance Tax	2,907,019	
<b>[5] Intra-Agency, Inter-Fund Transfers</b>		
Inter-Fund Inventory Adjustment	93,004	
Habitat Partnership Transfer	2,188,543	
Federal Indirect	2,607,035	
Total Intra-Agency, Inter-Fund Transfers	4,888,582	
<b>[6] Personal Services</b>		
Permanent Salaries & Benefits	48,020,181	
Temporary Salaries	5,609,143	
Contract Personal Service	3,489,487	
Other Personal Services & Benefits	821,259	
Total Personal Services	57,940,070	

COLORADO DEPARTMENT OF NATURAL RESOURCES  
 COLORADO PARKS AND WILDLIFE  
 Request for Information # 4  
 FY 2011-12 WILDLIFE REVENUE AND EXPENDITURES - CONSOLIDATED

	FY 11-12	
	Dollars	Volume
<b>[7] Operating</b>		
Game Damage Claims and Materials	1,282,136	
Fixed Vehicle Expense	1,566,907	
Variable Vehicle Expense	3,412,710	
Public Education Advisory Council	662,765	
State Land Board Lease	751,222	
Instream Flow Program	296,027	
All Other Operating	30,593,029	
Total Operating Expenses	38,564,796	
<b>[8] Grants to Others</b>		
Colorado Wildlife Habitat Protection Program - 3rd Party C	3,516,621	
Fishing is Fun	1,092,952	
Motorboat Access State Parks - DJ	109,488	
Motorboat Colorado	51,000	
Pheasants Habitat Improvement Prog	231,425	
Large Shooting Range Grants	146,898	
Small Shooting Range Grants	16,957	
Wetlands Conservation	285,426	
Species Conservation Trust Fund	1,015,641	
Other Grants	1,094,886	
Total Grants to Others	7,561,294	
<b>[9] Payments to Other Agencies</b>		
Office of Information Technology (OIT)	3,735,103	
Capital Set Aside	94,713	
DNR Indirect Costs	2,737,869	
Risk Management	387,484	
Legal Services	550,825	
COFRS Modernization - Replacement	-	
Dispatch Service Payment	134,989	
GEO Survey	-	
Miscellaneous Payments	558,020	
Total Payments to Other Agencies	8,199,004	
<b>[10] Capital</b>		
Capital Equipment	1,058,018	
OIT Capital Equipment	234,626	
Capital Improvements	3,606,594	
Capital Acquisitions	7,781,562	
Total Capital	12,680,799	
<b>[11] Intra-Agency, Inter-Fund Transfers</b>		
Inter-Fund Inventory Adjustment	93,004	
Habitat Partnership Transfer	2,188,543	
Federal Indirect	2,607,035	
Total Intra-Agency, Inter-Fund Transfers	4,888,582	



## Appendix D: Indirect Cost Assessment Methodology

### Description of Indirect Cost Assessment Methodology

The Department of Natural Resources indirect cost assessment methodology is calculated based on two components: an “*Indirect Cost Pool*” and an “*Indirect Cost Base*”.

The *Indirect Cost Pool* is comprised of approved Executive Director’s Office (EDO) and other overhead FY 2011-12 actual costs, including statewide indirect costs, used to provide support to the entire department. The *Indirect Cost Base* is comprised of FY 2011-12 actual personal services costs by division. **Table 1** outlines which lines are included in the department’s Indirect Cost Pool. Of the Total Indirect Cost Pool, the Department subtracts \$1,397,900 of non-recoverable indirect costs. Of this amount, \$1,350,750 is associated with General Fund personal services costs not assessed in the Water Resources Division (the majority of personal services costs in the Water Resources Division are General Fund costs), and \$47,152 of indirect costs are not assessed to the Colorado Geological Survey (CGS) pursuant to Section 34-1-105, C.R.S., that limits CGS fees to covering direct costs of providing services.

<b>Table 1</b>		
<b>Department of Natural Resources Indirect Cost Pool</b>		
<b>Division</b>	<b>Line Item</b>	<b>FY 2011-12 Actual</b>
Executive Director's Office		
	Personal Services	\$4,003,635
	Workers Compensation	24,310
	Operating Expenses	174,927
	Legal Services	36,687
	Purchase of Services from Computer Center	1,521,241
	Multiuse Network Payments	569,738
	Management and Administration of OIT	244,797
	Payment to Risk Management and Property Funds	11,964
	Information Technology Asset Maintenance	90,538
	Capitol Complex Leased Space	171,126
	Audit Charges	183,036
	Equipment Use	265,337
	Statewide Indirect Cost Share	1,700,927
<b>Total Indirect Cost Pool</b>		<b>\$8,998,263</b>
	General Fund Personal Services (Unrecoverable Costs)	(1,397,900)
<b>Total Recoverable Indirect Cost Pool</b>		<b>\$7,600,363</b>

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

---

The Department does not have an *Indirect Cost Rate*. Instead, the Department uses FY 2011-12 actual eligible personal services costs from cash funds and federal funds sources to calculate the *Indirect Cost Base*, which is used in determining the proportional allocation of the Total Recoverable Indirect Cost Pool to divisions. **Table 2** summarizes the department’s Indirect Cost Base.

<b>Table 2</b>	
<b>Department of Natural Resources Indirect Cost Base</b>	
<b>Division</b>	<b>FY 2011-12 Actual (CF, RF, FF)</b>
Division of Reclamation, Mining, and Safety	\$7,260,875
Colorado Geological Survey	2,937,488
Oil and Gas Conservation Commission	6,347,767
State Board of Land Commissioners	3,274,986
Division of Parks and Wildlife - Parks	25,876,431
Division of Parks and Wildlife - Wildlife	57,931,781
Colorado Water Conservation Board	7,301,991
Water Resources Division	402,080
<b>Total Indirect Cost Base</b>	<b>\$111,333,399</b>

**FY 2013-14 Indirect Cost Assessment Request**

For FY 2013-14 the Department has requested \$7,600,363 for indirect cost assessments. **Table 4** shows the FY 2013-14 Department indirect cost assessment based on the November 1 request for each division. The FY 2013-14 request represents an increase of \$688,809 from the FY 2012-13 indirect cost assessment mainly due to (1) a \$470,000 increase in costs for purchase of services from the state computer center, (2) a \$128,000 increase in statewide indirect cost recoveries, and (3) a \$106,000 increase in payments to the state multiuse network (MNT).

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>Table 4</b>				
<b>Department Indirect Cost Assessment Request</b>				
<b>Division</b>	<b>Total</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>
Division of Reclamation, Mining, and Safety	\$498,752	\$250,311	\$0	\$248,441
Colorado Geological Survey	154,625	121,825	0	32,800
Oil and Gas Conservation Commission	436,030	429,764	0	6,266
State Board of Land Commissioners	224,959	224,959	0	0
Division of Parks and Wildlife - Parks	1,777,457	1,739,891	0	37,566
Division of Parks and Wildlife - Wildlife	3,979,346	3,349,809	0	629,537
Colorado Water Conservation Board	501,575	491,158	0	10,417
Water Resources Division	27,619	25,379	0	2,240
<b>Total FY 2013-14 Request</b>	<b>\$7,600,363</b>	<b>\$6,633,096</b>	<b>\$0</b>	<b>\$967,267</b>
FY 2012-13 Indirect Cost Assessment	\$6,911,554	\$6,005,793	\$0	\$905,761
<b>Difference (FY 14 - FY 13)</b>	<b>\$688,809</b>	<b>\$627,303</b>	<b>\$0</b>	<b>\$61,506</b>

## Appendix E: Change Requests' Relationship to Performance Measures

This appendix will show how the Department of Natural Resources indicates each change request ranks in relation to the Department's top priorities and what performance measures the Department is using to measure success of the request.

<b>Change Requests' Relationship to Performance Measures</b>			
<b>R</b>	<b>Change Request Description</b>	<b>Goals / Objectives</b>	<b>Performance Measures</b>
R-1	OGCC – Additional Field Inspectors, Environmental, and Engineering GTE	Relationship to objective not provided.	Relationship to performance measures not provided.
R-2	SLB – Minerals Field Coordinator	Relationship to objective not provided.	Relationship to performance measures not provided.
R-3	WRD – Line Item Consolidation	Relationship to objective not provided.	Request indicates that the consolidation would impact all DWR performance measures by increasing efficiency.
R-4	WRD – Satellite Monitoring System	DWR – 2: Water Administration and Enforcement: Assure the effective distribution and compliance with applicable water laws.	Number of Gages.
R-5	DRMS – Reallocation of Severance Tax Funds to E-Permitting System	DRMS – 2: Regulate Mining: Protect the environment by ensuring regulatory compliance at coal and mineral mine sites.	The percent of inspected coal and mineral mine sites that are in regulatory compliance annually.
R-6	EDO – Legal Services Adjustments	N/A	N/A
R-7	SLB – Strategic Business Initiatives	Relationship to objective not provided.	Relationship to performance measures not provided.
R-8	DPW – Merger Cost Savings and FTE Reduction	Relationship to objective not provided.	Relationship to performance measures not provided.
R-9	DPW – Wildlife Management Refinance	N/A	N/A
R-10	Multiple – OIT Staffing Correction	Relationship to objective not provided.	Relationship to performance measures not provided.
R-11	EDO – Adjustments to Leased Space	N/A	N/A
NPI-1	EDO – Employee Engagement Survey Adjustment	N/A	N/A
NPI-2	EDO – OIT Enterprise Asset Management	N/A	N/A
NPI-3	EDO – Capitol Complex Building Upgrades	N/A	N/A

## **Appendix F: Change Request R-3, Water Resources Division Line Item Consolidation**

**Department of Natural Resources**

**FY 2013-14 Funding Request**

**November 1, 2012**

**Change Request R-3, DWR Line Item Consolidation**

In its FY 2012-13 Budget Request, the Department of Natural Resources submitted a change request for the consolidation of line items within the Division of Water Resources. This change request was recommended for approval by JBC Staff during figuring setting. However, the change request was ultimately not approved by the Joint Budget Committee due to several questions and concerns that were raised by Committee members at the figure setting hearing. The Committee did indicate a willingness to reconsider this decision item if additional information was provided. For FY 2013-14, the Department has resubmitted essentially the same decision item as was requested in FY 2012-13. In this Attachment, the Department will attempt to answer the concerns raised by JBC members and provide additional information in support of the DWR line item consolidation request.

**If, through the requested consolidation, we eliminate the Republican River Compliance and Interstate Compacts line items, won't there be a loss of transparency to the General Assembly and to the public?**

Consolidating line items as proposed by the decision item will simplify DWR's section of the Long Bill but will not have any impact on programmatic operations or expenditures. If this consolidation is approved DWR will develop a comprehensive system of accounting codes (within the state's COFRS system) that will allow staff to track all DWR activity (and associated expenditures) by line item and by program area. Once this system is in place, it will be fairly straightforward to generate reports for the public or JBC staff documenting all DWR activities and expenditures related to interstate water compact compliance. The new tracking system would be in place by July 1, 2013.

Further, the Department believes that DWR's current Long Bill line item structure is potentially misleading with regards to programmatic activities and expenditures. For example, the FY 2012-13 Long Bill contains an appropriation of \$316,364 and 5.0 FTE for "Republican River Compact Compliance." Rather than encompassing the entirety of the division's expenditures for Republican River compact compliance, as could be inferred from the title of the line, this appropriation actually reflects additional resources that were allocated to the division several years ago to better assure compliance with the Republican River Compact; this appropriation stemmed directly from the 2003 Final Settlement Stipulation (FSS) with Nebraska and Kansas regarding

groundwater impacts that were not previously considered in the compact. This appropriation does not fund all division activities related to Republican River compact compliance. During any given fiscal year, DWR incurs significant expenses related to Republican River compact compliance which are funded from other lines. Water commissioners and other field staff perform the day-to-day, nuts and bolts work that is involved in monitoring compliance, and the State Engineer and other administrative staff are necessarily involved in compliance activities; these staff are funded from sources other than the Republican River Compact Compliance line, however – the division’s Personal Services line, in this instance. The total resources expended by the Division of Water Resources to maintain compliance with the Republican River Compact is greater than \$316,364 and 5.0 FTE.

Similarly, the division’s Interstate Compacts line item, if misinterpreted to be anything more than compact dues and some of the direct travel costs related to representing Colorado in Interstate Compact meetings, could be misconstrued. The cost of interstate compact compliance is far more than the \$76,002 appropriation for “Interstate Compacts” shown in the Long Bill. Belonging to and complying with interstate compacts is considerably more expensive than either of these two line items would indicate when considering the full staffing costs.

If the Division of Water Resources has greater budget flexibility resulting from line item consolidation, it would facilitate reallocating the Division’s base budget to meet the highest priority interstate compact compliance needs at any given point in time. For example, if one river in Colorado was running particularly low and interstate compact compliance was determined to be at risk, it would be easier to reallocate resources between Republican River resources (which have a separate Long Bill line item) and non-Republican River resources (which are appropriated under the general Personal Services line item).

**Will the proposed consolidation impact any other state agencies, such as the Colorado Department of Law? Will it impact the State of Kansas or other states with which we have interstate compacts?**

The lines that will be consolidated are comprised of General Fund and a relatively small amount of cash funds. None of these funds will be reappropriated to any other state department or transferred to any other state. DWR’s legal costs related to compact compliance are funded through the division’s Legal Services pot, which is established annually via the Common Policy process; as such the impact of line item consolidation to the Department of Law and the Attorney General’s Office is nil. Colorado (through the DWR) is responsible for dues related to several interstate compacts; these must be paid under either the existing or the proposed new line item format. Other than these dues, Colorado does not make payments to any compact governing or oversight body.

## **Will Colorado’s compliance with interstate water compacts be affected if the line items are consolidated?**

The consolidation of line items as proposed by the decision item will not affect DWR’s compact compliance activities in any way, especially in a negative way. Indeed, the division believes that consolidation will help improve the efficiency of compliance funding. Greater budgetary flexibility will allow the Division of Water Resources to better allocate resources to its highest priorities. By combining the Personal Services and the Operating line items, for example, the division will have greater flexibility in how it responds to unanticipated increases in operating expenses for vehicles (e.g., fuel costs which impact personal mileage reimbursements as well as the variable mileage rate charged on state vehicles). If DWR has flexibility to address such increases during a budget year, it is less likely that such increases will inherently result in fewer miles driven and less field presence by DWR water commissioners. By having flexibility to address fuel cost increases, DWR is more likely to be able to temporarily absorb these increases in ways which are less damaging than telling field staff they must limit their field presence.

## **How are the affected line items funded?**

The Republican River Compact Compliance and the Interstate Compacts line items are 100% financed with General Fund.

The DWR’s Personnel Services and Operating Expenses line items are funded predominantly with General Fund. However, roughly five percent of these two line items is appropriated out of cash funds (it should be pointed out that limited cash fund revenues have resulted in actual expenditures being close to two and a half percent (2.5%) being funded with cash funds.

The line items “Augmentation of Water for Sand and Gravel Extraction”, and S.B. 04-225 Well Enforcement” are all 100% cash funded line items.

## **Why is the Department proposing to split out the Well Inspection Program as a separate line item?**

At the height of housing construction from roughly 2000 to 2003, new wells were being drilled at an unprecedented rate, and as such DWR requested FTE that would allow the division to inspect wells during construction for health and safety purposes. The Legislature authorized the requested FTE and funded the program through an assessed fee per permit. When the economy declined and the housing market came to essentially a standstill, the revenue for well inspection also dropped significantly. Because this program is reliant on the variable economy and thus the fees collected from well permit application DWR felt that the fluctuations in the program should be highlighted and not buried within the Personal Services and Operating lines. Below is a chart reflecting the number of permits issued over a 12 year period. However, in reviewing the chart, it is important to understand that there was a one-time increase on permits in 2010 due to the Vance v. Wolfe case, which requires the producers of coal bed methane to seek a water well

permit for the extraction of tributary ground water which is produced from coal bed methane wells. This ruling resulted in an estimated 4,500 to 5,000 one-time ground water application received from coal bed methane producers in 2010. NOTE: 2011 data is not available at this time.

Calendar Year	Number of Permits	Comments
1999	8,974	Start of the housing boom
2000	12,131	Housing boom
2001	11,515	Housing boom
2002	12,668	Housing boom
2003	11,405	Housing boom
2004	9,867	The beginning of the slow down
2005	8,795	Continuation of the slow down
2006	7,193	Continuation of the slow down
2007	6,319	Continuation of the slow down
2008	5,302	Continuation of the slow down
2009	4,498	Continuation of the slow down
2010	9,024	spike was due to the 1-time produced non-tributary ground water applications between 4500-5000
2011	4,431	Until the housing market comes back this will be the norm