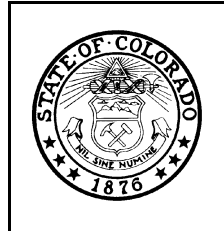


**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2008-09 STAFF BUDGET BRIEFING:  
DEPARTMENT OF NATURAL RESOURCES**

**(FOR THE FOLLOWING DIVISIONS:  
EXECUTIVE DIRECTOR'S OFFICE, PARKS  
AND OUTDOOR RECREATION, COLORADO WATER  
CONSERVATION BOARD, WATER RESOURCES  
DIVISION, AND DIVISION OF WILDLIFE)**

**JBC Working Document - Subject to Change**

**Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:  
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November 13, 2007**

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**FY 2008-09 BUDGET BRIEFING**

**STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

**DEPARTMENT OF NATURAL RESOURCES  
FOR THE FOLLOWING DIVISIONS (ONLY):  
EXECUTIVE DIRECTOR'S OFFICE, PARKS AND OUTDOOR  
RECREATION, COLORADO WATER CONSERVATION BOARD,  
WATER RESOURCES DIVISION, AND DIVISION OF WILDLIFE)**

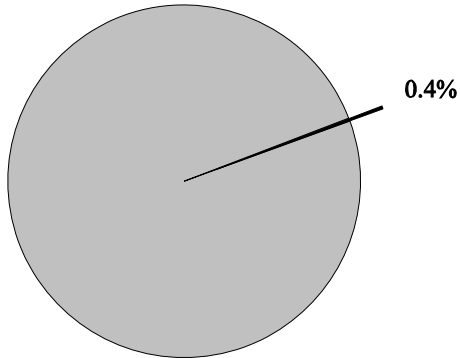
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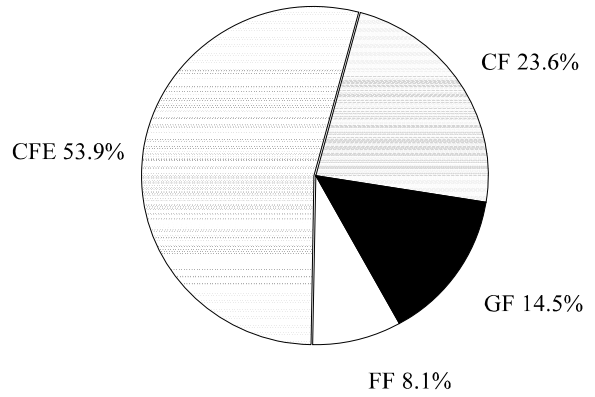
**FY 2008-09 BUDGET BRIEFING  
DEPARTMENT OF NATURAL RESOURCES**

**GRAPHIC OVERVIEW**

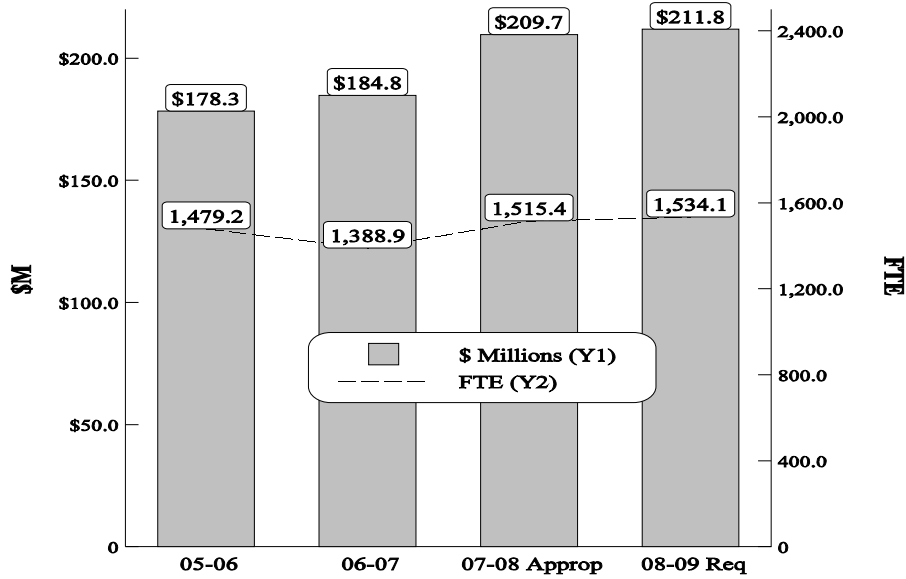
**Share of State General Fund  
FY 2007-08**



**Funding Source Split  
FY 2007-08**



**Budget  
History**



The figures for FY2008-09 include an estimated \$4.4 million for water bill projects.

## DEPARTMENT OF NATURAL RESOURCES OVERVIEW

### Key Responsibilities

- ▶ The **Division of Reclamation, Mining, and Safety** regulates the development and reclamation of mining sites.
- ▶ The **Colorado Geological Survey** seeks to enhance the economic vitality of the state, protect citizens from adverse conditions and to provide information using geological tools.
- ▶ The **Oil and Gas Conservation Commission** promotes responsible development of oil and gas.
- ▶ The **State Board of Land Commissioners** manages state-owned lands for agriculture, minerals development, and commercial purposes, to benefit public schools and other trust beneficiaries.
- ▶ The division of **Parks and Outdoor Recreation** manages 40 established state parks, three park projects, and various recreation 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.
- ▶ The **Division of 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 250 state wildlife areas.

### General Factors Driving the Budget

Funding for the entire department consists of 14.5 percent General Fund, 23.6 percent cash funds, 53.9 percent cash funds exempt, and 8.1 percent federal funds.

#### **Severance Tax (Operational Account) Expenditures**

The Operational Account of the Severance Tax Trust Fund was created to fund programs within the Oil and Gas Conservation Commission, the Colorado Geological Society, The Division of Reclamation, Mining, and Safety, and the Colorado Water Conservation Board that promote sound natural resource planning, management, and development. In addition to supporting these programs, several bills have authorized transfers and expenditures out of the Operational Account for specific initiatives.

Pursuant to S.B. 96-170, Section 39-29-108 (2), C.R.S. provides that 50 percent of severance tax revenues are deposited into the Severance Tax Trust Fund and 50 percent of the revenues are used by the Department of Local Affairs for grants and distributions to local governments impacted by

mining activities. Section 39-29-109, C.R.S. provides that 50 percent of revenues deposited into the Severance Tax Trust Fund shall be allocated to the Perpetual Base Account of the Severance Tax Trust Fund (or 25 percent of total severance tax revenues) for use by the Colorado Water Conservation Board for water construction projects. The other 50 percent of Severance Tax Trust Fund revenues (or 25 percent of total severance tax revenues) are allocated to the Operational Account.

Historically, severance tax revenues have been highly variable. The available severance tax revenues to the Operational Account influences the funding levels for the Oil and Gas Conservation Commission, the Colorado Geological Society, The Division of Reclamation, Mining, and Safety, and the Colorado Water Conservation Board. Section 39-29-109, C.R.S. requires a reserve in the Operational Account equal to twice the current state fiscal year's operating appropriations for these programs. The available severance tax revenues to the Operational Account also influences the funding for the special initiatives that have been statutorily authorized in recent years.

	<b>FY 03-04 Actual</b>	<b>FY 04-05 Actual</b>	<b>FY 05-06 Actual</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Estimate</b>	<b>FY 08-09 Estimate</b>
Beginning balance	\$643,003	\$18,149,884	\$25,399,591	\$50,851,610	\$40,012,876	\$37,593,951
Revenues	29,923,659	36,555,003	64,468,852	33,312,271	38,372,500	45,476,500
Total available	\$30,566,662	\$54,704,887	\$89,868,443	\$84,163,881	\$78,385,376	\$83,070,451
Natural Resources programs subject to 2-year reserve	6,298,232	6,205,296	7,167,084	8,669,679	10,204,734	10,452,028
Statutory initiatives	6,118,546	23,100,000	31,849,749	35,481,326	30,586,691	35,891,857
Ending balance	18,149,884	25,399,591	50,851,610	40,012,876	37,593,951	36,726,566
Reserve requirement	12,596,464	12,410,592	26,896,272	28,864,470	34,409,468	21,904,057
Unobligated reserve	5,553,420	12,988,999	23,955,338	11,148,406	3,184,483	14,822,509

### **State Board of Land Commissioners**

The State Board of Land Commissioners (State Land Board) manages properties for eight trusts set up in either the Colorado Constitution or in statute. By far the largest trust managed by the State Land Board is the Public School Trust (School Trust). Approximately 98 percent of the revenue generated by the State Land Board is attributable to the School Trust.

The Colorado Constitution does not allow the corpus of the School Trust to be diminished. Therefore, after accounting for the State Land Board's administrative expenses, the proceeds generated by the sale of the School Trust corpus (e.g. royalties or land sales) must be reinvested in another property or the proceeds get deposited into the constitutionally inviolate Public School Fund (generally referred to as the Permanent Fund). The State Treasurer is responsible for investing the Permanent Fund. The majority of revenue from the disposition of property that gets deposited in the Permanent Fund is attributable to the sale of mineral and energy resources.

Rental income from the use of School Trust lands, and interest earnings from the investment of the Permanent Fund, may be used to support K-12 education. Under current law, up to \$12.0 million of the rental income from School Trust lands and up to \$19.0 million of the interest income from the Permanent Fund (a total of \$31.0 million combined) may be appropriated annually for K-12 education. Any operating revenue generated by the School Trust in excess of the \$12.0 million, after accounting for the State Land Board's administrative expenses, is deposited in the Permanent Fund. The General Assembly appropriates administrative expenses for the State Land Board.

A 1996 amendment to the Colorado Constitution allowed the Land Board to make "non-simultaneous exchanges," meaning that the Land Board has two years after disposing of property to exchange it for another property. If an exchange is not made within two years, the associated revenue defaults to a land sale and is deposited in the Permanent Fund.

<b>SCHOOL TRUST REVENUE</b>	<b>FY04-05 Actual</b>	<b>FY05-06 Actual</b>	<b>FY06-07 Actual</b>	<b>FY07-08 Estimate</b>	<b>FY08-09 Projection</b>
School Trust-Total Revenues	\$53,771,940	\$63,868,553	\$61,151,881	\$61,131,833	\$56,905,465
Mineral Rental	1,253,324	1,751,130	1,614,907	1,811,339	1,811,339
Mineral Royalties/Bonuses	40,121,204	50,399,909	46,715,425	46,708,385	41,445,047
Surface Rental	7,988,701	8,009,916	8,371,449	7,790,872	7,827,842
Commercial/Other	4,033,546	3,478,051	3,259,564	4,672,190	5,672,190
Land Sales	75,707	11,286	60,021	0	0
Interest and Penalties	149,153	126,634	16,694	99,047	99,047
Timber Sales	150,305	91,627	1,113,821	50,000	50,000

### **Increase in Oil and Gas Activity**

The Colorado Oil and Gas Conservation Commission (OGCC) is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources. Colorado has experienced a significant increase in oil and gas drilling activity, which has dramatically affected the Colorado Oil and Gas Conservation Commission's workload and necessary expenditures with which to respond to the rising needs. In FY 2006-07 there were more than three times as many drilling permits requested as in FY 2002-03.

<b>Oil and Gas Conservation Commission</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Actual</b>	<b>FY 04-05 Actual</b>	<b>FY 05-06 Actual</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Estimate</b>
<u>Workload Activity</u>						
Drilling Permits Received	2,081	2,650	3,847	5,829	6,664	7,050
Number of Active Wells	24,489	25,870	28,032	30,324	32,021	34,000
Average Drilling Rigs	30	47	63	83	97	120
Total OGCC Expenditures <sup>1/</sup>	\$3,275,376	\$3,331,168	\$3,623,183	\$3,977,718	\$6,067,702	\$9,841,627
Total FTE	34.0	34.0	35.3	38.0	45.4	55.0

<sup>1/</sup> Division-only expenditures include all fund sources; does not include centrally appropriated items funded in the Executive Director's Office.

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

Both the Division of Parks and Outdoor Recreation and the Division of Wildlife receive funding from the GOCO Board, as established in Article XXVII of the Colorado Constitution. The GOCO grants are not subject to legislative authority and thus are reflected for information only. The GOCO grants to the Division of Parks and Outdoor Recreation are used for developing new parks (capital) as well as enhancing and maintaining existing parks (operating). The GOCO grants to the Division of Wildlife are used for species protection, habitat development, watchable wildlife, and wildlife education.

<b>Great Outdoors Colorado Board Grants</b>	<b>FY 04-05</b>	<b>FY 05-06</b>	<b>FY 06-07</b>	<b>FY 07-08</b>	<b>FY 08-09 Estimate</b>
Parks Capital Budget	\$9,183,000	\$13,048,000	\$7,143,000	\$4,475,000	\$5,165,000
Parks Operating Budget	<u>3,793,000</u>	<u>4,980,000</u>	<u>4,980,000</u>	<u>4,025,000</u>	<u>4,335,000</u>
Total GOCO Grants to Parks	\$12,976,000	\$18,028,000	\$12,123,000	\$8,500,000	\$9,500,000
<i>Percent of Parks' Expenditures</i>	<i>23.3%</i>	<i>23.5%</i>	<i>10.8%</i>	<i>16.1%</i>	<i>16.2%</i>
Wildlife Capital Budget	\$6,940,000	\$7,940,000	\$4,905,000	\$5,300,968	\$5,300,968
Wildlife Operating Budget	8,060,000	8,060,000	5,345,000	6,200,000	6,200,000
Total Grants to Wildlife	\$15,000,000	\$16,000,000	\$10,250,000	\$11,500,968	\$11,500,968
<i>Percent of DOW Expenditures</i>	<i>15.1%</i>	<i>16.1%</i>	<i>10.0%</i>	<i>12.0%</i>	<i>11.5%</i>

### **State Parks**

Funding for state parks is primarily a mixture of General Fund and cash funds, from fees. The following table shows the level of General Fund relative to total funds for the Division of Parks and Outdoor Recreation.

<b>State Parks Funding Mix /1</b>	<b>FY 2004-05 Actual</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Estimate</b>	<b>FY 2008-09 Request</b>
General Fund - State Parks	\$5,562,217	\$4,669,480	\$5,599,915	\$5,466,161	\$5,859,574
<i>Percent Change</i>	<i>n/a</i>	<i>(16.1)%</i>	<i>19.9%</i>	<i>(2.4)%</i>	<i>7.2%</i>
Total Funds - State Parks	\$29,599,026	\$31,370,828	\$32,827,842	\$33,909,691	\$33,881,064
<i>Percent Change</i>	<i>n/a</i>	<i>6.0%</i>	<i>4.6%</i>	<i>3.3%</i>	<i>(0.1)%</i>
State Parks Visitation	11,203,691	11,266,732	11,177,708	11,367,729	11,515,510
<i>Percent Change</i>	<i>n/a</i>	<i>0.6%</i>	<i>(0.8)%</i>	<i>1.7%</i>	<i>1.3%</i>

/1 Includes centrally appropriated items funded in the Executive Director's Office.

### **Division of Water Resources General Fund**

This division, also referred to as the Office of the State Engineer, receives over 63 percent of the Department's total General Fund appropriation. The majority of the Division's General Fund

appropriation is associated with personal services costs. In FY 2006-07, the fees authorized by S.B. 03-181 sunsetted and the \$3.2 million in cash funding was replaced with General Fund.

<b>Division of Water Resources <sup>1/</sup> Long Bill General Fund</b>	<b>FY 04-05 Actual</b>	<b>FY 05-06 Actual</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Approp.</b>	<b>FY 08-09 Request</b>
General Fund - Division	\$13,549,757	\$14,422,604	\$18,412,901	\$19,206,772	\$20,116,082
<i>Percent Change</i>	<i>0.0%</i>	<i>6.4%</i>	<i>27.7%</i>	<i>4.3%</i>	<i>4.7%</i>
Total Department General Fund	\$22,060,071	\$22,990,632	\$28,299,762	\$30,336,286	\$32,180,633
<i>Division GF as % of Department GF</i>	<i>61.4%</i>	<i>62.7%</i>	<i>65.1%</i>	<i>63.3%</i>	<i>62.5%</i>

<sup>1/</sup> Direct expenditures only; does not reflect centrally appropriated items ("POTS") in the EDO.

### **Division of Wildlife**

For FY 2007-08, the Division of Wildlife's \$80.8 million appropriation represents 38.7 percent of the Department's total operating budget. The following table describes the Division's various revenue sources.

<b>Division of Wildlife Revenue Sources</b>	<b>FY 05-06 Actual</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Approp.</b>	<b>FY 08-09 Request</b>
Wildlife Cash Fund	\$62,122,827	\$64,284,437	\$59,914,980	\$62,373,462
Federal Funds	9,527,120	10,387,691	10,480,575	10,465,487
Great Outdoors Colorado (GOCO) Board Grants	7,885,458	6,117,667	6,200,000	6,200,000
Habitat Partnership Cash Fund	1,777,273	2,169,274	2,500,000	2,500,000
Species Conservation Trust Fund	0	400,000	0	0
Colorado Outdoor Magazine Subscriptions	529,397	550,000	550,000	550,000
Non-game Wildlife Voluntary Tax Contributions	500,000	500,000	500,000	500,000
Other	<u>57,243</u>	<u>1,011,217</u>	<u>1,078,000</u>	<u>1,265,000</u>
<b>Total DOW Budget</b>	<b>\$82,399,318</b>	<b>\$85,420,286</b>	<b>\$81,223,555</b>	<b>\$83,853,949</b>



## Summary of Major Legislation

- ✓ **S.B. 07-8 (Taylor/Curry): Expansion of the Water Efficiency Grant Program.** Authorizes any state or local governmental entity that provides water at retail to customers to participate in the water efficiency grant program administered by the Colorado water conservation board. Extends the repeal of the program to July 1, 2012. Transfers revenues from the Operational Account of the Severance Tax Trust Fund to the Water Efficiency Grant Program Cash Fund. Appropriates \$82,749 and 1.0 FTE in FY 2007-08 to the Department of Natural Resources for allocation to the Colorado Water Conservation Board.
- ✓ **S.B. 07-122 (Isgar/Curry): Funding of Colorado Water Conservation Board Projects.** Funds a variety of water-related projects from the Colorado Water Conservation Board Construction Fund (CWCB Construction Fund) and the Perpetual Base Account of the Severance Tax Trust Fund. Funding mechanisms include loans, direct appropriations, and fund transfers.
- ✓ **S.B. 07-198 (Isgar/Roberts): Funding of Projects to Monitor the Seepage of Coalbed Methane Gas.** Creates the Coalbed Methane Seepage Cash Fund which consists of funds appropriated from the Oil and Gas Conservation and Environmental Response Fund. Requires the General Assembly to make the following appropriations to the Coalbed Methane Seepage Cash Fund: (1) up to \$2,003,400 for FY 2007-08; (2) up to \$2,003,400 for FY 2008-09; and (3) up to \$445,200 for FY 2009-10. Authorizes the Oil and Gas Conservation Commission to use the moneys in the fund for a project to determine the most cost-effective methods of mitigating the seepage of methane gas along the outcrop of the Fruitland formation in La Plata county; and for the installation of wells to monitor the seepage of methane gas in the Fruitland formation in Archuleta county. Appropriates \$2,003,400 from the Oil and Gas Conservation and Environmental Response Fund to the Coalbed Methane Seepage Cash fund for FY 2007-08.
- ✓ **H.B. 07-1182 (Curry/Isgar): Funding for Programs Designed to Conserve Endangered/Threatened Native Species.** Appropriates \$3,485,000 from the Species Conservation Trust Fund (trust fund) to the Department of Natural Resources for programs that are designed 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. If the National Science Foundation has not awarded the national Deep Underground Science and Engineering Laboratory (DUSEL) to the Henderson mine near Empire by the end of any fiscal year through June 30, 2012, directs the state treasurer to transfer the moneys that were appropriated for such fiscal year by July 1 of the succeeding fiscal year to the Species Conservation Trust Fund. If actual FY 2006-07 severance tax collections exceed the March 2007 quarterly revenue forecast by Legislative Council Staff for FY 2006-07 severance tax collections, directs the State Treasurer to deduct from the Operational Account of the Severance Tax Trust fund the following amounts: one-half of the amount of such excess that

would otherwise be credited to the operational account, up to \$3.0 million, and transfer such sum to the Capital Account of the Species Conservation Trust Fund; and one-half of the amount of such excess, up to \$3.0 million, and transfer such sum to the Operations and Maintenance Account of the Trust Fund. Subject to the maintenance of a two-year reserve in the Severance Tax Trust Fund, directs the state treasurer to deduct from the Operational Account of the Severance Tax Trust fund the following amounts: (1) \$2.0 million after July 1, 2008; (2) \$4.0 million after July 1, 2009; and (3) \$6.0 million after July 1, 2010. Of these amounts, one half of the amount reduced in each year shall be transferred to the Capital Account of the Species Conservation Trust Fund, and one half shall be transferred to the Operations and Maintenance Account of the Species Conservation Trust Fund.

- ✓ **H.B. 07-1372 (Curry/Isgar): Modifies the Transfer of Money from the Operational Account to the Water Supply Reserve Account in the Severance Tax Trust Fund.** Makes adjustments to ensure that reserve requirements for the Operational Account of the Severance Tax Trust Fund are met. Reduces statutory transfers from the Operational Account of the Severance Tax Trust Fund to the Water Supply Reserve Account by \$4.0 million for FY 2007-08 and FY 2010-11 (from \$10.0 million each year to \$6.0 million in these years). Strikes an appropriation of \$75,837 cash funds (Operational Account of the Severance Tax Trust Fund) and 0.5 FTE that had been made to the Governor's Office in FY 2006-07 pursuant to H.B. 06-1400. Strikes an appropriation of \$151,371 cash funds (Operational Account of the Severance Tax Trust Fund) and 1.0 FTE made to the Governor's Office in FY 2007-08 pursuant to the 2007 Long Bill (S.B. 07-239).
- ✓ **S.B. 06-179 (Isgar/Penry): Additional Financial Support for Water Projects.** Transfers \$10.0 million a year from the Operational Account to the Water Supply Reserve Account starting in FY 2006-07.
- ✓ **S.B. 06-183 (Isgar/Buescher): Water Resource Research Institute.** Appropriates \$500,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Department of Higher Education, Regents of the University of Colorado, for the Water Resources Research Institute, in FY 2006-07.
- ✓ **S.B. 06-193 (Wiens/Harvey): Study of Underground Water Storage Sites.** Requires the Colorado Water Conservation Board (CWCB) to conduct a study of underground water storage sites in the South Platte and Arkansas River basins. Authorizes the CWCB to consult with the Interbasin Compact Committee, the State Engineer, and the State Geologist. Requires the Board to submit a report of its findings to the General Assembly by March 1, 2007. Appropriates \$125,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Department of Natural Resources, Colorado Water Conservation Board for FY 2006-07. Also appropriates \$21,000 cash funds from this source and makes a reduction of \$21,000 in fees to the Colorado Geological Survey for FY 2006-07.
- ✓ **S.B. 06-229 (Fitz-Gerald/Plant): Deep Underground Science and Engineering Laboratory (DUSEL).** Requires the General Assembly to appropriate a total of \$20 million from the Operational Account of the Severance Tax Trust Fund over a five-year period

beginning in FY 2007-08, to pay the State's share of the costs related to the construction and operation of a national deep underground science and engineering laboratory (DUSEL) facility that will house a visitor's center, educational resources, and DUSEL administrative offices. The appropriation is conditional upon the National Science Foundation awarding DUSEL to the Henderson Mine near Empire.

- ✓ **H.B. 06-1200 (Buescher/Kester): Operational Account moneys for Low-Income Energy Assistance.** Appropriates a portion of the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for the Low-Income Energy Assistance Program (LEAP) and the Office of the Governor for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2005-06, appropriates \$24.0 million in total from the Operational Account, with the Department of Human Services receiving \$17.0 million to increase benefits in the LEAP program, and the Office of the Governor receiving \$7.0 million for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2006-07, appropriates \$11.0 million in total from the Operational Account, with the Department of Human Services receiving \$5,950,000 to increase benefits in the LEAP program, and the Office of the Governor receiving \$5,050,000 for direct bill payment assistance and home energy efficiency improvements for low-income households. Fiscal year 2007-08 and FY 2008-09 will provide for \$12.0 million and \$13.0 million of appropriations, respectively, for these programs combined. Finally, the bill ensures that there is an adequate reserve in the prior year with which to make each year's appropriations.
  
- ✓ **H.B. 06-1311 (Curry/Isgar): Funding for Programs Designed to Conserve Endangered/Threatened Native Species.** Transfers a total of \$12,800,000 to the Species Conservation Trust Fund from the Operational Account of the Severance Tax Trust Fund, including \$4,000,000 in FY 2005-06 and \$8,800,000 in FY 2006-07. Appropriates money to the Operations and Maintenance Account and the Capital Account of the Species Conservation Trust Fund for programs submitted by the Executive Director of the Department of Natural Resources. These programs are designed to conserve native species that are listed as threatened or endangered under state or federal law, are candidate species, or are likely to become candidate species as determined by the U.S. Fish and Wildlife Service. Appropriates \$3,732,813 cash funds exempt and \$3,550,000 cash funds exempt to the Department of Natural Resources for FY 2005-06 and FY 2006-07, respectively.
  
- ✓ **H.B. 06-1313 (Curry/Isgar): Colorado Water Conservation Board Projects.** Decreases the amount of specified prior loans from the Colorado Water Conservation Board (CWCB) Construction Fund by \$2,180,000. Transfers \$150,000 from the CWCB Construction Fund to the Flood Response Fund and transfers \$2 million from the Operational Account of the Severance Tax Trust Fund to the Litigation Fund. Appropriates \$3,981,555 cash funds exempt from the Colorado Water Conservation Board Construction Fund to the Department of Natural Resources in FY 2006-07. Of this sum, \$3,631,555 cash funds exempt is appropriated to the Colorado Water Conservation Board and \$350,000 cash funds exempt is appropriated to the Division of Water Resources.

- ✓ **H.B. 06-1322 (Buescher/Tapia): Support for Development of Clean Energy Resources Using Severance Tax Proceeds.** Moneys from the Operational Account of the Severance Tax Trust Fund are appropriated to the following three entities: the Colorado Renewable Energy Authority is created and appropriated \$2,000,000 to support the development of renewable energy technologies; the Department of Agriculture's Colorado Agricultural Value-Added Development Board is appropriated \$500,000 to support agricultural energy related projects and research; and the Department of Public Health and Environment is appropriated \$135,000 to fund studies related to greenhouse gas emission reduction.
- ✓ **H.B. 06-1393 (Curry/Isgar): Conservation District Grant Fund.** The bill annually transfers \$450,000 from the Operational Account of the Severance Tax Trust Fund to this newly created fund. The moneys are then continuously appropriated to the Department of Agriculture for the Natural Resources Conservation Matching Grants Program to provide moneys to local conservation districts to help them compete for matching federal dollars available for technical assistance in addressing various conservation concerns.
- ✓ **H.B. 06-1400 (Buescher/Isgar): Approval of Interbasin Compact Charter.** Approves the interbasin compact charter, pursuant to the provisions of H.B. 05-1177. Appropriates \$75,837 cash funds from the Operational Account of the Severance Tax Trust Fund and 0.5 FTE to the Office of the Governor, Director of Compact Negotiations, and \$855,481 cash funds from the Operational Account of the Severance Tax Trust Fund and 1.2 FTE to the Department of Natural Resources, Colorado Water Conservation Board, for FY 2006-07.
- ✓ **S.B. 05-190 (Tochtrop / McFadyen): Abandoned Mine Reclamation Fund.** Authorizes an annual \$500,000 transfer from the Operational Account of the Severance Tax Trust Fund to clean up abandoned mining operations deemed to pose a high risk to the environment or the public welfare. Appropriates \$500,000 cash funds exempt from the Abandoned Mine Reclamation Fund to the Department of Natural Resources for the Inactive Mines program.
- ✓ **S.B. 05-196 (Owen/Buescher): State Land Board Investment and Development Fund.** Creates the State Board of Land Commissioners Investment and Development Fund. Continuously appropriates \$1,000,000 annually through FY 2009-10 from the State Land Board earnings on mineral royalties and bonus revenue into the Fund for expenditure by the State Land Board on rezoning, platting, master planning, or other development activities that increase the value of or rate of return on the lands.
- ✓ **S.B. 05-226 (Owen/Plant): Kansas v. Colorado Litigation Payments.** Makes the following changes for FY 2004-05 to pay the damages in the settlement: (1) creates the *Kansas v. Colorado* Plaintiff's Damages Payment Fund ("Damages Payment Fund"); (2) authorizes the State Treasurer to transfer \$34,796,129 into the Damages Payment Fund comprised of the following: \$15,500,000 from the Operational Account; \$15,500,000 from the Perpetual Base Account; and \$3,796,129 from the Local Government Severance Tax Fund; (3) authorizes the Department of Law to expend from the Damages Payment Fund and appropriates \$34,796,129 CFE from the Damages Payment Fund for FY 2004-05 (and authorizes the expenditure of moneys not spent in FY 2004-05 to be spent in FY 2005-06)

to the Department of Law; and (4) provides that any moneys not utilized in the damages payment to Kansas shall be transferred to the Local Government Severance Tax Fund on July 1, 2006.

Makes the following changes for FY 2005-06 to pay for potential court (legal) courts: (1) creates the *Kansas v. Colorado* Plaintiff's Legal Costs Fund ("Legal Costs Fund") for the purpose of paying a portion of Kansas' legal costs; (2) on July 1, 2005, transfers \$4,000,000 from the Operational Account of the Severance Tax Trust Fund to the Legal Costs Fund; (3) provides the Department of Law with continuous spending authority to pay Kansas for its legal costs "up to" the \$4,000,000 from the Legal Costs Fund subject to the written approval of the JBC to the State Controller; (4) repeals the provisions effective July 1, 2007 and provides that the remaining funding not expended in this Legal Costs Fund shall be transferred (back) to the Operational Account. Finally, the bill exempts the transaction from the provisions of H.B. 05-1001 (restriction on the transfer of moneys from cash funds) in the event that H.B. 05-1001 is passed and the bill exempts this Operational Account transaction from the statutory two year required reserve for Operational Account expenditures.

- ✓ **H.B. 02-1041 (Rippy/Taylor): Operational Account of the Severance Tax Trust Fund Balance.** Establishes the intent of the General Assembly that a year end balance be maintained in the Operational Account of the Severance Tax Trust Fund equal to double that of funding for severance tax programs in the Department of Natural Resources.
  
- ✓ **S.B. 96-170 (Bishop/Dyer): Severance Tax Reform.** Severance taxes are taxes charged on the "severing" of minerals and mineral fuels from the earth. Under S.B. 96-170, 50.0 percent of severance tax revenues are deposited into the Severance Tax Trust Fund, and 50.0 percent of the revenues are used by the Department of Local Affairs for grants and distributions to local governments affected by mining. Fifty percent of revenues deposited into the Severance Tax Trust Fund are allocated to the Perpetual Account, which is used by the Water Conservation Board to make loans for water construction projects. The other 50.0 percent of Severance Tax Trust Fund revenues are allocated to the Operational Account, to fund programs that promote and encourage planning, management, and development of minerals, energy, and water resources. The bill specifies that the General Assembly may appropriate up to 45.0 percent of the Operational Account balance to the Oil and Gas Conservation Commission, up to 30.0 percent to the Division of Minerals and Geology, up to 20.0 percent to the Colorado Geological Survey, and up to 5.0 percent to the Water Conservation Board.

## Major Funding Changes FY 2006-07 to FY 2007-08

Action	General Fund	Other Funds	Total Funds	Total FTE
S.B. 07-122 - CWCB Projects (CWCB & Forestry)	\$0	\$5,795,000	<b>\$5,795,000</b>	<b>0.0</b>
FY 2007-08 Common Policy Adjustments (EDO)	\$1,262,405	\$2,500,426	<b>\$3,762,831</b>	<b>0.0</b>
H.B. 07-1182 - Conserve Native Species (EDO)	\$0	\$3,485,000	<b>\$3,485,000</b>	<b>0.0</b>
FY 2006-07 Salary and Benefits Adjustments (various)	\$736,064	\$1,598,525	<b>\$2,334,589</b>	<b>0.0</b>
S.B 07-198 - Monitor Coalbed Methane Gas (OGCC)	\$0	\$2,003,400	<b>\$2,003,400</b>	<b>0.0</b>
Adjust GOCO and Lottery Funds (Parks & DOW)	\$0	\$1,673,098	<b>\$1,673,098</b>	<b>6.5</b>
Parks Staff	\$265,188	\$1,299,426	<b>\$1,564,614</b>	<b>24.0</b>
Increase Staff (various)	\$371,019	\$1,002,307	<b>\$1,373,326</b>	<b>18.1</b>
Central Impacts of Decision Items (EDO)	\$37,534	\$401,529	<b>\$439,063</b>	<b>0.0</b>
Severance Tax Projects (CWCB)	\$0	\$435,500	<b>\$435,500</b>	<b>0.0</b>
Fund Mix Adjustments (various divisions)	\$0	\$360,047	<b>\$360,047</b>	<b>0.0</b>
Reclamation of Forfeited Mines (DRMS)	\$0	\$342,000	<b>\$342,000</b>	<b>0.0</b>
Cheyenne Mountain and Lone Mesa State Parks (Parks)	(\$2,400)	\$113,814	<b>\$111,414</b>	<b>0.0</b>
Vehicle Mileage Adjustments (WRD)	(\$3,400)	\$93,553	<b>\$90,153</b>	<b>0.0</b>
Oil Shale Consultant (OGCC)	\$0	\$60,000	<b>\$60,000</b>	<b>0.0</b>
Compact Dues (CWCB)	\$0	\$43,397	<b>\$43,397</b>	<b>0.0</b>
Eliminate One-time Appropriations (various)	\$0	(\$8,036,983)	<b>(\$8,036,983)</b>	<b>0.0</b>
Personal Services Reduction (various)	(\$101,317)	(\$437,711)	<b>(\$539,028)</b>	<b>0.0</b>
Reduction in Federal Funds (EDO, WRD)	\$0	(\$339,564)	<b>(\$339,564)</b>	<b>0.0</b>
Various Other Adjustments (including Parks refinance)	<u>(\$656,709)</u>	<u>\$595,199</u>	<b><u>(\$61,510)</u></b>	<b><u>0.0</u></b>
<b>Total Funding Changes FY 07 to FY 08</b>	<b>\$1,908,384</b>	<b>\$12,987,963</b>	<b>\$14,896,347</b>	<b>48.6</b>

/ The funding changes represented above are for all divisions within the Department.

**FY 2008-09 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF NATURAL RESOURCES  
Decision Item Priority List**

<b>Priority</b>	<b>Division: Description</b> <i>[Statutory Authority]</i>	<b>GF</b>	<b>CF</b> <i>[Source]</i>	<b>CFE</b> <i>[Source]</i>	<b>FF</b> <i>[Source]</i>	<b>Total</b>	<b>FTE</b>
1	<b>Oil and Gas Conservation Commission</b> Environmental staff (9.0 FTE) and five additional vehicles to conduct oil and gas permit reviews, environmental inspections and data management. <i>[Sections 34-60-102 (1); and 106 (2) (d), C.R.S.]</i>	\$0	\$778,768  <i>[Mill levy deposited in the Oil and Gas Conservation and Environmental Response Fund]</i>	\$0	\$0	\$778,768	9.0
2	<b>Colorado Water Conservation Board</b> New Scientist (1.0 FTE) and one additional vehicle to coordinate drought planning, mitigation, and response activities for the Office of Water Conservation and Drought Planning (OWCDP). An additional 0.5 FTE to expand work related to Water Efficiency Grant Program (expand financial assistance and perform education and outreach). <i>[Sections 37-60-102; 112; 124; 126; and 126.5, C.R.S.]</i>	\$0	\$0	\$96,848  <i>[Colorado Water Conservation Board Construction Fund]</i>	\$0	\$96,848	1.5

**FY 2008-09 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF NATURAL RESOURCES  
Decision Item Priority List**

<b>Priority</b>	<b>Division: Description</b> <i>[Statutory Authority]</i>	<b>GF</b>	<b>CF</b> <i>[Source]</i>	<b>CFE</b> <i>[Source]</i>	<b>FF</b> <i>[Source]</i>	<b>Total</b>	<b>FTE</b>
3	<p><b>Water Resources Division</b></p> <p>Acquisition of seven additional vehicles, six for water commissioners and one for the chief of the hydrography program; additional funding to compensate for rate increase in mileage reimbursement for use of personal vehicles; and additional funding to compensate for operating rate increases for State-owned vehicles.</p> <p><i>[Sections 37-61 through 69-101; 37-80-104; 37-81 through 83-101; 37-84-116; 37-87 through 89-101; 37-90-110 (1)(a-g); 37-91-101; 37-92-301 (1); 37-92-501 (1), C.R.S.]</i></p>	\$88,417	\$0	\$0	\$0	\$88,417	0.0



**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**DEPARTMENT OF NATURAL RESOURCES**  
**Decision Item Priority List**

<b>Priority</b>	<b>Division: Description</b> <i>[Statutory Authority]</i>	<b>GF</b>	<b>CF</b> <i>[Source]</i>	<b>CFE</b> <i>[Source]</i>	<b>FF</b> <i>[Source]</i>	<b>Total</b>	<b>FTE</b>
4	<p><b>Water Resources Division</b></p> <p>The Department requests re-allocating 2.8 existing FTE from the Division's Personal Services line into the Republican River Compact Compliance line and adding an additional 0.9 FTE and two vehicles in order to fund a well measurement program and assist in compliance with the Republican River Compact.</p> <p><i>[Sections 37-67-101; 37-80-102 (k); 37-80-104; 37-92-501 (1), C.R.S.]</i></p>	\$109,179	\$0	\$0	\$0	\$109,179	0.9
5	<p><b>Parks and Outdoor Recreation</b></p> <p>The Department requests an increase to the State Parks Operations line item for an increase in utilities and state fleet operating expenses.</p> <p><i>[Sections 33-10-101 to 33-15-112, C.R.S.]</i></p>	\$178,664	\$198,653  <i>[Parks and Outdoor Recreation Cash Fund]</i>	\$0	\$0	\$377,317	0.0

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**DEPARTMENT OF NATURAL RESOURCES**  
**Decision Item Priority List**

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	FTE
6	<p><b>Division of Reclamation, Mining, and Safety</b></p> <p>The Department requests that one-time funding provided in FY 2007-08 be provided again in FY 2008-09 and for each of the next five years for reclamation work at 35 mine sites that have been forfeited due to bankruptcy, death, or insufficient bonding. The request includes a footnote that would allow the Department to spend the appropriation over the course of three fiscal years.</p> <p><i>[Sections 34-32-118 (5); 39-29-109 (1) (a), C.R.S.]</i></p>	\$0	\$342,000	\$0	\$0	\$342,000	0.0
			<i>[Severance tax transferred from the Operational Account to the Emergency Response Cash Fund]</i>				
7	<p><b>Colorado Water Conservation Board</b></p> <p>Increase in dues assessed by 1) the Arkansas River Compact Administration Association (ARCA), 2) the Upper Colorado River Commission, and 3) the Colorado River Salinity Control Forum.</p> <p><i>[Sections 37-60-106, 37-62-101 and 105; 37-69-101 and 105, C.R.S.]</i></p>	\$0	\$0	\$19,904	\$0	\$19,904	0.0
				<i>[Reserves in the Colorado Water Conservation Board Construction Fund]</i>			

**FY 2008-09 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF NATURAL RESOURCES  
Decision Item Priority List**

<b>Priority</b>	<b>Division: Description</b> <i>[Statutory Authority]</i>	<b>GF</b>	<b>CF</b> <i>[Source]</i>	<b>CFE</b> <i>[Source]</i>	<b>FF</b> <i>[Source]</i>	<b>Total</b>	<b>FTE</b>
8	<b>Colorado Geological Survey</b>  Investigate and develop data regarding Colorado's geothermal energy resources <i>[Sections 31-1-103, especially (1) (j); 37-90.5-102; and 39-29-109, C.R.S.]</i>	\$0	\$72,392  <i>[Severance tax in the Operational Account]</i>	\$0	\$0	\$72,392	1.0
9	<b>State Land Board</b>  Physical science researcher and additional vehicle to monitor compliance with requirements of the Colorado Constitution for the Stewardship Trust, and to manage the Trust. <i>[Article IX, Section 10 of the Colorado Constiuiton]</i>	\$0	\$23,190  <i>[Land Board Trust Administration Fund]</i>	\$67,395  <i>[Land Board Trust Administration Fund]</i>	\$0	\$90,585	1.0
10	<b>Colorado Water Conservation Board</b>  Additional hydrographer and vehicle to perform duties related to stream hydrography requirements related to instream flow protection, compact compliance and protection, decision support system analyses and modeling, and floodplain management.	\$0	\$0	\$101,469  <i>[Reserves in the Colorado Water Conservation Board Construction Fund]</i>	\$0	\$101,469	1.0

**FY 2008-09 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF NATURAL RESOURCES  
Decision Item Priority List**

<b>Priority</b>	<b>Division: Description</b> <i>[Statutory Authority]</i>	<b>GF</b>	<b>CF</b> <i>[Source]</i>	<b>CFE</b> <i>[Source]</i>	<b>FF</b> <i>[Source]</i>	<b>Total</b>	<b>FTE</b>
	<i>[Sections 37-60-106; 37-92-102 (3)(a) through (e), C.R.S.]</i>						
11	<b>Colorado Geological Survey</b>  Increase summer staffing level for maintenance of weather stations, preparation of educational materials, and development of forecasting tools. <i>[Sections 34-1-101; and 105, C.R.S.]</i>	\$0	\$25,553  <i>[Fees from education courses deposited in the Geological Survey Cash Fund]</i>	\$0	\$0	\$25,553	0.4
12	<b>Colorado Geological Survey</b>  An FTE to research and promote opportunities for carbon sequestration (the storage of CO <sub>2</sub> in underground formations) in Colorado.  <i>[Sections 34-1-103; 39-29-109, C.R.S.]</i>	\$0	\$72,392  <i>[Severance tax in the Operational Account]</i>	\$0	\$0	\$72,392	1.0

**FY 2008-09 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF NATURAL RESOURCES  
Decision Item Priority List**

<b>Priority</b>	<b>Division: Description</b> <i>[Statutory Authority]</i>	<b>GF</b>	<b>CF</b> <i>[Source]</i>	<b>CFE</b> <i>[Source]</i>	<b>FF</b> <i>[Source]</i>	<b>Total</b>	<b>FTE</b>
13	<p><b>Colorado Water Conservation Board</b> Two FTE to assist in the implementation of the Water for the 21st Century Act and the Water Supply Reserve Account. The program assistant will provide administrative support for the two programs, the scientist will provide technical support related to the implementation of the programs.</p> <p><i>[Sections 37-75-101 through 106; 39-29-109, C.R.S.]</i></p>	\$0	<p>\$0</p> <p><i>[The Department is proposing that funding for the two additional staff will come from existing Operational Account of the Severance Tax Trust Fund appropriations within the Interbasin Compacts line]</i></p>	\$0	\$0	\$0	2.0
14	<p><b>Executive Director's Office</b> Relocate the Division of Reclamation, Mining and Safety's Durango field office due to the end of the current lease, and increase the leased space by 297 square feet to accommodate more staff.</p> <p><i>[Sections 24-30-1303 (1); and 39-29-109, C.R.S.]</i></p>	\$0	<p>\$12,084</p> <p><i>[Severance tax in the Operational Account]</i></p>	\$0	\$4,028	\$16,112	0.0

**FY 2008-09 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF NATURAL RESOURCES  
Decision Item Priority List**

<b>Priority</b>	<b>Division: Description</b> <i>[Statutory Authority]</i>	<b>GF</b>	<b>CF</b> <i>[Source]</i>	<b>CFE</b> <i>[Source]</i>	<b>FF</b> <i>[Source]</i>	<b>Total</b>	<b>FTE</b>
15	<b>Division of Reclamation, Mining, and Safety</b> Increase the appropriation to reflect an increase in federal grants for 6.0 FTE and four additional vehicles for the reclamation of inactive mines. <i>[Section 34-33-133, C.R.S.]</i>	\$0	\$0	\$0	\$408,265	\$408,265	6.0
16	<b>Division of Wildlife</b> The Department is requesting an increase to the spending authority for the Wildlife Management Public Education Advisory Council (PEAC). The extra funds are to allow PEAC to more fully implement its comprehensive, media-based public education program about the values of wildlife and wildlife management. <i>[Sections 33-4-120 (1) and (2); 33-1-112 (3.5); 33-4-102 (8.5), C.R.S.]</i>	\$0	\$0	\$200,000 <i>[Wildlife Management Public Education Fund / Wildlife Cash Fund]</i>	\$0	\$200,000	0.0
17	<b>Division of Reclamation, Mining, and Safety</b>	\$0	\$0	\$0	\$0	\$0	0.0

**FY 2008-09 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF NATURAL RESOURCES  
Decision Item Priority List**

<b>Priority</b>	<b>Division: Description</b> <i>[Statutory Authority]</i>	<b>GF</b>	<b>CF</b> <i>[Source]</i>	<b>CFE</b> <i>[Source]</i>	<b>FF</b> <i>[Source]</i>	<b>Total</b>	<b>FTE</b>
	Technical correction to a letternote describing the source of funds for the Inactive Mines program. <i>[Section 34-33-133, C.R.S.]</i>						
18	<b>Parks and Outdoor Recreation</b> The Department is requesting that a new line item be added under (C) Special Purpose, Law Enforcement Equipment. This line item will reflect the purchase of long life span law enforcement equipment. <i>[Sections 33-10-101 through 33-15-112, C.R.S.]</i>	\$0	\$0	\$126,780  <i>[Lottery Proceeds]</i>	\$0	\$126,780	0.0
Statewide	<b>Vehicle Replacement</b> This is a statewide common policy decision item to replace 955 fleet vehicles (including 200 Department of Public Safety vehicles). The Department of Natural Resources vehicles replacement request is for 201 vehicles.	(\$4,856)	\$26,117	\$185,111	\$24,661	\$231,033	0.0

**FY 2008-09 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF NATURAL RESOURCES  
Decision Item Priority List**

<b>Priority</b>	<b>Division: Description</b> <i>[Statutory Authority]</i>	<b>GF</b>	<b>CF</b> <i>[Source]</i>	<b>CFE</b> <i>[Source]</i>	<b>FF</b> <i>[Source]</i>	<b>Total</b>	<b>FTE</b>
	<i>[Sections 24-30-1101 through 1118 (specifically 24-30-1104 (2) and 24-30-1112 through 1117), C.R.S.]</i>						
Statewide	<b>Multiuse Network Payments</b>  This is a statewide common policy decision item to calculate State agency MNT allocations based on an updated inventory of circuits, agencies' share of infrastructure components and recoverable costs.  <i>[Section 24-30-903 (1), (3) and (7), C.R.S.]</i>	\$32,894	\$80,193	\$9,092	\$435	\$122,614	0.0
Statewide	<b>Statewide C-SEAP Employee Staffing</b>  This is a statewide decision item to fund 5.5 FTE in the Department of Personnel for the Colorado State Employee Assistance Program (C-SEAP) in order to enhance the program's services to state employees in the areas of counseling, coaching, mediation, and classes.  <i>[Section 24-50-604, C.R.S.]</i>	\$1,960	\$4,154	\$6,702	\$15	\$12,831	0.0
	<b>Total Request</b>	<b>\$406,258</b>	<b>\$1,635,496</b>	<b>\$813,301</b>	<b>\$437,404</b>	<b>\$3,292,459</b>	<b>23.8</b>
	<b>Total for UnShaded Items</b>	<b>\$0</b>	<b>\$1,326,379</b>	<b>\$67,395</b>	<b>\$412,293</b>	<b>\$1,806,067</b>	<b>18.4</b>
	<b>Total for Shaded Items</b>	<b>\$406,258</b>	<b>\$309,117</b>	<b>\$745,906</b>	<b>\$25,111</b>	<b>\$1,486,392</b>	<b>5.4</b>



**FY 2008-09 JBC BUDGET BRIEFING  
DEPARTMENT OF NATURAL RESOURCES  
OVERVIEW OF NUMBERS PAGES**

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

**Requested Changes FY 2007-08 to FY 2008-09**

Category	FTE	GF	CF	CFE	FF	Total
<b>FY 2007-08 Base Appropriation</b>	1,321.7	30,336,286	33,581,770	106,297,267	13,103,095	183,318,418
Decision Items						
#2 – CWCB Drought FTE	1.5	0	0	96,848	0	96,848
#3 – WRD 7 Additional Vehicles	0.0	88,417	0	0	0	88,417
#4 – Reallocate 2.8 and Add 0.9 FTE	0.9	109,179	0	0	0	109,179
#5 – Parks Utilities and Fleet Operating	0.0	178,664	198,653	0	0	377,317
#7 – CWCB Dues	0.0	0	0	19,904	0	19,904
#10 – CWCB Hydrographer	1.0	0	0	101,469	0	101,469
#13 – CWCB Intrastate Water Mgmt.	2.0	0	0	0	0	0
#16 – Wildlife PEAC Media Program	0.0	0	0	200,000	0	200,000
#18 – Parks New Line Item, “Law Enforcement Equipment”	0.0	0	0	126,780	0	126,780
Statewide: Vehicles, MNT, C-SEAP	0.0	29,998	110,464	200,905	25,111	366,478
Annualize Salary Survey and PBP FY 08	0.0	971,213	624,749	1,960,111	(14,944)	3,541,129
Risk Management and Worker's Comp.	0.0	249,416	(38,958)	116,424	1,855	328,737
Health, Life, Dental Increase	0.0	221,831	246,369	293,122	167,278	928,600
AED Calculation	0.0	110,624	104,040	148,965	17,982	381,611
SAED Calculation	0.0	67,882	66,152	100,770	17,705	252,509
Annualize SAED from FY 2007-08	0.0	41,546	33,448	92,064	14,944	182,002
S.B. 07-228 Contract Monitoring	0.4	19,295	0	0	0	19,295
Miscellaneous Common Policies	0.0	17,651	171,583	(325,717)	15,197	(121,286)
Salary Survey and PBP FY 09	0.0	(185,437)	(29,587)	4,307	(26,392)	(237,109)
Personal Services Base Reduction	0.0	(45,590)	(31,063)	(92,729)	(15,088)	(184,470)
Adjust for Prior Yr. Decision Items	1.0	(30,342)	(49,961)	(93,553)	(3,005)	(176,861)
Reduction in GOCO Funds	(6.5)	0	0	(934,000)	0	(934,000)
Adjustment for H.B. 07-1182	0.0	0	0	(3,485,000)	0	(3,485,000)
Decrease in Indirect Cost Recoveries	0.0	0	(347,495)	678,746	(426,271)	(95,020)
Elimination of VoIP Costs	0.0	0	0	(175,000)	0	(175,000)
Miscellaneous	0.0	0	0	(385,000)	4,405	(380,595)
<b>Total Change</b>	<b>0.3</b>	<b>1,844,347</b>	<b>1,058,394</b>	<b>(1,350,584)</b>	<b>(221,223)</b>	<b>1,330,934</b>
<b>FY 2008-09 Request</b>	<b>1,322.0</b>	<b>32,180,633</b>	<b>34,640,164</b>	<b>104,946,683</b>	<b>12,881,872</b>	<b>184,649,352</b>

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
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**DEPARTMENT OF NATURAL RESOURCES**  
**Executive Director: Harris Sherman**

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

**(A) Administration and Information Technology Services**

Personal Services	4,267,668	4,464,151	4,963,165	5,147,216	
FTE	<u>52.1</u>	<u>57.6</u>	<u>60.6</u>	<u>61.0</u>	S.B. 07-228: 0.4 FTE
General Fund	0	0	0	19,256	
Cash Funds	2,053,227	2,168,618	2,356,469	2,210,035	
Cash Funds Exempt	2,214,441	2,295,533	2,606,696	2,917,925	
Health, Life, and Dental	<u>4,426,463</u>	<u>5,604,779</u>	<u>6,704,124</u>	<u>7,632,724</u>	
General Fund	1,558,727	2,027,673	1,614,859	1,836,690	
Cash Funds	443,305	582,353	1,458,016	1,704,385	
Cash Funds Exempt	2,063,110	2,537,840	3,179,794	3,472,916	
Federal Funds	361,321	456,913	451,455	618,733	
Short-term Disability	<u>120,307</u>	<u>97,433</u>	<u>118,210</u>	<u>118,636</u>	
General Fund	39,996	33,220	25,925	27,892	
Cash Funds	14,885	12,450	28,829	29,788	
Cash Funds Exempt	55,953	44,489	51,154	50,267	
Federal Funds	9,473	7,274	12,302	10,689	
S.B. 04-257 Amortization Equalization Disbursement	<u>222,573</u>	<u>659,938</u>	<u>1,078,513</u>	<u>1,482,030</u>	DI #1, #2, #4, #8, #9,
General Fund	77,274	233,748	232,658	344,523	#10, #11, #12, #15
Cash Funds	25,315	82,632	262,590	379,066	
Cash Funds Exempt	102,634	295,277	469,702	621,631	
Federal Funds	17,350	48,281	113,563	136,810	
Supplemental Amortization Equalization Disbursement	<u>0</u>	<u>0</u>	<u>214,102</u>	<u>476,881</u>	DI #1, #2, #4, #8, #9,
General Fund	0	0	41,546	110,010	#10, #11, #12, #15
Cash Funds	0	0	51,042	123,024	
Cash Funds Exempt	0	0	97,855	200,015	
Federal Funds	0	0	23,659	43,832	

	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Appropriation</u>	<u>Request</u>	<u>Change Requests</u>
Salary Survey and Senior Executive Service	<u>2,669,705</u>	<u>2,350,337</u>	<u>3,061,092</u>	<u>2,715,301</u>	
General Fund	885,364	736,064	732,883	514,858	
Cash Funds	325,487	264,665	747,725	685,973	
Cash Funds Exempt	1,384,325	1,297,067	1,515,153	1,482,694	
Federal Funds	74,529	52,541	65,331	31,776	
Performance-based Pay Awards	<u>0</u>	<u>0</u>	<u>1,297,157</u>	<u>1,405,839</u>	
General Fund	0	0	297,912	330,500	
Cash Funds	0	0	320,726	352,891	
Cash Funds Exempt	0	0	644,191	680,957	
Federal Funds	0	0	34,328	41,491	
Shift Differential	<u>14,854</u>	<u>21,620</u>	<u>12,251</u>	<u>19,373</u>	
General Fund	14,854	21,620	3,675	5,812	
Cash Funds	0	0	8,576	13,561	
Workers' Compensation	<u>2,542,579</u>	<u>1,675,718</u>	<u>1,412,158</u>	<u>1,225,127</u>	Statewide DI: C-SEAF
General Fund	521,488	392,282	180,916	185,994	
Cash Funds	101,692	56,046	267,821	397,865	
Cash Funds Exempt	1,899,435	1,225,852	961,406	639,867	
Federal Funds	19,964	1,538	2,015	1,401	
Operating Expenses	<u>1,259,063</u>	<u>1,262,568</u>	<u>1,268,271</u>	<u>1,261,883</u>	
Cash Funds	312,607	317,332	323,035	316,647	
Cash Funds Exempt	941,119	939,899	939,899	939,899	
Federal Funds	5,337	5,337	5,337	5,337	
Legal Services	2,507,423	2,740,635	3,165,863	3,165,863	
<i>Hours Equivalent</i>	<u>38,905</u>	<u>40,440</u>	<u>43,952</u>	<u>43,952</u>	
General Fund	746,450	1,008,990	876,300	876,301	
Cash Funds	445,460	623,114	949,523	949,522	
Cash Funds Exempt	1,280,733	1,060,613	1,291,865	1,291,865	
Federal Funds	34,780	47,918	48,175	48,175	
Administrative Law Judge Services - CFE	24	82	0	0	

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Change Requests</b>
Purchase of Services from Computer Center	<u>170,542</u>	<u>593,892</u>	<u>361,207</u>	<u>285,117</u>	
General Fund	6,589	22,945	5,015	3,958	
Cash Funds	163,953	570,947	356,192	281,159	
Multiuse Network Payments	<u>847,605</u>	<u>836,283</u>	<u>943,050</u>	<u>1,075,436</u>	DI #14, Statewide DI:
General Fund	305,256	351,786	229,535	262,429	MNT
Cash Funds	519,862	466,272	693,900	781,422	
Cash Funds Exempt	19,561	13,406	14,428	23,520	
Federal Funds	2,926	4,819	5,187	8,065	
Payments to Risk Management & Property Funds	<u>325,854</u>	<u>897,964</u>	<u>891,656</u>	<u>1,220,393</u>	
General Fund	95,277	321,132	159,428	408,843	
Cash Funds	10,742	61,437	225,260	186,303	
Cash Funds Exempt	218,751	510,762	501,096	617,520	
Federal Funds	1,084	4,633	5,872	7,727	
Vehicle Lease Payments	<u>2,237,160</u>	<u>2,295,586</u>	<u>2,372,285</u>	<u>2,629,904</u>	DI #1, #2, #3, #4, #9,
General Fund	722,379	754,908	368,485	372,209	#10, #15, Statewide D:
Cash Funds	136,305	130,000	483,727	517,331	Vehicle Replacement
Cash Funds Exempt	1,342,965	1,373,617	1,478,540	1,667,930	
Federal Funds	35,511	37,061	41,533	72,434	
Information Technology Asset Maintenance	<u>268,768</u>	<u>276,529</u>	<u>282,477</u>	<u>282,477</u>	
General Fund	105,354	105,354	53,746	53,746	
Cash Funds	118,466	133,944	191,500	191,500	
Cash Funds Exempt	32,712	24,995	24,995	24,995	
Federal Funds	12,236	12,236	12,236	12,236	
Leased Space	<u>747,262</u>	<u>852,838</u>	<u>957,548</u>	<u>987,330</u>	DI #2, #10, #14
General Fund	415,326	484,690	487,039	492,842	
Cash Funds	214,088	258,936	355,538	372,228	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
Cash Funds Exempt	95,069	86,124	91,832	98,972	
Federal Funds	22,779	23,088	23,139	23,288	
Capitol Complex Leased Space	<u>730,095</u>	<u>754,454</u>	<u>857,652</u>	<u>864,873</u>	
General Fund	258,455	267,078	240,957	242,986	
Cash Funds	271,320	294,522	397,462	400,808	
Cash Funds Exempt	111,996	101,583	115,478	116,451	
Federal Funds	88,324	91,271	103,755	104,628	
Communications Services Payments	<u>771,743</u>	<u>909,642</u>	<u>907,718</u>	<u>979,138</u>	
General Fund	305,101	375,707	112,474	116,128	
Cash Funds	466,642	533,647	794,957	863,010	
Cash Funds Exempt	0	288	287	0	

**Request vs.  
Appropriation**

<b>(1) (A) Administration and Information</b>					
<b>Technology Services</b>	24,129,688	26,294,449	30,868,499	32,975,541	6.8%
FTE	<u>52.1</u>	<u>57.6</u>	<u>60.6</u>	<u>61.0</u>	<u>0.4</u>
General Fund	6,057,890	7,137,197	5,663,353	6,204,977	9.6%
Cash Funds	5,623,356	6,556,915	10,272,888	10,756,518	4.7%
Cash Funds Exempt	11,762,828	11,807,427	13,984,371	14,847,424	6.2%
Federal Funds	685,614	792,910	947,887	1,166,622	23.1%

<b>(B) EPA Wetlands Grant - Federal Funds</b>	395,141	374,262	0	0	n/a
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**Request vs.  
Appropriation**

<b>(C) H.B. 06-1311 (Species Cons. Trust Fund) - CFE</b>	4,517,488	1,771,842	0	0	n/a
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<b>(D) H.B. 07-1182 (Species Cons. Trust Fund) - CFE</b>	0	0	3,485,000	0	-100.0%
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	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
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					Request vs. Appropriation
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>					
- SUBTOTAL	29,042,317	28,440,553	34,353,499	32,975,541	-4.0%
FTE	<u>52.1</u>	<u>57.6</u>	<u>60.6</u>	<u>61.0</u>	<u>0.4</u>
General Fund	6,057,890	7,137,197	5,663,353	6,204,977	9.6%
Cash Funds	5,623,356	6,556,915	10,272,888	10,756,518	4.7%
Cash Funds Exempt	16,280,316	13,579,269	17,469,371	14,847,424	-15.0%
Federal Funds	1,080,755	1,167,172	947,887	1,166,622	23.1%

**(6) PARKS AND OUTDOOR RECREATION**

<b>(A) State Park Operations</b>	20,738,961	22,248,888	25,058,560	24,792,312	DI #5
FTE	<u>218.8</u>	<u>234.9</u>	<u>266.6</u>	<u>261.1</u>	
General Fund	2,437,711	2,725,772	5,466,161	5,859,574	
Cash Funds	17,036,182	18,119,903	16,952,945	17,540,289	
Cash Funds Exempt	947,060	986,016	2,191,060	947,060	
Federal Funds	318,008	417,197	448,394	445,389	

					Request vs. Appropriation
<b>(A) State Park Operations - Subtotal</b>	20,738,961	22,248,888	25,058,560	24,792,312	-1.1%
FTE	<u>218.8</u>	<u>234.9</u>	<u>266.6</u>	<u>261.1</u>	<u>(5.5)</u>
General Fund	2,437,711	2,725,772	5,466,161	5,859,574	7.2%
Cash Funds	17,036,182	18,119,903	16,952,945	17,540,289	3.5%
Cash Funds Exempt	947,060	986,016	2,191,060	947,060	-56.8%
Federal Funds	318,008	417,197	448,394	445,389	-0.7%

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

Land and Water Protection - CFE	661,614	574,062	651,000	709,000	
FTE	2.0	2.0	2.0	2.0	
Operations and Maintenance - CFE	1,728,381	1,742,032	1,806,000	1,969,000	
FTE	7.9	13.2	14.5	14.5	
Statewide Programs - CFE	2,041,432	1,339,874	1,568,000	1,657,000	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
FTE	9.6	3.9	6.0	6.0	
					<b>Request vs. Appropriation</b>
<b>(B) GOCO Board Grants - Subtotal (CFE)</b>	4,431,427	3,655,968	4,025,000	4,335,000	7.7%
FTE	19.5	19.1	22.5	22.5	0.0
<b>(C) Special Purpose</b>					
Snowmobile Program - CF	702,388	672,960	702,838	702,838	
River Outfitters Regulation - CF	54,224	67,686	74,466	74,466	
Off-Highway Vehicle Program - CF	335,524	353,494	371,897	379,479	
FTE	3.0	3.0	3.0	3.0	
Federal Grants - FF	588,400	417,197	518,516	518,516	
S.B. 03-290 Enterprise Fund - CFE	200,000	200,000	200,000	200,000	
System Operations and Support - CFE	735,198	413,093	730,000	735,000	
Connectivity at State Parks - CFE	63,130	245,125	370,000	370,000	
Asset Management - CFE	157,322	349,653	300,000	300,000	
Voice Over Internet Protocol - CFE	N/A	N/A	175,000	0	
Law Enforcement Equipment - CFE	N/A	N/A	N/A	126,780	DI #16
Indirect Cost Assessment	<u>1,121,446</u>	<u>1,241,685</u>	<u>1,383,414</u>	<u>1,346,673</u>	
Cash Funds	928,927	1,134,232	1,318,075	1,283,850	
Federal Funds	192,519	107,453	65,339	62,823	
					<b>Request vs. Appropriation</b>
<b>(C) Special Purpose - Subtotal</b>	3,957,632	3,960,893	4,826,131	4,753,752	-1.5%
FTE	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>
Cash Funds	2,021,063	2,228,372	2,467,276	2,440,633	-1.1%

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Change Requests</b>
Cash Funds Exempt	1,155,650	1,207,871	1,775,000	1,731,780	-2.4%
Federal Funds	780,919	524,650	583,855	581,339	-0.4%

					<b>Request vs. Appropriation</b>
<b>(6) PARKS AND OUTDOOR RECREATION</b>					
<b>- SUBTOTAL</b>	29,128,020	29,865,749	33,909,691	33,881,064	-0.1%
FTE	<u>241.3</u>	<u>257.0</u>	<u>292.1</u>	<u>286.6</u>	<u>(5.5)</u>
General Fund	2,437,711	2,725,772	5,466,161	5,859,574	7.2%
Cash Funds	19,057,245	20,348,275	19,420,221	19,980,922	2.9%
Cash Funds Exempt	6,534,137	5,849,855	7,991,060	7,013,840	-12.2%
Federal Funds	1,098,927	941,847	1,032,249	1,026,728	-0.5%

**(7) COLORADO WATER CONSERVATION BOARD**

**(A) Administration**

Personal Services	2,403,548	2,511,934	2,769,220	2,968,248	DI #10
FTE	26.0	27.4	30.0	31.0	
Operating Expenses	93,100	89,890	89,994	100,027	DI #2, #10
Interstate Compacts	289,522	289,529	330,433	350,337	DI #7
Western States Water Council Dues	25,000	25,000	27,500	27,500	
River Decision Support Systems	468,671	479,164	515,153	535,652	
FTE	5.0	5.0	5.0	5.0	
<b>Request vs. Appropriation</b>					
<b>(A) Administration - Subtotal</b>	3,279,841	3,395,517	3,732,300	3,981,764	6.7%
FTE	<u>31.0</u>	<u>32.4</u>	<u>35.0</u>	<u>36.0</u>	<u>1.0</u>
Cash Funds	339,777	339,777	339,777	339,777	0.0%
Cash Funds Exempt	2,940,064	3,055,740	3,392,523	3,641,987	7.4%

**(B) Special Purpose**

(SWSI) Water Supply Management, Development, and



	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Change Requests</b>
Implementation Assistance - CFE <sup>1</sup>	0	470,980	470,980	470,980	
Federal Emergency Management Assistance	185,719	146,120	146,120	146,120	
FTE	<u>1.0</u>	<u>1.0</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds Exempt (CWCB)	24,812	13,941	13,941	13,941	
Federal Funds	160,907	132,179	132,179	132,179	
Weather Modification - CF (Fees)	8,918	9,900	25,000	25,000	
Water Conservation Program - CFE (CWCB)	173,208	169,877	182,824	275,801	DI #2
FTE	2.2	1.5	2.5	4.0	
H.B. 05-1254 (Water Efficiency Grant Program) - CFE <sup>2</sup>	86,409	285,392	600,029	600,029	
	N/A	N/A	1.0	1.0	
Severance Tax Projects - CF	826,405	963,018	1,275,500	1,275,500	
HB 05-1177 (Negotiation of Interbasin Compacts) - CF (Se	206,009	227,990	0	0	
FTE	0.5	0.5	0.0	0.0	
House Bill 06-1400 (Interbasin Compacts) CF	0	306,654	1,108,425	1,114,101	
FTE	0.0	0.0	1.7	3.7	DI #13
Platte River Basin Cooperative Agreement - CFE (CWCB)	211,880	228,726	234,133	238,862	
FTE	1.0	1.0	1.0	1.0	
S.B. 02-87 Colorado Watershed Protection Fund - CFE	78,606	98,639	119,942	119,942	
Indirect Cost Assessment	<u>368,134</u>	<u>415,606</u>	<u>452,076</u>	<u>461,627</u>	
Cash Funds Exempt (CWCB)	356,789	402,711	446,108	455,380	
Federal Funds	11,345	12,895	5,968	6,247	
Water Construction Fund Bill - CFE	4,173,053	3,981,555	4,795,000 /a	4,405,000	

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Change Requests</b>
S.B. 06-193 Study - CF	0	123,860	0	0	
					<b>Request vs. Appropriation</b>
<b>(B) Special Purpose - Subtotal</b>	6,318,341	7,428,317	9,410,029	9,132,962	-2.9%
FTE	<u>4.7</u>	<u>4.0</u>	<u>8.2</u>	<u>11.7</u>	<u>3.5</u>
Cash Funds	1,041,332	1,631,422	2,408,925	2,414,601	0.2%
Cash Funds Exempt	5,104,757	5,651,821	6,862,957	6,579,935	-4.1%
Federal Funds	172,252	145,074	138,147	138,426	0.2%

<sup>1</sup> The CWCB is requesting to change the name of this line item from current name, listed above, to "Intrastate Water Management and Development".

<sup>2</sup> S.B. 07-008 expanded the Water Efficiency Grant Program and appropriated \$82,749 and 1.0 FTE to the CWCB in FY 08. The Department is requesting a continuation of this appropriation for FY 09.

a/ Funding for this area is provided through a special bill: the annual water projects bill. As such, in the request for FY 2008-09, staff is providing the Department's estimate of the funding in the 2008 projects bill.

					<b>Request vs. Appropriation</b>
<b>(7) COLORADO WATER CONSERVATION BOARD</b>					
<b>- SUBTOTAL</b>	9,598,182	10,823,834	13,142,329	13,114,726	-0.2%
FTE	<u>35.7</u>	<u>36.4</u>	<u>43.2</u>	<u>47.7</u>	<u>4.5</u>
Cash Funds	1,381,109	1,971,199	2,748,702	2,754,378	0.2%
Cash Funds Exempt	8,044,821	8,707,561	10,255,480	10,221,922	-0.3%
Federal Funds	172,252	145,074	138,147	138,426	0.2%

**(8) WATER RESOURCES DIVISION ("State Engineer's Office")**

Personal Services	15,943,082	17,393,013	18,291,158	18,951,264	DI #4
FTE	<u>235.1</u>	<u>238.2</u>	<u>266.4</u>	<u>263.6</u>	
General Fund	13,175,085	17,033,615	17,775,224	18,430,780	
General Fund Exempt	4,719	0	0	0	
Cash Funds (Mostly Groundwater Mgt. CF)	2,752,428	341,888	500,121	504,703	
Cash Funds Exempt	10,850	17,510	15,813	15,781	
Federal Funds	0	0	0	0	
Operating Expenses	<u>1,390,032</u>	<u>1,506,838</u>	<u>1,650,957</u>	<u>1,533,685</u>	
General Fund	900,524	1,012,903	1,062,896	1,039,177	DI #3, #4
General Fund Exempt	0	0	0	0	
Cash Funds	398,979	403,511	403,979	403,979	

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Change Requests</b>
Cash Funds Exempt	90,529	90,424	184,082	90,529	
Interstate Compacts - GF	74,298	76,002	76,002	76,002	
Republican River Compact Compliance	104,281	81,673	46,047	316,744	DI #4
FTE	<u>0.6</u>	<u>1.0</u>	<u>1.0</u>	<u>4.7</u>	
General Fund	32,432	46,278	46,047	316,744	
General Fund Exempt	67,708	23,892	0	0	
Cash Funds Exempt	4,141	11,503	0	0	
Satellite Monitoring System	355,265	359,103	361,603	368,379	
FTE	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
General Fund	240,265	244,103	246,603	253,379	DI #4
Cash Funds	115,000	94,443	94,443	94,443	
Cash Funds Exempt	0	20,557	20,557	20,557	
Augmentation of Water for Sand and Gravel Extraction	<u>30,723</u>	<u>40,720</u>	<u>44,400</u>	<u>44,400</u>	
Cash Funds	28,273	36,970	44,400	44,400	
Cash Funds Exempt	2,450	3,750	0	0	
Dam Emergency Repair - H.B. 92-1131					
Cash Funds Exempt	0	0	50,000	50,000	
Federal Grants - FF (Mostly FEMA)	62,385	120,404	79,595	84,000	
River Decision Support Systems - CFE	352,976	360,926	366,747	379,850	
FTE	3.7	3.8	4.0	4.0	
H.B. 03-1334 Temporary Interruptible Water Supply Agreements - CF	0	0	61,589	61,589	
S.B. 04-225 Well Enforcement - CF	342	0	1,489	1,489	
Indirect Cost Assessment	<u>206,242</u>	<u>49,500</u>	<u>59,757</u>	<u>56,670</u>	

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Change Requests</b>
Cash Funds	172,531	23,678	33,938	37,745	
Cash Funds Exempt	29,839	22,750	24,331	18,317	
Federal Funds	3,872	3,072	1,488	608	
Expenditure of Water Project Bill Funds - CFE (CWCB)	296,711	414,068	0	0	
					<b>Request vs.</b>
					<b>Appropriation</b>
<b>(8) WATER RESOURCES DIVISION - SUBTOTAL</b>	18,816,337	20,402,247	21,089,344	21,924,072	4.0%
FTE	<u>241.4</u>	<u>245.0</u>	<u>273.4</u>	<u>274.3</u>	<u>0.9</u>
General Fund	14,422,604	18,412,901	19,206,772	20,116,082	4.7%
General Fund Exempt	72,427	23,892	0	0	n/a
Cash Funds	3,467,553	900,490	1,139,959	1,148,348	0.7%
Cash Funds Exempt	787,496	941,488	661,530	575,034	-13.1%
Federal Funds	66,257	123,476	81,083	84,608	4.3%

**(9) DIVISION OF WILDLIFE**

**(A) Division Operations**

(1) Director's Office	1,789,996	2,057,146	1,993,773	2,052,241	
FTE	<u>15.8</u>	<u>16.0</u>	<u>18.0</u>	<u>18.0</u>	
Cash Funds Exempt	1,688,500	1,928,585	1,872,824	1,931,292	
Federal Funds	101,496	128,561	120,949	120,949	
(2) Wildlife Management	58,567,516	60,090,270	62,153,521	63,821,295	
FTE	<u>653.1</u>	<u>532.7</u>	<u>555.4</u>	<u>555.4</u>	
Cash Funds Exempt	49,333,919	50,201,905	51,812,094	53,494,910	DI #16
Federal Funds	9,233,597	9,888,365	10,341,427	10,326,385	
(3) Technical Services	5,784,931	6,209,317	6,375,414	6,566,679	
FTE	<u>59.5</u>	<u>55.8</u>	<u>61.0</u>	<u>61.0</u>	
Cash Funds Exempt	5,760,595	6,188,623	6,357,215	6,548,526	
Federal Funds	24,336	20,694	18,199	18,153	
(4) Information Technology - CFE	2,784,132	2,661,388	2,816,199	2,893,829	
FTE	<u>18.8</u>	<u>17.6</u>	<u>18.0</u>	<u>18.0</u>	
Cash Funds Exempt	2,626,698	2,661,388	2,816,199	2,893,829	

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Change Requests</b>
Federal Funds	157,434	0	0	0	
					<b>Request vs. Appropriation</b>
<b>(A) Division Operations - Subtotal</b>	68,926,575	71,018,121	73,338,907	75,334,044	2.7%
FTE	<u>747.2</u>	<u>622.1</u>	<u>652.4</u>	<u>652.4</u>	<u>0.0</u>
Cash Funds Exempt	59,409,712	60,980,501	62,858,332	64,868,557	3.2%
Federal Funds	9,516,863	10,037,620	10,480,575	10,465,487	-0.1%
<b>(B) Special Purpose</b>					
Wildlife Commission Discretionary Fund - CFE	135,469	90,987	160,000	160,000	
Game Damage Claims and Prevention - CFE	679,249	849,279	1,050,000	1,050,000	
Instream Flow Program - CFE	296,027	296,027	296,027	296,027	
Habitat Partnership Program - CFE	1,777,273	2,169,274	2,500,000	2,500,000	
Indirect Cost Assessment - Total Funds	<u>2,894,845</u>	<u>3,126,508</u>	<u>3,478,621</u>	<u>3,413,878</u>	
Cash Funds Exempt	2,894,845	3,126,508	3,055,467	3,413,878	
Federal Funds	0	0	423,154	0	
					<b>Request vs. Appropriation</b>
<b>(B) Special Purpose - Subtotal</b>	<u>5,782,863</u>	<u>6,532,075</u>	<u>7,484,648</u>	<u>7,419,905</u>	-0.9%
Cash Funds Exempt	5,782,863	6,532,075	7,061,494	7,419,905	5.1%
Federal Funds	0	0	423,154	0	-100.0%
<b>(9) DIVISION OF WILDLIFE - SUBTOTAL</b>	74,709,438	77,550,196	80,823,555	82,753,949	2.4%
FTE	<u>747.2</u>	<u>622.1</u>	<u>652.4</u>	<u>652.4</u>	<u>0.0</u>
Cash Funds Exempt	65,192,575	67,512,576	69,919,826	72,288,462	3.4%
Federal Funds	9,516,863	10,037,620	10,903,729	10,465,487	-4.0%
					<b>Request vs. Appropriation</b>

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Change Requests</b>
<b>DEPARTMENT OF NATURAL RESOURCES (EDO, Parks &amp; Outdoor Recreation, CWCB, WRD, and DOW)</b>					
TOTAL FUNDS	161,294,294	167,082,579	183,318,418	184,649,352	0.7%
FTE	<u>1,317.7</u>	<u>1,218.1</u>	<u>1,321.7</u>	<u>1,322.0</u>	<u>0.3</u>
General Fund	22,990,632	28,299,762	30,336,286	32,180,633	6.1%
Cash Funds	29,529,263	29,776,879	33,581,770	34,640,166	3.2%
Cash Funds Exempt	96,839,345	96,590,749	106,297,267	104,946,682	-1.3%
Federal Funds	11,935,054	12,415,189	13,103,095	12,881,871	-1.7%

					<b>Request vs.</b>
					<b>Appropriation</b>
<b>DEPARTMENT OF NATURAL RESOURCES (All Divisions)</b>					
TOTAL FUNDS	180,923,158	188,652,155	208,655,134	211,810,587	1.5%
FTE	<u>1,479.2</u>	<u>1,387.7</u>	<u>1,515.4</u>	<u>1,534.1</u>	<u>18.7</u>
General Fund	22,990,632	28,299,762	30,336,286	32,180,633	6.1%
Cash Funds	40,265,662	40,946,514	48,392,482	50,977,256	5.3%
Cash Funds Exempt	102,432,176	103,740,262	113,019,941	111,509,580	-1.3%
Federal Funds	15,234,688	15,665,617	16,906,425	17,143,118	1.4%

**FY 2008-09 JBC BUDGET BRIEFING  
DEPARTMENT OF NATURAL RESOURCES  
FOOTNOTE UPDATE**

*Note:* Of the eight footnotes in the 2007-08 Long Bill for the Department of Natural Resources, two were common to all departments statewide and six applied to the Department of Natural Resources specifically. This briefing packet contains summaries of the two common footnotes and the one footnote that applied to the divisions covered in this briefing packet.

**2 All Departments, Totals** -- The General Assembly requests that copies of all reports requested in other footnotes contained in this act be delivered to the Joint Budget Committee and the majority and minority leadership in each house of the General Assembly.

Comment: The Department has complied with this footnote in the past, it is staff's understanding that the Department intends to continue to comply with this request.

**5 All Departments, Totals** -- Every Department is requested to submit to the Joint Budget Committee information on the number of additional federal and cash funds exempt FTE associated with any federal grants or private donations that are applied for or received during FY 2007-08. The information should include the number of FTE, the associated costs (such as workers' compensation, health and life benefits, need for additional space, etc.) that are related to the additional FTE, the direct and indirect matching requirements associated with the federal grant or donated funds, the duration of the grant, and a brief description of the program and its goals and objectives.

Comment: The Governor vetoed this footnote on the basis that it violates the separation of powers. The General Assembly subsequently overrode all Long Bill vetoes. The Department has not provided the information requested in the footnote. However, the Department's budget includes \$16,906,425 in federal funds in FY 2007-08. JBC staff has provided a table with an estimate of federally funded FTE. Of the 1,515.4 FTE appropriated to the Department, staff has estimated that 131.5 FTE are federally funded (8.7 percent of the total FTE).

Division	Total Federal Funds	Estimate of Federally Funded FTE*
Executive Director's Office	947,887	0.0
Reclamation, Mining, & Safety	2,732,192	25.1
Colorado Geological Survey	969,022	7.5
Oil and Gas Commission	102,116	1.0
State Board of Land Commissioners	0	0.0
Parks and Outdoor Recreation	1,032,249	8.9

Colorado Water Conservation Board	138,147	1.0
Water Resources Division	81,083	0.0
Division of Wildlife	<u>10,903,729</u>	<u>88.0</u>
<b>Total</b>	<b>16,906,425</b>	<b>131.5</b>

\* The estimate of federally funded FTE was developed by JBC staff using the percentage of federal funds contained in line items with FTE appropriations. It is possible that this methodology may overstate or understate the level of federal funds used for FTE.

- 106 Department of Natural Resources, Parks and Outdoor Recreation, State Park Operations** -- The Division of Parks and Outdoor Recreation is requested to provide the Joint Budget Committee with a status report on the deployment of the Voice Over Internet Protocol (VOIP) System. This report is requested to include a summary of costs to implement the system and a summary of savings and cost avoidance attributable to the system. This report is requested to be submitted to the Joint Budget Committee by June 30, 2008.

Comment: The Governor vetoed this footnote on the basis that it violates the separation of powers and it constitutes substantive legislation. Notwithstanding the veto, the Governor directed the Department to comply. The General Assembly subsequently overrode all Long Bill vetoes. From discussions with the Department, it is staff's understanding that the Department plans to submit this footnote to the Committee.



**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**DEPARTMENT OF NATURAL RESOURCES**  
**Division of Water Resources "State Engineer's Office"**

**ISSUE:**

The Department has stated through its Decision Item request #4 that Kansas is likely to re-file a lawsuit against the State of Colorado for non-compliance with the Republican River Compact settlement from 2001 (*Kansas v. Colorado and Nebraska*, No. 126 Original).

**SUMMARY:**

- The total estimated amount of water Colorado will be out of compliance at the end of the first five year rolling average compliance period of the Republican River Compact (which ends December 31, 2007) is 53,370 acre-feet.
- Based upon a cost range of \$10 to \$100 per acre-foot, Colorado may be liable to Kansas for \$533,700 to \$5,337,000. In addition to this cost, if there is a need for a nine-month trial, the Department may need to spend an estimated additional \$5,000,000 in legal/technical expenses for a nine-month trial.
- Late in the spring of 2007, the Kansas Legislature passed a measure setting forth a framework for distributing damage payments from other states received as a result of violations of the Republican River Compact, which is viewed by the Department as a precursor to re-filing a lawsuit before the U.S. Supreme Court.
- Pursuant to Section 37-80-104, C.R.S., the State Engineer will promulgate rules and regulations for well measurement in the Republican River Basin in October 2007. The rules are anticipated to go into effect July 1, 2008.
- In light of the impending lawsuit, the Department is requesting 0.9 FTE and \$109,179 General Fund to partially fund a well measurement program. The Department is also requesting to re-allocate 2.8 FTE internally to offset the remaining costs of the request and fund a total of 4.0 FTE to run the new well measurement program.

**RECOMMENDATION:**

Staff recommends that the JBC discuss with the Department the following questions:

- Why was the Department not more proactive in the earlier years of the compliance period?
- If the new rules are contested and do not become effective on July 1, 2008, will the State Engineer be able to continue with a new well measurement program, or is final approval of

the rules required before work may commence? What happens if the new rules are appealed in a long litigation by water users?

**BACKGROUND INFORMATION:**

On December 31, 1942, Colorado, Kansas, and Nebraska signed the Republican River Compact. In May 1998, Kansas filed a complaint against Nebraska, claiming that Nebraska had injured Kansas through overuse of ground water in the Republican River Basin. Nebraska countersued Kansas, naming Colorado as a formal party in November 2000. Settlement efforts began between the three states in October 2001 (*Kansas v. Colorado and Nebraska*, No. 126 Original: Second report of the Special Master Vincent McKusick, April 15, 2003).

The ensuing settlement allowed for a five year rolling average compliance period of the Republican River Compact, which ends December 31, 2007. The Republican River Compact allocates 54,100 acre-feet per year to Colorado. However, the amount is adjusted to reflect changing hydrologic conditions. If there is excessive precipitation Colorado’s allocation increases. Conversely, if drought prevails Colorado’s allocation diminishes. During the period 2003-2006, the average annual allocation to Colorado was 22,320 acre-feet.

Within the Republican River Basin in Colorado, surface water ditches irrigate 4,700 acres; ground water irrigates 580,000 acres by 4,000 large capacity irrigation wells; 1.5 million acres are under dry-land farming practices; and 1.8 million acres are in pasture range.

**DISCUSSION:**

Colorado Historical Actual Allocations and Consumption			
Year	Allocation	Consumption	Compliance /(Non-compliance)
2003	21,420	33,470	(12,050)
2004	21,540	33,670	(12,130)
2005	25,040	35,460	(10,420)
2006	<u>21,260</u>	<u>31,280</u>	<u>(10,020)</u>
Total	89,260	133,880	(44,620)

The table above shows that Colorado has consistently over-used its allocation. The Department has stated that it anticipates hiring an agricultural economist to assist in refining the estimate of the potential penalty that Colorado may be liable for to Kansas. Based on a wide range of estimates, the Department has stated that Colorado’s financial penalty may be anywhere between \$10 and \$100 per acre-foot. In attempting to calculate a total liability, the Department provided a projection of how many years it will take to come into compliance if the Department takes certain steps to get into

compliance, including funding of current request for additional well measurement and regulation.

Projected Time Frame for Coming Into Compliance		
Year	Compliance /(Non-compliance)	Aggregate Non-Compliance
2007	(8,750)	(53,370)
2008	(8,250)	(61,620)
2009	(7,750)	(69,370)
2010	1,450	
2011	2,650	
2012	3,650	
2013	6,150	

Based on the tables above, the Department estimates that Colorado will be liable for 53,370 acre-feet by December 31, 2007. Based upon a range of \$10 to \$100 per acre-foot, the estimated total dollar amount of liability is \$533,700 to \$5,337,000 for the first five years of non-compliance. In addition to this cost, the Department states that a potential nine-month trial will cost a minimum of \$5 million.

### The Request

The Department states that the worse case scenario is for the U.S. Supreme Court to order a full curtailment of approximately 4,000 wells/580,000 acres of crop land dominated by corn. This will result in net production loss to the region of \$208,800,000 calculated below:

Yield per acre:

120 bushels/acre of irrigated corn

30 bushels/acre of non-irrigated or dryland corn

90 bushels/acre of corn: net benefit or incremental yield

90 bushels/acre of corn \* \$4.00/bushel of corn \* 580,000 = \$208,800,000 value of irrigated land

The Department estimates that it will need 4.0 FTE (and two vehicles) and \$270,697 to run a new well measurement program subsequent to promulgation of rules and regulations by the State Engineer. Due to budget restraints from the OSPB, the Department is requesting funding for 0.9 FTE and \$109,179 General Fund. The Department is considering funding the remainder of the request through an internal reallocation of water commissioners. The Department has stated that even if the Legislature does not approve the request, it will still reallocate water commissioners into the new well measurement program.

## **Illegally Diverted Water**

The Department states that the loss of three commissioners will increase the potential for illegal diversion of water.

The Department estimates that the loss of one water commissioner will result in 7,700 acre-feet of illegally diverted water by junior rights. For three commissioners, the estimate of stolen water is 23,100 acre-feet. For this estimate, the Department estimates the value of the water upon the assumption that one acre of irrigated land will generate \$200 in income from crop production. One acre of irrigated land typically uses 3 acre-feet of water. At \$66.67 per acre-foot, the estimated value of total crop production lost to the senior water rights owners equals \$1,540,077.

## **Net Benefit Analysis**

Using the calculations above, the Department has argued that there is a net benefit to this request.

According to the Department, even in the worse case scenario, where the State is forced to pay non-compliance penalties, undergo litigation lengthy, and divert three water commissioners, the net benefit of the request would be \$196,922,923 (\$208,800,000 crop production - \$5,337,000 non-compliance liability - \$5,000,000 litigation costs - \$1,540,077 loss of crop production to senior water rights).

**FY 2008-09 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF NATURAL RESOURCES  
Colorado Water Conservation Board (CWCB)**

**ISSUE:**

Summary of Department's requests #2, #10, and #13 for 4.5 FTE for water conservation projects, stream hydrography, and the implementation of the Water for the 21<sup>st</sup> Century Act and the Water Supply Reserve Account.

**SUMMARY:**

- DI #2 - New Physical Science Researcher to coordinate all drought planning, mitigation, and response activities for the Office of Water Conservation and Drought Planning. 0.5 FTE Program Assistant to handle increased volume of grant applications associated with the Water Efficiency Grant Program. Additional vehicle to perform duties.
- DI #10 - Hydrographer to manage the CWCB stream gaging needs, including the management of the recently authorized Stream Gaging Fund.
- DI #13 - Two additional staff, to be funded within existing funds, to assist in the implementation of the Water for the 21<sup>st</sup> Century Act and the Water Supply Reserve Account.

**RECOMMENDATION:**

- Staff recommends that the Committee discuss the various relevant recent legislation that affects the workload of the Water Conservation Board in the areas of drought planning, stream gaging and water supply. In particular, if there is a better way for the Department to communicate potential workload increases associated with new legislation.
- Discuss the new FEMA drought mitigation requirements and the availability of federal funds related for drought mitigation/planning.

**DISCUSSION:**

**Drought Planning and Mitigation**

The Department's second decision item priority is the funding of an additional Physical Science Researcher to coordinate all drought planning, mitigation, and response activities for the Office of Conservation and Drought Planning within the Water Conservation Board. The Department is also requesting an additional 0.5 FTE related to increased workload due to the recently expanded Water Efficiency Grant Program. The Department also requests an additional vehicle to support new as

well as existing staff. The source of funding for this request is the CWCB Construction Fund.

H.B. 04-1365 changed the name of the Office of Water Conservation to the Office of Water Conservation and Drought Planning (OWCDP) and expanded the office's duties to promote water conservation and drought mitigation planning by providing technical and financial assistance to water providers for conservation plans and programs, and drought mitigation planning and implementation. The bill required the each water provider that does not have a water use efficiency plan to develop and implement a plan. The bill requires the Office to review all such plans. The fiscal analysis of this bill assumed that additional workload is anticipated to be minimal and will be absorbed within existing resources.

H.B. 05-1254 established a domestic water conservation grant program and limited eligibility for grants to certain "covered entities". The bill authorized the CWCB to distribute the grants.

S.B. 07-008 expanded the Water Efficiency Grant Program to any state or local government entity that provides water to retail customers. The bill also appropriated an additional FTE to the Department to handle any increased work load.

The Department is stating that when these bills were being contemplated and passed, the focus was on water conservation not drought mitigation planning. The Department states that since then, focus has turned to drought planning. The Department has since developed a State Drought Mitigation and Response Plan. Recently, FEMA reviewed the plan and required that some updates be made to the plan in order to remain eligible for federal disaster relief funds. In addition, Governor Ritter delivered Colorado's first Climate Action Plan in November 2007. The plan includes a water adaptation strategy which includes the department assuming a larger role in climate change scientific investigation, analysis of water rights and compacts, comprehensive drought planning, information exchange and education.

### **Hydrographer to Manage Stream Gaging Activities**

The Department is requesting a senior level hydrographer to manage the agency stream gaging needs including installation, operation, and maintenance of new CWCB stream gages. The Department is also requesting a vehicle and leased space for the new staff.

The CWCB has a legal requirement pursuant to Section 37-92-502 (5) (a), C.R.S., to to install stream gages in order to administer rights within Colorado's priority system.

Over the years the Department has relied on a network of stream gages operated and maintained by the US Geological Survey and the Division of Water Resources. However, the CWCB's needs are not being met by the USGS or the DWR. The number of gages in Colorado has been decreasing, in fact, the USGS has been decommissioning gages, nine have been scheduled to be decommissioned this year.

Recently, a Stream Gaging Fund of \$250,000 was authorized under Section 37-60-124.4, C.R.S., as part of the 2007 Projects Bill. This fund provides a mechanism to pay for gaging equipment and the operation and maintenance of some gages, it does not provide funding for an FTE.

Furthermore, the CWCB states that the USGS costs for maintaining a gage are around \$14,000 per year. The Division of Water Resources maintenance costs are approximately \$7,500 per year. One of the reasons for the significantly higher costs has to do with the larger overhead structure of the federal government. The Department's argument is that hiring a hydrographer to maintain these gages in house will save the state funds that could be used to build/maintain additional gages. Based on the numbers provide by the Department, using the Stream Gaging Fund revenues, the USGS can maintain/operate 15 gages for the State, if the maintenance was brought in house, the State could operate 33 gages.

### **Interbasin Compacts**

The Department is requesting to use existing resources within the Interbasin Compacts line item to fund 2.0 new FTE to assist in the implementation of the Water for the 21<sup>st</sup> Century Act (H.B. 05-1177) and the Water Supply Reserve Account (H.B. 06-179). The funds provided for this line item come from the Operational Account of the Severance Tax Trust Fund.

H.B. 07-1177 established permanent roundtables in every basin. S.B. 06-179 created the Water Supply Reserve Account and established a grant and loan program with funding, of up to \$42 million over five years to fund water related studies and projects. These studies and projects must be approved by the basin roundtables and the CWCB to be authorized for funding. The CWCB is responsible for administering the program but no FTE were provided in the legislation.

In 2007, the Legislature authorized the CWCB to develop a grant program to facilitate the development and implementation of alternative agricultural water transfer methods (S.B. 07-122). The bill provided \$1,500,000 for the board to develop and implement a competitive grant program to advance various agricultural transfer methods as alternatives to permanent agricultural dry-up in the South Platte and Arkansas River basins. The Department is stating that the implementation and administration of the grant program is placing additional workload on existing staff. Current efforts by the State have relied heavily on technical contractors to perform more administrative tasks, which is not cost-effective. The Department states that it \$80/hour to hire a contractor. At 2,080 hours this equates to \$166,400. The annual salary of a Scientist I is \$57,519.

Currently over 45 grant requests for projects under S.B. 06-179 have been received, totaling approximately \$9.0 million. The Department worries that by next year this value could double.